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Corporate Philosophy and Sustainability Management

Corporate Philosophy

Corporate Philosophy

Based on Sumitomo's Business Spirit, which places prime importance on fairness and integrity for the good of society, 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.

Code of Conduct

In order to meet global social needs, such as those described in international conventions and initiatives, we established the Sumitomo Forestry Group Code of Conduct in line with the Sumitomo Business Spirit, which has been passed down since the founding of Sumitomo Forestry. Based on relevant global standards, we disclose the details of the Code of Conduct on our website, aiming to raise the awareness of the Code of Conduct and ensure adherence to it throughout our supply chain, including suppliers, service providers, contractors and business partners as well as all Sumitomo Forestry Group companies. To this end, we have also distributed copies of the Sumitomo Forestry Group Code of Conduct Guidebook to each employee at the Group companies in Japan and make the translated versions of the Code, including the English version, available to employees of our overseas affiliates online. In addition, we are raising employees' awareness of the Code through e-learning programs.

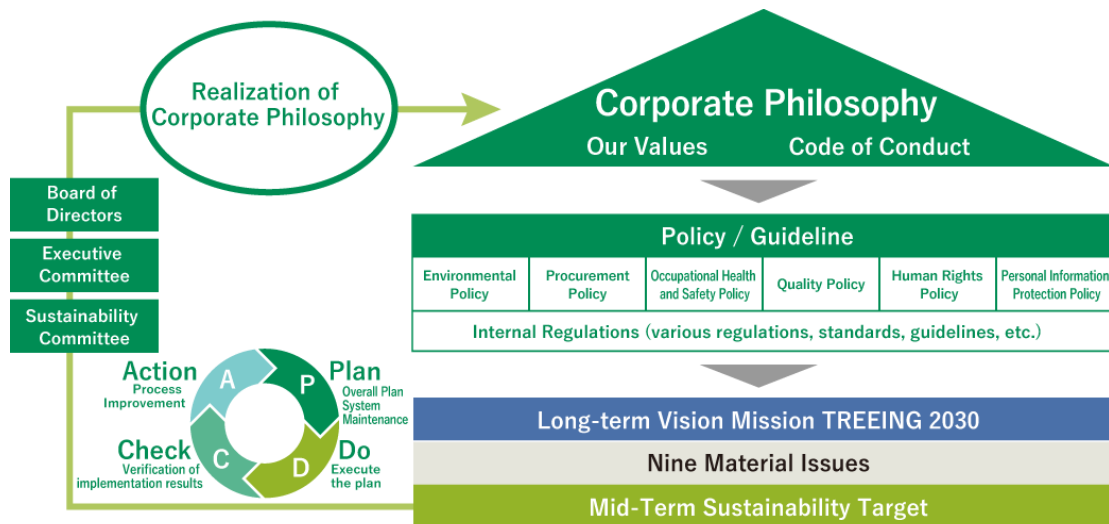
Establishment of Policies and Guidelines

We have established policies, such as the Environmental Policy, the Procurement Policy, and the Occupational Health and Safety Policy as well as various guidelines based on our Corporate Philosophy, Our Values, and the Code of Conduct. In February 2022, for the realization of a decarbonized society, we established our long-term vision, "Mission TREEING 2030" towards 2030, which is also the target year for the SDGs. In this long-term business vision for the Sumitomo Forestry Group, we have specified nine material issues for the Group, aiming to provide value for the global environment, people's lives and society, markets and economic activities and others for the creation of a sustainable society. We are dealing with ESG-related targets in the Mid-term Sustainability Targets.

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Sumitomo Forestry Group's Sustainability Management



Nine Material Issues and Related SDGs

Theme	Nine Material Issues		Related 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	

[Click here for related information](#)

➤ [Mid-Term Sustainability Targets Phase 2 \(2025-2027\)](#)




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Our Values

Our Values

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

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.



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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.

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.



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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.

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

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- [!\[\]\(c84b30d7d5311af020af6bce6a2c548f_img.jpg\) Sumitomo Forestry Group Code of Conduct Guidebook \(Indonesian\) !\[\]\(a9333260d8ffbbfeaa1095df6db7bccd_img.jpg\)](#)
- [!\[\]\(7910f03a1b4fed5edeef128d22723166_img.jpg\) Sumitomo Forestry Group Code of Conduct Guidebook \(Vietnamese\) !\[\]\(b2e06ff94cfb845aac4c9a6fbd66627f_img.jpg\)](#)
- [!\[\]\(1ee1d78a4d7340fd9a42bdb1c66e0ca1_img.jpg\) Sumitomo Forestry Group Code of Conduct Guidebook \(Chinese\) !\[\]\(ed354c28e6d10011d63b3c322fd62b41_img.jpg\)](#)


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Participation and Support for Initiatives

Basic Policy

The Sumitomo Forestry Group joins and supports organizations engaging in environmental activities, such as activities to deal with climate change and conserve biodiversity, as well as those to meet social challenges, with a view to realizing a sustainable and prosperous society. We prioritize the areas of activities in terms of time to spend and monetary contribution and review our memberships annually.

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. The Global Compact sets out principles on support and respect for the protection of human rights, the eradication of forced and child labor, and others.

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.

Labour

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.



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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.

World Business Council for Sustainable Development (WBCSD)

Through the World Business Council for Sustainable Development (WBCSD), CEOs of over about 225 companies committed to sustainable development are working together to contribute to a 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 participated in the development of the Forest Sector SDG Roadmap (July 2019) to achieve the Sustainable Development Goals (SDGs) as well as the development of 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 the formulation of the Forest Sector Nature-Positive Roadmap.

We are advancing efforts to resolve social issues through business so that we can contribute to the SDGs and build a sustainable society.

[Click here for related information](#)

> Participation in and Support for
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Task Force on Climate-related Financial Disclosures (TCFD)

The Task Force on Climate-related Financial Disclosures (TCFD), 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.



The Sumitomo Forestry Group recognizes the risks associated with climate change as serious business risks, and announced its support for the TCFD in July 2018. Based on the TCFD recommendations, we conducted scenario analysis in 2018 and 2021.

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

Click here for related information

> Responding to TCFD and TNFD

Taskforce on Nature-related Financial Disclosures (TNFD)

The Taskforce on Nature-related Financial Disclosures (TNFD) is an international initiative mainly launched by four organizations: Global Canopy, the United Nations Development Programme (UNDP), the United Nations Environment Programme Finance Initiative (UNEP FI), and the WWF. The TNFD aims to develop and provide a framework for the disclosure of financial information related to biodiversity and natural capital.



Since February 2022, Sumitomo Forestry has been participating in the TNFD Forum, a stakeholder organization that supports TNFD discussions. We have registered as a TNFD Early Adopter*1 of the disclosure recommendations announced by the TNFD in September 2023.

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In addition, as a member of the Forest Solution Group (FSG), which is made up of companies belonging to the forest sector of the WBCSD, Sumitomo Forestry engaged in the preparation of the TNFD's draft guidance for the forest sector as the only participating company from Japan. The draft was released in December 2023.

*1“TNFD Adopter” refers to a company or organization that has registered its intention to disclose information in accordance with the TNFD recommendations on the website of the TNFD.

[Click here for related information](#)

> [Responding to TCFD and TNFD](#) 

Science Based Targets (SBT)

The Science Based Targets Initiatives (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 gas emission reduction targets to curb global temperature rises above pre-industrial levels.



The Sumitomo Forestry Group obtained SBT certification in 2018 based on the standards of that period. In November 2024, we set a new target to achieve net-zero emissions by 2050. In accordance with the SBT Guidance, we have also updated our short-term goals for 2030 and have obtained certification for the goals.

[Click here for related information](#)

> [Setting Science Based Targets \(SBT\)](#) 

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RE100

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



Sumitomo Forestry joined RE100, which aims to make electricity used in business 100% renewable, in March 2020. Through RE100, we will strive to achieve 100% renewable energy for the electricity used in our business activities as well as for the fuel used in our power generation business by 2040.

[Click here for related information](#)

> [Aiming for 100% Renewable Energy and Joining the RE100](#) 

Participation in and Support for 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
TNFD Forum
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
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)
Forest Stewardship Council (FSC)
Programme for the Endorsement of Forest Certification (PEFC)

Major Declarations and Other Documents Signed

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
COP16 Business Statement for Mandatory Assessment and Disclosure (Renewed policy ambition on nature)	June 2024
Principles for Responsible Timber Construction	November 2025

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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](#) 
- [Multistakeholder Policy \(in Japanese\)](#) 
- [Sumitomo Forestry Group Occupational Health and Safety Policy](#) 
- [Sumitomo Forestry Group Quality Policy](#) 
- [Sumitomo Forestry Group Human Rights Policy](#) 
- [Sumitomo Forestry Group Declaration on Diversity, Equity and Inclusion](#) 
- [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

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- [Sumitomo Forestry Group Code of Conduct](#) 
- [Preventing Corruption](#) 
- [Promotion of Fair Competition and Appropriate Transactions with Subcontractors](#) 
- [Information Security Policy](#) 
- [Basic Policy on Intellectual Property Management](#) 
- [Management and management responsibility system for public research funds, and prevention of research misconduct \(in Japanese\)](#) 
- [Responsible Advertising and Marketing](#) 

Long-term Vision and Material Issues

Mission TREEING 2030

Aiming to create a decarbonized society by 2050 and keeping the 2030 target year for achieving the SDGs in mind, the Sumitomo Forestry Group formulated its long-term vision "Mission TREEING 2030" and its medium-term management plan "Mission TREEING 2030 Phase 1 (2022 to 2024)" in February 2022. Mission TREEING 2030 incorporates our ideal vision of the Sumitomo Forestry Group into our long-term business concept.

Mission TREEING 2030 sets out the following four strategies as our business policy: 1. Maximizing the value of forests and wood to realize decarbonization and 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 create "Value for our planet," "Value for people and society," and "Value for the market economy" and enhance value in each of these areas without making any compromises. In 2025, we launched the medium-term management plan "Mission TREEING 2030 Phase 2" toward the achievement of the long-term vision.

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 and economic activities, we at the Sumitomo Forestry Group aim 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 further enhance the value and transform it into new power for the future.



Value for our
planet



Value for people
and society



Value for the
market
economy

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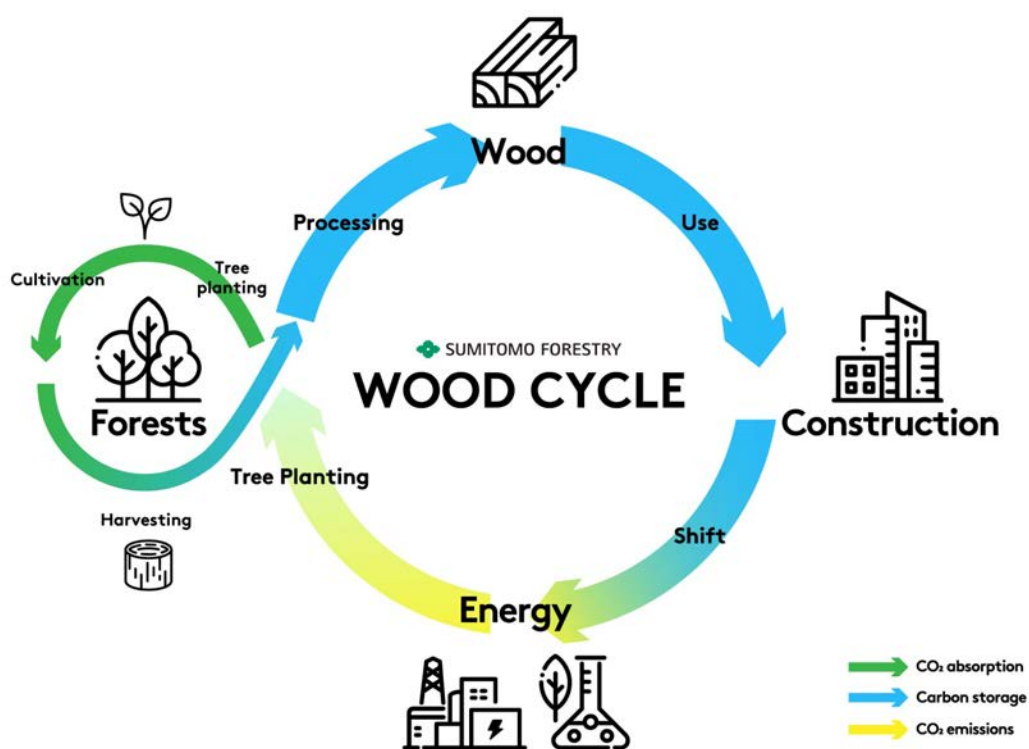
➤ [Overall Picture of Long-term Vision Mission TREEING 2030](#)

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Wood Cycle

The Sumitomo Forestry Group is conducting business activities through a value chain based on wood, from forest management to wood processing and distribution, wooden building construction, and biomass power generation. We call this value chain “Wood Cycle.” We aim to contribute to a decarbonized society through the Wood Cycle, specifically by working to increase the amount of CO₂ absorbed and fixed in the “Forests,” “Wood” and “Construction” fields and to boost carbon storage in timber for long-term carbon storage in wooden buildings. Through this business as a whole, we will contribute to CO₂ absorption and fixation not only for ourselves but also for society at large.



Mid-Term Sustainability Targets and Material Issues

The Sumitomo Forestry Group formulated the Medium-Term Management Plan "Mission TREEING 2030 Phase 1 (2022–2024)" as the first phase of its long-term vision "Mission TREEING 2030." This three-year plan provides the basis for the Group's future growth and contribution to decarbonization. Subsequently, we formulated the medium-term management plan "Mission TREEING 2030 Phase 2 (2025 to 2027)" as the second phase of the long-term vision with a focus on reforms and materialization to achieve dramatic growth.

In Phase 2 as well, we uphold, "Further Integration of Business Operations and ESG" as one of the five basic policies, and have set the Mid-term Sustainability Targets Phase 2 (2025–2027), incorporating our sustainability strategy and material issues.


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Basic Policy of "Mission TREEING 2030 Phase 2"

Efforts to address decarbonization challenges

- We will create new value of forests that are properly managed and expand sustainable forests.
- We will aim to further utilize wood by expanding the manufacturing business and build a foundation for the expansion of the range of use and consumption.
- We will increase the supply of wooden houses and promote the use of wood for medium- to large-scale constructions in and outside Japan.

Enhancement of Earning Power

- We will accelerate innovation and structural reforms in businesses in Japan.
- We will establish a foundation for the real estate development business in and outside Japan.
- We will pay attention to capital costs and aim to further improve the efficiency and profitability of assets and investments.

Deepening of global expansion

- We will further improve the profitability of the overseas housing and real estate business and expand the business base for its stable growth.
- We will expand the scope and scale of business in each of the Japan, the U.S., Oceania, Southeast Asia, and Europe regions, build the foundation for and deepen the concept of Wood Cycle, and enhance the support by corporate departments.

Strengthening of management base

- We will secure and nurture human resources that transform and create businesses, foster a free and open-minded organizational culture, and promote health and productivity management.
- We will revamp our business base through the use of IT and digitalization, and fundamentally transform operations and improve efficiency by promoting digital transformation.
- We will accelerate value creation with technology at the core, and advance the improvement of the quality of our work.

Further integration of business operations and ESG

- We will steadily implement initiatives to achieve SBTs (Science Based Targets).
- We will draw attention to the value of sustainable products and services that contribute to decarbonization, and promote their market penetration.
- We will thoroughly ensure "SAFETY FIRST" and "ZERO DEFECTS."
- We will make sure that our business operations give due consideration to local stakeholders.

We have set the Mid-Term Sustainability Targets by revising the specific ESG-related goals set in our medium-term management plan launched in fiscal 2019, with a view to better aligning our business operations with our ESG strategies. Under the long-term vision "Mission TREEING 2030," the value created by the Group was identified from the perspectives of "Value for our planet," "Value for people and society," and "Value for the market economy," and nine material issues for the Group were newly specified. Also, our business divisions have set their own numerical targets for the nine material issues in a more specific manner.

	Top Commitment	Sustainability Management	Initiatives for Sumitomo Forestry Group's Business and ESG	Environment	Social	Governance	Related Information
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We believe that it will not only meet the expectations of society, such as expectations for the SDGs, but also help us increase our corporate value that cannot be judged only from the economic perspective.

Nine Material Issues and Related SDGs

Theme	Nine Material Issues		Related 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

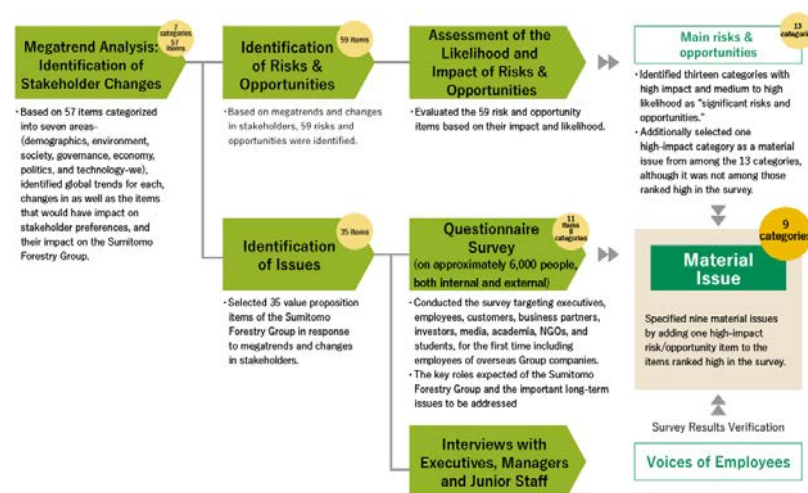
The Sumitomo Forestry Group established four priority CSR material issues in 2008 to work on the realization of a sustainable society. In 2015, in response to changes in economic, environmental, and social situations, the Group re-identified its CSR material issues and specified five key items. Since then, major changes have occurred around the world, including the adoption of the Sustainable Development Goals (SDGs) and the conclusion and entry into force of the Paris Agreement. In Japan, the signing of the United Nations Principles for Responsible Investment (PRI) by the Government Pension Investment Fund (GPIF) accelerated the trend toward ESG investment. In response to these trends, the Sumitomo Forestry Group formulated its long-term vision "Mission TREEING 2030" in February 2022 by newly identifying nine material issues for the Group. In order to specify the areas where we can make unique contributions by using the Sumitomo Forestry Group's strengths, which have grown significantly through M&A and capital and business alliances, we analyzed geopolitical changes, technological innovations such as digitalization, and changes in the preferences of stakeholders including employees and customers. We have thereby set the nine material issues for the Group's entire business, not just for sustainability.

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The Nine Material Issues and the Identification Process

Based on external changes (megatrends), we first selected the items that would impact the Sumitomo Forestry Group and set 35 items in the following five categories: "Environmental Issues (Climate Change)," "Environmental Issues (Resources and Biodiversity)," "Social Issues," "Governance," and "Economic Issues." Next, based on the 35 items, we conducted a questionnaire survey targeting all stakeholders, including customers, business partners, shareholders and investors, external experts, and employees, asking them to select the items they consider important. We received responses from approximately 6,000 people in the questionnaire survey. Based on the results of the survey and individual interviews held with executives, managers and junior staff, we narrowed down the material issues for the Sumitomo Forestry Group. Furthermore, our management team held a series of discussions at the meetings of the Sustainability Committee, and materiality assessments were conducted by incorporating their opinions and in consideration of the risks and opportunities posed to the Group. Finally, we specified the nine material issues from three perspectives: "Value for our planet," "Value for people and society" and "Value for the market economy."

Process for Identifying the Material Issues Followed by the Sustainability Committee



Since fiscal 2025, we have been reassessing sustainability-related risks and opportunities in preparation for the disclosure of information in line with the Sustainability Standards Board of Japan (SSBJ) Standards in our annual securities report.

Management of the Mid-term Sustainability Targets

Based on our contribution to the SDGs and the nine material issues, we have set the numerical targets that are directly linked to our business in the Mid-term Sustainability Targets.

Each Group company and department has set their own numerical sustainability targets for each fiscal year (called “Sustainability Budget”) and is engaging in initiatives to achieve the targets. The Sumitomo Forestry Group steadily conducts a PDCA cycle, with the Sustainability Committee semiannually checking the progress and achievement level of each target and reporting the results to the Board of Directors.



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

> Mid-term Sustainability Targets Phase 2 (2025-2027) 

Click here for related information _____

> Contributions to the SDGs and Material Issues 

Contributions to the SDGs and Material Issues

Basic Policy

The Sustainable Development Goals (SDGs) adopted by the United Nations General Assembly in 2015 comprise 17 global goals on subjects such as poverty, equality, education, and the environment for all nations and regions to achieve by 2030. The SDGs are intended to solve various global issues raised 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.

Mid-Term Sustainability Targets and SDGs

In February 2022, toward 2030, the Sumitomo Forestry Group formulated its 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 the Mid-Term Sustainability Targets, which incorporates the Group's sustainability strategy and material issues. Specific numerical targets are set for each business division while incorporating SDGs perspectives to address the nine material issues identified by the Sumitomo Forestry Group. In 2025, we formulated the medium-term management plan "Mission TREEING 2030 Phase 2" for the Group's dramatic growth through the implementation of specific measures over the three years from 2025 to 2027. Moreover, by achieving the new indicators of our Mid-Term Sustainability Targets, we will contribute to the realization of a sustainable and prosperous society.

SUSTAINABLE DEVELOPMENT GOALS



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Material Issues and SDGs (Goals and Targets)

To resolve the material issues that we have identified and contribute to SDG initiatives in an integrated manner, the Sumitomo Forestry Group has associated the SDGs (goals and targets) with its material issues as shown below. In these activities, each division always promotes the use of a PDCA cycle to establish a system for achieving the SDGs by using the indicators for evaluation (numerical targets) for each fiscal year based on the Mid-Term Sustainability Targets.

Material Issues and SDGs (Goals and 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	
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		

	Top Commitment	Sustainability Management	Initiatives for Sumitomo Forestry Group's Business and ESG	Environment	Social	Governance	Related Information
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Dissemination of SDGs

The Sumitomo Forestry Group believes that it is crucial to disseminate and foster an understanding of the SDGs to contribute to the achievement of the SDGs through business. We conduct various initiatives to raise awareness of all our stakeholders, including employees.

Click here for related information

> Dissemination of SDGs 


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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 and others, but also have various public benefits such as water source recharge, soil conservation, and sediment disaster prevention. Appropriate management of forests helps prevent global warming, conserve biodiversity and provide essential resources for people's lives. However, if forests are not managed appropriately, and excessive logging is allowed or reforestation efforts are neglected, the sustainability of forests will be threatened, and the 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. In our Corporate Philosophy, we state, "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 this philosophy, we intend to enhance the value of forest resources by promoting further integration of business operations and ESG and by managing forests and use wood in a sustainable manner.

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Impact on Society and the Environment

Material Issue 1	Impact (Opportunities)	Impact (Risks)
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	- Contributing to measures against global warming through CO₂ fixation - Contributing to the protection of rare species and other biodiversity conservation - Contributing 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 - Contributing to greater biomass power generation (renewable energy supply) capacity in Japan - Contributing 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	- Intensification of competition due to entry of businesses engaging in different industries into industries that utilize "forests" and "trees" - Decrease in the number of sustainable forests due to overharvesting, decrease in reforestation rate, etc. Soil erosion, water pollution, and biodiversity loss

Management of Material Issue 1 (FY2025)

In the Mid-term Sustainability Targets Phase 2 (2025 to 2027), Material Issue 1 is roughly divided into the following two categories and managed through the annual action policies and measures adopted by the department in charge.

Utilization of Sustainable Forest Resources

To further enforce sustainable forest management, we proactively obtain and retain international forest certifications for our domestic and overseas forests. In fiscal 2025, the certified forest area was 317,891 hectares against a target of 346,152 hectares, falling short of the goal. Meanwhile, we have obtained Sustainable Green Ecosystem Council (SGEC) certification for 100% of our forests in Japan, and the ratio of environmental conservation forests among our forests was 35.3%, exceeding the target of 30%.

We are working on the Wood Cycle, a form of circular forest management based on the cycle of cutting down trees, using them, planting new trees, and growing them. In fiscal 2025, we supplied 1.424 million seedlings, but were unable to attain the predefined seedling supply target. This was due to the impact of needle blight at the tree nursery in Gifu, a shortage in the number of seedlings transplanted to the nursery in Gunma, and a decrease in the number of orders from a large customer for seedlings grown in the nursery in Minami-Aizu, which resulted in stagnancy in sales. We will work to increase the seedling yield while taking measures against withering and poor growth by species. We will also take countermeasures against weather and pest damage to boost the seedling yield. This will involve providing the staff with highly advanced training on pathology and agricultural chemicals, enhancing collaboration with the Tsukuba Research Institute, and obtaining the latest knowledge in the field.

Our domestic timber transaction volume was 2,395,000 m³, which was below the predefined target. However, we improved year on year, and aim to boost the transaction volume to 3,553,000 m³ by fiscal 2027.

In fiscal 2025, we increased our reforestation area year on year to 496 hectares, although we were unable to achieve the target of 600 hectares. We will further expand the reforestation area by securing reforestation partners while examining the feasibility of new area development.

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Results

Ratings in the table below

Achieved: ○ Not achieved but improved year on year: △ Not achieved and declined year on year: ×

Indicator for Evaluation (Numerical Target)		Department in Charge	FY2025 Target	FY2025 Result	FY2025 Rating	FY2027 Target
Domestic and overseas certified forest area (ha)		Environment and Resources Division	346,152	317,891	△	451,152
Maintenance rate of forest certification areas (Domestic and overseas) (%)	SSEC certified areas		100	100	○	100
	Percentage of conservation forests among the company-owned forests		30 or more	35.3	○	30 or more
Seedlings supplied for domestic forests (unit: 10,000 seedlings)			168	142.4	×	207
Volume of domestic timber handled (1,000 m ³)		Timber and Building	2,798	2,395	△	3,553
Reforestation projects (ha)		Materials Division	600	496	△	1,000

*1 FIT fuel and non-FIT fuel materials handled by Japan Bio Energy, Okhotsk Bio Energy, Sumitomo Forestry Wood Products, and Sumitomo Forestry's Timber and Building Materials Division are included in the calculation target. For Sumitomo Forestry Wood Products, the KPI was changed to include only FIT fuel materials. Accordingly, exceptionally for the company, non-FIT fuel materials have been excluded from the calculation target and instead log-derived FIT fuel materials have been additionally included in the target since fiscal 2022.

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

*3 Sustainable Green Ecosystem Council (SSEC)

[Click here for related information](#)

> Sustainable Forest Management

> Utilization of Sustainable Forest Resources

Responding to Nature-related Issues

We deem it important to conserve biodiversity in our forestry business. Accordingly, we monitor flora and fauna in high conservation value forest (HCVF) areas and publicly disclose the results. We also quantitatively evaluate ecosystem services through water balance assessments in Japan and elsewhere, and have already achieved the predefined numerical targets. In fiscal 2027, as we move toward Mid-term Sustainability Targets Phase 3 (2028 to 2030), we will set more specific numerical targets for our nature positive activities and enhance measures to achieve them.

In the housing business, we are also taking biodiversity-friendly measures. We plant trees in North America, but were unable to achieve the targets for planting native trees in housing lots to be delivered to customers or for activities through forest foundations. However, we achieved a 100% implementation rate for "Xeriscaping" (landscaping for the effective use of water resources) in our subdivisions. In Japan, we have been promoting the sales of "harmonic plants"*1 but did not reach the sales target due to severe heat in summer, which caused a substantial drop in the sales of the plants.

We are seeking to make sustainable, effective use of forest resources while conserving local ecosystems. That's why we will enhance a range of measures including obtaining forest certification for more forest areas in Japan and elsewhere, promoting reforestation, and encouraging residential greening in consideration of biodiversity. In particular, we will contribute to the revitalization of domestic forestry and to the sustainable use of forests through promoting domestic timber use and expanding seedling supply.

*1 Proposal on greening in consideration of biodiversity made by Sumitomo Forestry Landscaping. For details, please refer to the related information.

	Top Commitment	Sustainability Management	Initiatives for Sumitomo Forestry Group's Business and ESG	Environment	Social	Governance	Related Information
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Results

Ratings in the table below

Achieved: ○ Not achieved but improved year on year: △ Not achieved and declined year on year: ×

Indicator for Evaluation (Numerical Target)		Department in Charge	FY2025 Target	FY2025 Result	FY2025 Rating	FY2027 Target
Implementation and improvement of ecosystem monitoring of flora and fauna in HCVF* ¹ areas (Domestic company-owned forests and overseas afforestation areas)		Environment and Resources Division	Implementation, reporting, and disclosure	Implementation, reporting, and disclosure planning	○	Setting numerical targets
Quantitative evaluation of ecosystem services (Water balance assessment in domestic and overseas areas)			Planning and implementation	Implementation	○	Implementation
Nature / Flora	Number of native trees planted in delivered residential lots (North America)	Global Construction and Real Estate Division	4,200	3,260	×	4,700
	Number of trees planted through forest foundations (North America)		98,000	64,620	×	138,000
Nature / Water	Implementation rate of xeriscaping* ² in subdivisions (%)		100	100	○	100
	Number of environmental certifications obtained (Asia)		1	0	×	2
Number of harmonic plants sold * Target trees: Tall trees, medium trees, shrubs		Housing Division	1,400,000	1,350,000	△	1,600,000

*1 Abbreviation for high conservation value forests

*2 A garden landscaping method designed to conserve water through appropriate water use

[Click here for related information](#)

➤ [Responding to Nature-Related Issues](#) 

➤ [Responding to TCFD and TNFD](#) 

➤ [Harmonic Plants \(in Japanese\)](#) 

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 that badly affect people's lives, including natural disasters in the form of heat waves, torrential rainfall, flooding, typhoons, droughts as well as sea level rise, extinction of various species, and impacts on food supply. These pose a serious threat to humankind. To mitigate the impacts of climate change, it is important to reduce greenhouse gas emissions, and we need to reduce these greenhouse gas emissions to net zero by 2050.

Actively using wood greatly contributes to a decarbonized society, as trees absorb and fix CO₂ in their growth stage, and only a small amount of CO₂ is emitted from the wood production process.

Since its 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. We will promote zoning forest management to expand the area of conservation forests that absorb carbon dioxide, while accelerating logging and replanting in working forests to promote carbon fixation. Carbon offset contributes to the decarbonization of other companies and society and to sustainable business. We will enhance the long-term carbon fixation value of wood, boost the competitiveness of domestic wood, and promote the construction of wooden buildings and the use of wood in buildings. In construction, we will contribute to the decarbonization of society as a whole by promoting decarbonized architecture through the establishment and standardization of decarbonization design methods, including life cycle carbon minus (LCCM) houses and net-zero carbon buildings, in Japan and overseas.

The Sumitomo Forestry Group provides the value of wood across its supply chain. We will steadily work on SBT-based greenhouse gas emissions reduction targets, including the achievement of RE100.

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Impact on Society and the Environment

Material Issue 2	Impact (Opportunities)	Impact (Risks)
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.	- Reducing energy consumption (greenhouse gas emissions) across society through the reduction of housing-related energy use, which accounts for the majority of energy use in terms of both quantity and time. - Greater environmental awareness of consumers (residents) - Contributing to the reduction of the environmental impact and solutions of climate change-related issues by achieving SBTs and RE100 - Creating a sustainable society through the provision of sustainable architecture - Establishing a new forest value creation business	- 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 (FY2025)

In Mid-Term Sustainability Targets Phase 2 (2025 to 2027), Material Issue 2 is roughly divided into the following two categories and managed through the annual action policies and measures adopted by the department in charge.

Promotion of Decarbonization (Scope 1 and 2)

Regarding Scope 1 and 2 greenhouse gas emissions, our actual emissions totaled 145,779 t-CO₂e in fiscal 2025 (a 40.4% reduction from the fiscal 2021 level), significantly below the planned target of 185,157 t-CO₂e (a 24.4% reduction relative to fiscal 2021). The Mombetsu Biomass Power Plant reduced the use of coal by 1,500 tons, leading to a reduction of about 4,000 t-CO₂e in greenhouse gas emissions.

Additionally, we proactively used renewable energy. In the domestic housing business, we reduced our greenhouse gas emissions by about 4,400 t-CO₂ by transitioning to 100% renewable energy. In the timber and building materials business, we increased our renewable energy usage rate from 31.6% to 43.1%, thereby reducing our CO₂ emissions by about 5,800 tons.

In the construction and real estate business, we acquired Metricon, which caused an increase of our greenhouse gas emissions by about 4,000 t-CO₂e.

The Sumitomo Forestry Group has set a target for its ZEH order reception rate. This effort is aimed at reducing its Scope 3 greenhouse gas emissions, especially Category 11 emissions (from the use of sold products), which represent a particularly high proportion of our emissions. The percentage of orders for ZEHs among orders received by the Group for new custom-built detached houses increased by 13.9 percentage points from 67.4% in fiscal 2021 to 81.3% in fiscal 2025. This nearly reached the fiscal 2025 target of 83%. It also recorded an increase of 2.0 percentage points from 79.3% in fiscal 2024.

We achieved results by raising public awareness of the Japanese government's childcare green home support program, which provides subsidies for acquiring environmentally friendly houses by households with children and by young couples. Soaring utility costs and the linking of our ZEH sales to employees' performance evaluations also provided a driving force for the popularization of ZEHs. We will continuously work to popularize ZEHs by highlighting their benefits in terms of life cycle cost as well as the financial benefits they provide to customers.

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Results

Ratings in the table below

Achieved: ○ Not achieved but improved year on year: △ Not achieved and declined year on year: ×

Promotion of Decarbonization (Scope 1 and 2)

Indicator for Evaluation (Numerical Target)		Department in Charge	Fiscal 2025 Target	Fiscal 2025 Result	Fiscal 2025 Rating	Fiscal 2027 Target
【Scopes 1 & 2】 Total greenhouse gas emissions/change rate compared to FY2021 (t-CO ₂ , %)		All Sumitomo Forestry Group Companies	185,157	145,779	○	167,892
			-24.4	-40.4	○	-31.4
Sumirin Denki subscription rate (%)	For FIT graduated owners	Housing Division	54.0	51.5	△	60.0
	For new homeowners		20.0	0	×	30.0
Renewable energy consumption rate [Efforts to achieve RE100] (%)		All Sumitomo Forestry Group Companies	45.1	52.7	○	66.3
[Scope 1] (FLAG* ¹)	Total CO ₂ sequestration in the company-owned forests (thousand t-CO ₂)	Environment and Resources Division	13,837	14,046	○	13,837
	Domestic forests: update of growth models for calculating CO ₂ sequestration in the company-owned forests		Review of the method	Not conducted	×	Renewal
	CO ₂ sequestration in the production forests of overseas afforestation companies (thousand t-CO ₂) * Excluding BIOS		10,133	9,537	×	10,133

Click here for related information

- [Greenhouse Gas Emissions from Business Activities](#) 
- [Mitigation of Climate Change](#) 
- [Sustainable Forest Management](#) 
- [Green Building Initiatives](#) 

	Top Commitment	Sustainability Management	Initiatives for Sumitomo Forestry Group's Business and ESG	Environment	Social	Governance	Related Information
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Promotion of Decarbonization (Scope 3)

Results

Ratings in the table below

Achieved: ○ Not achieved but improved year on year: △ Not achieved and declined year on year: ×

Indicator for Evaluation (Numerical Target)		Department in Charge	FY2025 Target	FY2025 Result	FY2025 Rating	FY2027 Target
[Scope 3] Category 1 (FLAG)	Survey and data collection of purchased wood products (housing materials)	Global Construction and Real Estate Division	Method confirmation	Method confirmation	○	Data collection
		Timber and Building Materials Division	Emission data preparation	Emission data preparation	○	Consideration of numerical improvement measures / Review of interview methods
[Scope 3] Category 1	CO ₂ emissions associated with purchased products and services	All Sumitomo Forestry Group Companies	—	・ Data preparation to establish calculation methods for Category 1 emissions ・ Identification of products and services with high Category 1 emissions ・ Examination of reduction methods for Category 1 emissions		
[Scope 3] Category 11	CO ₂ emission reduction rate per floor area of sold houses compared to FY2021	Housing Division	-5.4	-5.2	×	-9.6
		Global Construction and Real Estate Division	-13.0	-17.2	○	-16.0
ZEH ratio (%)	Percentage of orders for ZEHs among orders for new custom- built detached houses (number of units)	Housing Division	83.0 (6,880)	81.3 (7,091)	△	85.0 (7,140)
	Percentage of orders for ZEHs among orders for subdivided houses (%) (including nearly ZEHs and ZEH oriented houses)		50.0	62.7	○	70.0
Contribution to Scope 3 CO ₂ emissions reduction due to increased ZEH rate in new detached custom-built houses (thousand t-CO ₂ e)			1,440.0	1,354	×	1,376.0
Environmentally friendly remodeling order rate (%)	Owners		64.0	68.8	○	65.0
	Customers		77.0	77.6	○	79.0
Amount of electricity supplied in the renewable energy business (MWh)		Environment and Resources Division	826,469	820,384	×	840,072
Number of environmental certification-granted houses (total number in the U.S.)		Global Construction and Real Estate Division	3,800	3,585	△	4,600

*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

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➤ Mitigation of Climate Change 

➤ Sales of ZEH and LCCM Homes 

➤ Renovating to Improve Function and Asset Value 

➤ Promotion of the Renewable Energy Business 


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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 help reduce environmental burdens, such as those imposed by waste disposal and pollution, and to continue to circulate 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 of our businesses, we need to make effective use of the resources and materials, reduce waste, and promote recycling. We will realize a circular bioeconomy centered on wood by running a wood cycle for cascade utilization of timber, which is a renewable and sustainable natural resource, in the fields of forests, wood, architecture, and energy including biomass power generation and by 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 the sustainability of our supply chain for the sustainable use of resources.

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Impact on Society and the Environment

Material Issue 3	Impact (Opportunities)	Impact (Risks)
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.	- Protecting resources and reducing environmental impact through recycling and pursuit of zero emissions - Reducing greenhouse gas emissions through the utilization of wood as a substitute - Improving environmental awareness in supply chain - Creating new markets	- Depletion, degradation and contamination of resources and loss of ecosystems due to unsustainable use and disposal of resources - Wood resources for which permanent material recycling is difficult to achieve

Management of Material Issue 3 (FY2025)

In the Mid-term Sustainability Targets Phase 2 (2025 to 2027), Material Issue 3 is roughly divided into the following three categories and managed through the annual action policies and measures adopted by the department in charge.

Reduction and Recycling of Industrial Waste

The Sumitomo Forestry Group's final disposal amount of industrial waste was 17,344 tons in fiscal 2025 against our target of 21,213 tons, representing a 17.6% decrease compared to fiscal 2021.

We changed our method to measure the amount of waste generated at our new building construction sites in fiscal 2025. Specifically, we started to measure the amount separately for detached houses and apartment complexes and changed the measurement unit from “per building” to “per one square meter.” For new detached houses, we achieved the target of 19.2 kg/m² by recording 18.9 kg/m². For apartment complexes, we recorded 25.46 kg/m². At detached house construction sites, the use of pre-cut Kizure panels, roofs and sidings remarkably contributed to reducing the generation of waste. We also started to use pre-cut underfloor heat insulating materials in April 2026, which will help reduce waste generation by about 40 kg per building. For apartment complexes, we are currently in the stage of measuring and identifying the actual amount of waste generated and will examine the methods to reduce the generation, for which the use of pre-cut materials is an important challenge to meet.

The recycling rate at our new housing construction sites was 96.2% and improved by 0.6 percentage point year on year, although it was slightly lower than the target of 96.3%. We will continue to give instructions on waste sorting at the construction sites and also regularly conduct examinations about the waste recycling methods and the selection of waste recycling sites in cooperation with the industrial waste disposal contractors. Additionally, we will focus more on giving instructions to the branches where the rate of mixed waste is rising and on increasing the precision of measurement at wide-area waste collection sites.

For the promotion of a circular economy, we have started to conduct examinations for the material recycling of plastic waste. In fiscal 2026, we plan to deliver blue sheets made by using materially recycled used blue sheets to construction sites. We will also consider the sorted recovery of plastic waste for material recycling.

As the challenges to meet for material recycling, the collection amount and collection costs are listed. We need to make concerted efforts across the industry, in addition to implementing measures as the Sumitomo Forestry Group. We will carry out examinations to meet these challenges.

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Results

Ratings in the table below

Achieved: ○ Not achieved but improved year on year: △ Not achieved and declined year on year: ×

Indicator for Evaluation (Numerical Target)	Department in Charge	FY2025 Target	FY2025 Result	FY2025 Rating	FY2027 Target
Final disposal amount (t)	Sustainability Department	21,213	17,344	○	21,018
Percentage change from fiscal 2023		-7%	-17.6%	○	-12%
Amount of industrial waste generated at new building construction sites (for detached houses only) (kg/m ²)	Housing Division	19.2	18.9	○	18.8
Recycling rate of industrial waste at new building construction sites (%)		96.3	96.2	△	96.8
Recycling rate at housing demolition sites (%) ^{*1}		100	99.9	×	100
Recycling rate at the work sites of the renovation business unit (%) ^{*2}		85.5	87.1	○	85.5
Recycling rate at the work sites of the power generation business unit (%)	Environment and Resources Division	97.0	99.3	○	97.5
Recycling rate at overseas manufacturing plants (%)	Timber and Building	99.0	98.5	×	99.0
Recycling rate at domestic manufacturing plants (%)	Materials Division	99.6	99.5	△	99.6

*1 Recycling rate of construction materials specified under the Construction Material Recycling Act (concrete, asphalt concrete and wood scraps)

*2 Recycling rate at Sumitomo Forestry Hometech's renovation sites; excluding debris and asbestos that are difficult to recycle

Click here for related information [Resource Recycling Initiatives](#)

> [Resource Recycling Initiatives](#) 

Reduction of Water Consumption

The Sumitomo Forestry Group's total water consumption in fiscal 2025 was 2,895,000 m³. We achieved a reduction of 76,000 m³ from the target of 2,971,000 m³, which is mainly attributable to the change of the water distribution method and the installation of a flow meter for earlier detection of water leakage and water saving at Kutai Timber Indonesia (KTI) at the end of 2024 and a decrease in the sprinkler use frequency at Canyon Creek Cabinet (CCC).

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Results

Ratings in the table below

Achieved: ○ Not achieved but improved year on year: △ Not achieved and declined year on year: ×

Indicator for Evaluation (Numerical Target)		Department in Charge	FY2025 Target	FY2025 Result	FY2025 Rating	FY2027 Target
Water consumption (m ³)		All Sumitomo Forestry Group Companies	2,971,001	2,895,105	○	2,989,957
Unit water consumption (m ³)	Water withdrawal per unit of net sales (m ³ per ¥1 million)		1.22	1.31	×	0.98
Nature / Water	Percentage of delivered homes certified as Zero Energy Ready Homes (%) (North America)	Global Construction and Real Estate Division	100	0	×	100
	Percentage of water-related fixtures certified under WaterSense (%) (North America)		100	100	○	100
Adoption rate of water-saving toilets in new houses* (Specified products only) (%)	Detached houses	Housing Division	100	100	○	100
	Subdivided housing		100	100	○	100

* JIS Classification Type II or lower (water usage 6.5 liters or less)

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> Efficient Use of Water Resources 

Management of the Supply Chain

We started to conduct the Sustainability Procurement Survey in the housing business in 2019 and in the timber and building materials business in 2022. We have been conducting this survey on at least 80% of our suppliers in terms of the purchase amount. In fiscal 2025, we set new targets to improve the performance of priority items such as the percentage of companies that grasp their greenhouse gas (GHG) emissions and the percentage of companies with GHG emission reduction plans, while maintaining the implementation rate of the survey.

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Results

Achievement evaluation for the following tables:

Goal achieved: ○ Goal not achieved, improved from previous year: △ Goal not achieved, worse than previous year: ×

Indicator for Evaluation (Numerical Target)		Department in Charge	FY2025 Target	FY2025 Result	FY2025 Rating	FY2027 Target
Percentage of sustainable timber used in custom-built detached houses (Primary building material) (%)		Housing Division	100	100	○	100
Sustainability Procurement Survey implementation rate	Percentage of companies that grasp their greenhouse gas (GHG) emissions (%)	Timber and Building Materials Division	38.0	66.7	○	40.0
	Percentage of companies with greenhouse gas (GHG) emission reduction plans (%)		27.0	52.2	○	30.0
	[New detached houses] Percentage of suppliers that grasp their GHG emissions	Housing Division	Improvement as compared to previous year	Improvement as compared to previous year	○	Improvement as compared to previous year
	[New detached houses] Percentage of suppliers with GHG emission reduction plans		Improvement as compared to previous year	Improvement as compared to previous year	○	Improvement as compared to previous year

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> Supply Chain Management 

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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

Various social issues became apparent, such as discrimination, poverty and other human rights-related issues, intensification of disasters, and the spread of infection with COVID-19. Under these circumstances, more attention has been directed to well-being. Accordingly, people's living spaces, especially homes, are more strongly required to be safe, secure, comfortable and warm. Also, customers' needs have become diverse due to changes in their lifestyles and society, such as increasing desire for well-being, shrinking housing needs due to declining population, relocation of housing due to the low birth rate and aging population, coexistence with foreign nationals, and changes in values related to race, religion, ethnicity, nationality, and gender (LGBTQ). It is important for companies to accurately respond to customer needs amid such changes.

The Sumitomo Forestry Group states, "We provide high-quality products and services that bring joy to our customers" in Our Values, and focuses on providing high-quality products that give a sense of security, safety, comfort and warmth to many customers to increase their satisfaction, including purchasers of new custom-built detached houses and users of our renovation services.

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.	- Improving customer satisfaction by reducing complaints - Ensuring social credibility by improving quality	Responding to changes in demographics and consumer needs

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Management of Material Issue 4 (FY2025)

In the Mid-Term Sustainability Targets Phase 2 (2025 to 2027), Material Issue 4 is roughly divided into the following two categories and managed through the annual action policies and measures adopted by the department in charge.

Improving Customer Satisfaction

We regard improving the quality of the houses and buildings that we offer to customers and increasing their satisfaction as a management priority. To measure the results of our efforts, we take a questionnaire survey with customers who have just moved into our houses and buildings. We use a non-consolidated net promoter score (NPS)* as a performance indicator for the survey. In fiscal 2025, the NPS was 56.6 points, exceeding the target of 56.0 points. Although the NPS was unsatisfactory in the first half of the term, we achieved a favorable result in the latter half. We achieved this improvement by proactively communicating with customers who had given us low ratings, and attentively responding to and resolving their complaints. Also, we reviewed customers' monthly evaluations, shared related information internally, and enforced organizational learning from individual cases.

* Net promoter score (NPS): Scores of 0 to 10 are given in answer to the question, "Would you recommend the company to your friends or acquaintances?" The NPS is calculated by deducting the percentage of respondents who answered 0 to 6 ("critics") from the percentage of respondents who answered 9 or 10 ("recommenders"). The higher the NPS, the higher the customers' tendency to recommend the company.

Results

Ratings in the table below

Achieved: ○ Not achieved but improved year on year: △ Not achieved and declined year on year: ×

Indicator for Evaluation (Numerical Target)	Department in Charge	FY2025 Target	FY2025 Result	FY2025 Rating	FY2027 Target
Questionnaire at the time of moving in (Non-consolidated NPS value) (pt)	Housing Division	56.0	56.6	○	58.0

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> Communication with Our Customers in the
Housing Business



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Response to Declining Birthrate and Aging Population

In fiscal 2025, we offered a total of 1,882 rooms at our nursing care facilities to provide the elderly with a safe living environment. We plan to increase the number of rooms to 1,943 by fiscal 2027, thereby meeting the expanding demand for nursing care services.

In the operation of nursing care facilities, the occupancy rate directly depends on service quality. As a result of daily sales efforts, Sumitomo Forestry Group company Sumirin Care Life achieved 88.5% against the target of 87.0% for the occupancy rate. The improvement is also attributable to the brand awareness of Elegano Nishinomiya among local residents.

In contrast, Sumirin Fill Care, another Sumitomo Forestry Group company, recorded 86.3% against a targeted occupancy rate of 89.9%. The company was unable to attain the target mainly due to unforeseeable events, such as changes in the health status of residents, some of whom moved out for terminal care.

Sumirin Fill Care is intensively implementing measures for its nursing care facilities with low occupancy rates. Specifically, the company holds events open to locals, such as parties and concerts. It drops flyers in residential mailboxes in the neighborhood area, conducts a referral promotion activity for residents of its facilities and users of its daily care services, and offers a free rehabilitation service. Through these measures, the company is seeking to raise local residents' awareness of the facilities and increase their occupancy rates.

Results

Ratings in the table below

Achieved: ○ Not achieved but improved year on year: △ Not achieved and declined year on year: ×

Indicator for Evaluation (Numerical Target)		Department in Charge	FY2025 Target	FY2025 Result	FY2025 Rating	FY2027 Target
Number of rooms available at nursing care facilities		Lifestyle Service Division	1,882	1,882	○	1,943
Occupancy rate at nursing care facilities (%)	Sumirin Fill Care		89.9	86.3	×	94.0
	Sumirin Care Life		87.0	88.5	○	90.0

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> Communication with Our Customers in the
Elderly Care Business




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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 a 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 the inactivation of an entire city due to shrinking household size and increase in vacant land and vacant houses.

The Sumitomo Forestry Group is actively contributing to the 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 the provision of high-quality elderly care facilities and nursing care facilities where the warmth of wood can be felt by the elderly, who are also socially vulnerable. In rural areas, we will develop businesses that contribute to regional revitalization while emphasizing communication with local stakeholders.

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.	- Correcting economic disparities through regional revitalization - Developing a common awareness of the issues of local communities through communication with local residents - Enhancing welfare by providing elderly care facilities	- Widening disparities within communities due to provision of disproportionate services and employment - Responding to community rules, customs, and cultures

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Management of Material Issue 5 (FY2025)

In the Mid-Term Sustainability Targets Phase 2 (2025 to 2027), Material Issue 5 is roughly divided into the following two categories and managed through the annual action policies and measures adopted by the department in charge.

Communication with Local Communities

In our housing business in Japan, we are working to build communication and cooperation systems between companies and local people for managed green spaces. In fiscal 2025, we achieved the target of receiving a total of 25 orders for our environmental consultation service. We have established a system to appropriately understand the needs of corporate customers, make proposals to meet their needs, and conclude service agreements with them, which is proved to be effective.

Moreover, we are providing external environmental learning opportunities and conducting social contribution activities. In fiscal 2025, we conducted a volunteer activity for the Mt. Fuji Manabi no Mori natural forest restoration project, an environmental learning support project for local elementary and junior high school students, and a tree planting activity for the restoration of nature in Okumatsushima. In fiscal year 2025, the number of participants in external environmental education programs was 4,381, and the number of participants in social contribution activities was 1,218.

For environmental education in Indonesia, we provided it at 16 schools against the target of 22 in fiscal 2025. We were unable to attain the target due to local social situations and changes in the status of local school management. Going forward, we will identify local needs and situation in more detail and enhance our measures to achieve the target for fiscal 2027.

Results

Ratings in the table below

Achieved: ○ Not achieved but improved year on year: △ Not achieved and declined year on year: ×

Indicator for Evaluation (Numerical Target)	Department in Charge	FY2025 Target	FY2025 Result	FY2025 Rating	FY2027 Target
Collaborative communication frameworks between companies and local communities in managed green spaces (Number of orders received for environmental consultation services)	Housing Division	25	25	○	35
Implementation of environmental education programs (Indonesia) (Number of Schools)	Environment and Resources Division	22	16	×	22
Number of participants in external environmental education programs (Japan) (Persons)	Sustainability Department	4,220	4,381	○	4,250
Number of participants in social contribution activities (Japan) (Persons)		1,850	1,218	×	1,950

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> Forestry Business Overseas 

> Human Rights 

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Human Rights

In order to respect the human rights of stakeholders involving in our business activities and appropriately identify and respond to human rights-related concerns and problems, we are working to build a grievance mechanism.

In fiscal 2025, we collected necessary information to design an effective grievance mechanism. Specifically, we obtained data about the results of our existing mechanism (including contact points for harassment and compliance) and the implementation status. Toward the introduction of a new mechanism, we also interviewed personnel in charge of human rights-related support at each of the business divisions about their concerns and points of focus.

After taking these measures, we applied for membership in the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER) in fiscal 2026 and was admitted to it. On April 1, 2026 we officially started to implement a grievance mechanism through JaCER. At meetings of the Sustainability Committee held during each term, the number of internal reports made through the system and the details of responses made to the incidents reported will be regularly shared to ensure the transparent implementation of the system.

In fiscal 2027, toward the full-scale implementation of the new grievance mechanism, we will raise the awareness of the mechanism both internally and externally and improve it on a continual basis. Through these measures we will fulfill our responsibility for respect for human rights in our business activities and win even more trust from stakeholders.

Results

Ratings in the table below

Achieved: ○ Not achieved but improved year on year: △ Not achieved and declined year on year: ×

Indicator for Evaluation (Numerical Target)	Department in Charge	FY2025 Target	FY2025 Result	FY2025 Rating	FY2027 Target
Review of human rights risk map and reassessment based on the results	Sustainability Department	—	Reassessment	○	Reassessment
Building effective remedial grievance mechanisms		Review	Revalidation	○	Implementation

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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 in terms of race, religion, ethnicity, nationality, gender and others, and respects human rights without discrimination. We must also respect work-life balance, valuing the lifestyle of each individual. In addition, there is a possibility that serious occupational accidents may occur in the forest business or in the housing and construction business, and sufficient measures need to be implemented to prevent such accidents.

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 the Declaration on Health Management in an effort to maintain and improve the 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 our employee retention rate and the number of qualifications obtained by employees.

Impact on Society and the Environment

Material Issue 6	Impact (Opportunities)	Impact (Risks)
To create a vibrant environment for all workers Creating a work environment where everyone throughout the supply chain is safe, healthy and motivated.	- 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	- 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

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Management of Material Issue 6 (FY2025)

In the Mid-Term Sustainability Targets Phase 2 (2025 to 2027), Material Issue 6 is roughly divided into the following four categories and managed through the annual action policies and measures adopted by the department in charge.

Work-Life Balance (Workstyle Reform)

We regard the improvement of employees' work-life balance, physical and mental health and work satisfaction as our management priorities. For fiscal 2025, the employee satisfaction rate was 81.0% (against the target of 80.0%) on a non-consolidated basis and was 67.2% (against the target of 64.6%) among subsidiaries of Sumitomo Forestry in Japan. We were thus able to exceed both the targets. In particular for the enhancement of psychological safety of employees, we provided all managers with training on it and exceeded the targets set for it by achieving 72.8% (vs. 63.0%) on a non-consolidated basis and 65.4% (vs. 56.2%) among the subsidiaries in Japan.

However, the absenteeism score, which is a health indicator and implies the difficulty in working caused by physical or mental disorders, was 2.91, and we were unable to achieve the target of 2.75. The presenteeism score, which implies lower work productivity due to illness, was 81.6 and slightly below the target of 82.4, while improving year on year. For the improvement of these indicators, we will improve the working environment (through line care training, post-stress check measures, and the recommendation of secondary health checks at each of our bases) and enhance employees' self-care ability (through the expansion of e-learning content and the organization of events by using QOLism app.). We will thereby give even more support for employees' physical and mental health management and provide them with even better working environments.

The number of overtime work hours was reduced by 14.5% relative to the fiscal 2017 level of 45.5 hours, and we have achieved the target for the first time since we set the target.

For the reduction of overtime work, the Housing Division notified each of its bases of their total monthly working hours on around the 20th of each month to give them cautions and encourage them to review their operations as necessary. In May, we started to hold a meeting between the branch manager and the head of the division when any employees of a branch of the division had worked more than the limit set based on the so-called 36 Agreement. At the Timber and Building Materials Division, the replacement of the core system had some impact on its operations and caused longer working hours, but improvements have been gradually made as the staff are getting accustomed to the new operations. The Environment and Resources Division increased its operational efficiency through workload leveling and reassignment. We will continue to work on the improvement of operational efficiency and work style reforms to help employees work in a healthier manner.

We are encouraging male employees to take childcare leave to participate more in childcare. The childcare leave take-up rate among male employees was 71.4% on a non-consolidated basis. It was 49.0% and below the target of 55.7% among Sumitomo Forestry's subsidiaries in Japan.

Some employees did not take the leave as they were unable to make adjustments for it with other employees, and there were also some who chose not to take the leave as a result of discussing whether or not to take it at their household, although other staff of their departments encouraged them to take the leave. We will continue to hold a childcare seminar regularly and deal with employees who do not apply for the leave individually. We will thereby raise employees' awareness of our system that supports their work and childcare and encourage more employees to take childcare leave. Also, to this end, we will help employees make adjustments earlier with other employees to take the leave and build an environment that allows them to take it more easily.

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Results

Ratings in the table below

Achieved: ○ Not achieved but improved year on year: △ Not achieved and declined year on year: ×

Indicator for Evaluation (Numerical Target)		Department in Charge	FY2025 Target	FY2025 Result	FY2025 Rating	FY2027 Target
Absenteeism* ¹ score	Non-Consolidated	Personnel Department	2.75	2.91	×	2.65
Presenteeism* ² score	Non-Consolidated		82.4	81.6	△	84.9
Employee satisfaction level (%)	Non-Consolidated		80.0	81.0	○	82.0
	Subsidiaries in Japan		64.6	67.2	○	68.5
Paid leave usage ratio (%)	Non-Consolidated		69.5	72.1	○	70.0
	Subsidiaries in Japan		70.9	70.9	○	77.1
Overtime hours reduction rate (%) compared to fiscal 2017	Non-Consolidated		-14.5	-14.5	○	-15.0
	Subsidiaries in Japan		-19.3	-18.9	△	-22.9
Retention rate of new graduates (3rd year after joining the company)* ³ (%)	Non-Consolidated		85.0	78.8	×	85.0
	Subsidiaries in Japan		79.9	86.4	○	85.4
Culture that does not allow harassment* ⁴ (%)	Non-Consolidated		75.0	76.7	○	77.0
	Subsidiaries in Japan		74.6	74.2	△	78.4
Ensuring psychological safety* ⁴ (%)	Non-Consolidated		63.0	72.8	○	65.0
	Subsidiaries in Japan		56.2	65.4	○	60.0
Male childcare leave acquisition rate (%)	Non-Consolidated		100	71.4	×	100
	Subsidiaries in Japan		55.7	49.0	△	68.2

*1 The state in which a person finds it difficult to work because a physical or mental disorder causes them to be late for 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

*3 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

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

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➤ [Work-Life Balance](#) 

Diversity

The Sumitomo Forestry Group issued the Sumitomo Forestry Group DEI Declaration in April 2024, clarifying the significance of Diversity, Equity and Inclusion (DEI) with the aim of fostering an environment where all individuals are respected and accepted within organizations and society under fair conditions. In 2025, we launched the “DEI Forest” project to raise employees’ DEI awareness and understanding.

Moreover, we asked all Sumitomo Forestry Group employees to share their DEI measures and approach as “My DEI” and held a DEI forum 2025 and social gathering with the participation of employees who had shared “My DEI” and employees of the personnel departments of Group companies. We also created a video on DEI and established a book space called “Library on DEI” to raise employees’ DEI awareness even more.



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For the empowerment of women, we achieved the targets for the ratios of women among new graduates and among all employees. We are thus making improvements year on year, except for the rate of female directors.

We provide female employees who are candidates for managers with annual female leader training. Also, as part of the information exchange meetings held jointly by housing manufacturers, we hold an interactive meeting for female managers and that for female engineers every year, thereby providing women working in the industry with an opportunity to share role models.

Results

Ratings in the table below

Achieved: ○ Not achieved but improved year on year: △ Not achieved and declined year on year: ×

Indicator for Evaluation (Numerical Target)		Department in Charge	FY2025 Target	FY2025 Result	FY2025 Rating	FY2027 Target
Ratio of female employees to all employees (%)	Non-Consolidated	Personnel Department	25.1	25.2	○	26.8
	Subsidiaries in Japan		36.0	33.9	×	37.1
Female officer ratio (%)	Non-Consolidated		16.3	12.9	×	21.4
Ratio of female senior managers (those in a position of supervision or management) *1 (%)	Non-Consolidated		4.1	4.2	○	5.0
	Subsidiaries in Japan		7.8	7.9	○	9.4
Ratio of female leaders*2 (%)	Non-Consolidated		11.5	10.6	△	12.0
Ratio of managers (%)	Subsidiaries in Japan		16.9	19.4	○	20.2
Ratio of females to new hires*3 (%)	Non-Consolidated		35.0	36.6	○	35.0
	Subsidiaries in Japan		37.6	38.0	○	40.7
Gender Pay Gap (%)	Non-Consolidated		48.8	51.6	○	50.7
Ratio of employees with disabilities (%)	Non-Consolidated		2.45	2.39	△	2.55
	Group certification		2.65	2.57	△	2.75
	Subsidiaries in Japan		2.47	2.22	×	2.71

*1 Calculated based on the provisions set in the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of September 4, 2015). Those in a position of supervision or management are regarded as senior managers.

*2 At Sumitomo Forestry, managers have been called "leaders" since the company reformed its HR system in 2024. At its subsidiaries in Japan, personnel in managerial positions excluding those in a position of supervision or management are called "managers."

*3 Calculated by adding the number of new graduate employees hired during the period from May of the previous year to March of the current year to the number of new graduates hired in April of the current year

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> Diversity, Equity and Inclusion

Human Resources Development

Our non-consolidated training expenses per employee amounted to 173,400 yen (against the target of 140,000 yen) and training hours per employee totaled 25.6 hours (against the target of 21.0 hours), both substantially exceeding the targets.

Major factors contributing to the results include an increase in the number of participants following the expansion of self-development training and the provision of level-specific training in response to the revision of the personnel system. It is presumed that with the revision of the personnel system and the expansion of the external training attendance system, employees' awareness of the training system and their motivation for autonomous learning have gradually risen. In addition, aiming to realize a free and open workplace culture, the Housing Division has continued to implement the Three-Star Project, and conducted psychological safety training for all managers.

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Going forward, we will continue to ensure the provision of level-specific training and work to provide employees with more training opportunities by enhancing collaboration with each business division.

In order to increase employees' environmental awareness and knowledge, the Sumitomo Forestry Group encourages them to take the Certification Test for Environmental Specialists (eco kentei). The take-up rate at Sumitomo Forestry on a non-consolidated basis was 76.4% for fiscal 2025, achieving the planned target of 73.0%.

In the ranking of companies for the number of employees who passed the certification test in fiscal 2025, we were ranked No. 1 in the category of companies with 300 or more employees, with 425 of our employees passing the test. Cohnan Kensetsu, a Sumitomo Forestry Group company, was also ranked No. 1 in the category of companies with fewer than 300 employees, with 49 employees passing the test. As a result, the entire Sumitomo Forestry Group is highly rated for its environmental awareness raising efforts.

In fiscal 2026, we will further promote the acquisition of the environmental specialist certification by employees by encouraging them to take the test via the intranet and during the internal ISO 14001-related environmental audits, and distributing relevant learning materials to departments with low acquisition rates. We aim to achieve 80.0% for the rate of employees who have passed the test in fiscal 2027. We will continuously work to raise employees' environmental awareness and conduct business activities in consideration of the environment.

Results

Ratings in the table below

Achieved: ○ Not achieved but improved year on year: △ Not achieved and declined year on year: ×

Indicator for Evaluation (Numerical Target)		Department in Charge	FY2025 Target	FY2025 Result	FY2025 Rating	FY2027 Target
Training cost per employee (unit: 1,000 yen)	Non-Consolidated	Personnel Department	140.0	173.4	○	160.0
	Subsidiaries in Japan		59.0	42.5	×	59.0
Training time per employee (hours)	Non-Consolidated		21.0	25.6	○	23.0
	Subsidiaries in Japan		26.0	42.2	○	26.0
Eco Certification acquisition rate (Non-consolidated) (%)	Non-Consolidated	Sustainability Department	73.0	76.4	○	80.0

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> Human Resources Development 

Occupational Health and Safety

In fiscal 2025, occupational injuries (resulting in four or more days of lost worktime) occurred in each of our business fields. The number of serious incidents has not been decreasing, which implies that the measures taken in the past three years were not very effective.

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Based on the results of the survey conducted on the actual status of operational safety in fiscal 2025, we created a manual for work in high places and work involving the use of rotating machinery. Going forward, we need to routinize compliance with the manual by on-site workers.

We deem it necessary to carry out risk assessments and improve the quality of the assessments, standardize safety education across the Group including partner companies, implement cross-organizational measures to reduce falls and “caught in machinery” incidents as priorities, share information about near-miss incidents, identify commuting incidents and raise employees’ safety awareness to prevent these incidents.

In and after fiscal 2026, the Quality and Occupational Safety Management Department will conduct safety inspections on the sites experiencing occupational injuries resulting in four or more days of lost worktime and check the effectiveness of the measures taken on-site to prevent the reoccurrence of similar incidents.

Results

Ratings in the table below

Achieved: ○ Not achieved but improved year on year: △ Not achieved and declined year on year: ×

Indicator for Evaluation (Numerical Target)		Department in Charge		FY2025 Target	FY2025 Result	FY2025 Rating	FY2027 Target
(1) Number of serious occupational injuries (four or more days of lost worktime) (incidents)* (2) Number of occupational injuries (one or more days and less than four days of lost worktime) (incidents)	Domestic new construction and remodeling sites (Contract)	Housing Division	(1)	0	27	×	0
			(2)	20	29	×	16
			Total	20	56	×	16
	Overseas housing sites (Contract)	Global Construction and Real Estate Division	(1)	0	13	×	0
			(2)	0	0	○	0
			Total	0	13	×	0
	Domestic group manufacturing companies (Employees) Overseas group manufacturing companies (Employees / contractors)	Timber and Building Materials Division	(1)	0	17	×	0
			(2)	5	5	○	5
			Total	5	22	△	5
	Domestic and overseas afforestation sites (Contract)	Environment and Resources Division	(1)	0	8	△	0
			(2)	0	24	△	0
			Total	0	32	△	0
	Elderly care sites	Lifestyle Service Division	(1)	0	5	△	0
			(2)	0	3	×	0
			Total	0	8	×	0

* Occupational accident equivalent to a serious occupational injury in Japan's occupational injury classification (four or more days of lost worktime)

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> Occupational Health and Safety Management 

> Targets and Results Concerning Occupational Injuries




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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

It is deemed important to utilize forests and wood to enrich the economy while meeting various environmental and social challenges, such as the realization of a decarbonization society and a circular economy, conservation of biodiversity, and respect for human rights. In order to deepen and expand the use of wood and activate the functions of forests, it is also necessary to create new markets that utilize them. Housing markets in emerging countries in Asia and other regions are growing, and due to the aging of society, elderly care services in Japan and other developed countries are expanding. In addition, the markets for wooden buildings, including medium- to large-scale buildings, as well as other environmentally conscious products and carbon 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 taking on the challenge of solving many issues including those related to construction technologies for structures, fire resistance, production and environment, legal regulations, and costs. 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 attributes importance to collaboration with external partners without being bound by our own technology.

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.	Realization of a prosperous society by creating new value	Loss of business opportunities due to delays in responding to expanding markets

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Management of Material Issue 7 (FY2025)

In the Mid-term Sustainability Targets Phase 2 (2025 to 2027), Material Issue 7 is roughly divided into the following categories and managed through the annual action policies and measures adopted by the department in charge.

Creation of new markets

In order to expand the use of domestic timber and build a system to supply it in a stable manner, the Sumitomo Forestry Group is pushing ahead with the establishment of timber industrial complexes. We have no records for the use of timber produced in the complexes for fiscal 2025, as the complexes have not yet been operated. In fiscal 2026, one of the complexes will start operation on a full scale to produce timber in the volume of 70,000 m³. We aim to build a stable supply system for domestic timber, thereby contributing to increasing Japan's timber self-sufficiency rate and revitalizing regional economy.

In order to spread the use of architectural designs for decarbonization, such as the use of wood for buildings, we are encouraging suppliers to obtain Environmental Product Declaration (EPD) certification on the environmental performance of timber and building materials. For fiscal 2025, the number of products for which suppliers obtained the certification was 26 and below the target of 55, but increased year on year. In and after April 2026, a total of 56 products will be EPD-certified. Through collaboration with building materials manufacturers and timber suppliers, we are expanding the market for environmentally friendly products and aim to increase the number of EPD-certified products to 145 in total by fiscal 2027.

Research & Development

We are also designing green spaces by adopting the Nature-based Solutions (NbS) concept. There are certain green spaces in urban areas, which help conserve and restore biodiversity, absorb CO₂, store rainwater, and lower the local temperature, thereby contributing to the control of climate change and natural disasters including flooding. Accordingly, Sumitomo Forestry Landscaping has set a target for the rate of green spaces larger than 500 m² among the green spaces designed by the company in response to orders for landscaping placed by customers. In fiscal 2025, the rate was 36.5% and exceeded the target of 35.0%, implying that the company is favorably creating green spaces in consideration of biodiversity. We aim to expand the rate to 40.0% in fiscal 2027 to create a living environment that harmonizes with nature by designing green spaces that bring value to the environment and society.

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> Research & Development 

> Utilization of Sustainable Forest Resources 

> Visualization of CO₂ 

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Results

Ratings in the table below

Achieved: ○ Not achieved but improved year on year: △ Not achieved and declined year on year: ×

Indicator for Evaluation (Numerical Target)	Department in Charge	FY2025 Target	FY2025 Result	FY2025 Rating	FY2027 Target
Volume of domestic timber used through the operation of wood industrial complexes (1,000 m ³)	Timber and Building	0	—	—	102
Cumulative number of products for which suppliers acquired EPD certification	Materials Division	55	26	△	145
Percentage of green spaces generating environmental and social value through NbS* (%)	Housing Division	35.0	36.5	○	40.0

* Abbreviation for Nature-based Solutions (NbS). Nature-Based Solutions to Social Issues


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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 valued, it is necessary to raise economic efficiency and increase added value through market reforms such as DX and innovation, in view of the decrease and aging of main players, the advancement and globalization of technologies, and future demand expansion. Amid the global acceleration of digitalization in the procurement, design and construction stages of buildings, utilization of technologies including AI technology, and digitalization of end consumers, delayed responses can result in cost disadvantages compared to competitors and can lead to the loss of customer contacts and opportunities to win new customers.

The Sumitomo Forestry Group aims to ensure the quality and quantity of wood resources and provide them with high added value by improving the 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, such as user safety and security and improve operational efficiency

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.	• More comfort of work through improved work efficiency • Higher productivity through effective use of data	• 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

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Management of Material Issue 8 (FY2025)

In the Mid-term Sustainability Targets Phase 2 (2025 to 2027), Material Issue 8 is roughly divided into the following categories and managed through the annual action policies and measures adopted by the department in charge.

DX related

The Sumitomo Forestry Group is proactively introducing robotic process automation (RPA) to automate and increase the efficiency of its operations. The number of RPA citizen developers reached 296 in fiscal 2025, exceeding the target of 260, which proves that we are favorably making progress for RPA. We will enhance the citizen developer support system to help the employees who received training to be citizen developers continue their development activities. In order to foster DX at the initiative of on-site workers, we will increase the number of citizen developers to 500 by fiscal 2027.

For the digitalization of forest management, we are proactively developing a forest management information system using latest digital technologies for the sustainable use and efficient management of forest resources. In fiscal 2025, we completed the release of some functions for the system and also started to develop an inventory/forestry management system. In fiscal 2027 we will standardize these systems to further advance and increase the efficiency of our forest management.

In the elderly nursing care business, we are working on the introduction of sensor devices to our nursing care facilities, with a view to improving the quality of nursing services provided at the facilities and also increasing on-site operational efficiency. We have completed the introduction of the devices to a total of 21 homes, including 17 facilities of Sumirin Fill Care and four facilities of Sumirin Care Life, thereby ensuring the safety of residents and also reducing the burdens imposed on the caregiving staff.

Also, for the restructuring and higher efficiency of the timber and building materials industry, we are working to popularize our JUCORE Mitsumori* service. The number of IDs issued under the JUCORE Mitsumori service agreements concluded with customers was 205 and was below the target of 1,070. Although the service was highly rated for its usefulness for the creation and management of estimates as well as for the division of labor, the operability and analysis functions have not yet met the expectations of customers, resulting in a stagnant increase in the number of customers who agree to introduce the service on a trial basis. We will set short-, medium- and long-term targets for this service to achieve the target of 3,674 in fiscal 2027.

* JUCORE is a digital platform provided by Sumitomo Forestry for the housing and building materials industry. It is a cloud service that supports the creation of estimates and the improvement of operational efficiency.

With regard to the enhancement of the efficiency of collecting non-financial information and the precision of collected data, we need to build a data infrastructure that supports sustainability management toward the enhancement of our corporate value on a medium- to long-term basis. Specifically, we need to manage sustainability data on a consolidated basis, expand information disclosure, and make data-based management decisions for data-driven management. To this end, we are required to solve issues related to data collection and build a system to collect accurate information in a timely and efficient manner on a consolidated basis across the Group. In 2025, we conducted surveys on the social information collection processes followed at Sumitomo Forestry's head office as well as at its domestic and overseas subsidiaries. Through the surveys we checked the flow and internal control of a series of operations from data generation at each of the subsidiaries through to the collection and tabulation of the generated data by the department in charge at the head office. We then clarified the issues and challenges and set the policies to address them. Going forward, we will conduct examinations to solve the identified issues, including considering building a necessary system for the solution.

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Results

Ratings in the table below

Achieved: ○ Not achieved but improved year on year: △ Not achieved and declined year on year: ×

Indicator for Evaluation (Numerical Target)		Department in Charge	FY2025 Target	FY2025 Result	FY2025 Rating	FY2027 Target
Number of RPA Citizen Developers (persons)		IT Solutions Department	260	296	○	500
Digital transformation of business management	Development of a forestry management system	Environment and Resources Division	Expansion of functions	Release of some functions	○	Standardization
	Implementation of an inventory and forestry management System		Start of development	Start of development	○	Standardization
Number of facilities that have introduced sensor devices in elderly care business	Sumirin Fill Care	Lifestyle Service Division	17	17	○	17
	Sumirin Care Life		4	4	○	4
Number of IDs issued under the JUCORE Mitsumori* service agreements concluded with customers		Timber and Building Materials Division	1,070	205	×	3,674
Improved efficiency and accuracy in sustainability information collection		Sustainability Department	Identification of non- financial information and examination for the establishment of a necessary system	Identification of the current process and issues	○	Start of System Operation

* Initiative for building a platform to restructure the wood and building materials Industry / Quotation support system

Click here for related information

> Communication with Our Business Partners 

> Information Security/DX 

> Communication with Our Customers in the
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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 the global crises that have a great impact on economy, such as the intensification of natural disasters as well as financial and geopolitical risks. Continuing business even in the face of unexpected events contributes to the 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 is also aiming to strengthen the supervisory function of the Board of Directors during normal times, while enhancing 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 robust business structure.

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.	- 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	Intensifying effects on business activities due to unexpected circumstances such as natural disasters, infectious diseases, and financial crises


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Management of Material Issue 9 (FY2025)

In the Mid-term Sustainability Targets Phase 2 (2025 to 2027), Material Issue 9 is roughly divided into the following categories and managed through the annual action policies and measures adopted by the department in charge.

Governance / Compliance / Non-financial information disclosure

As part of our effort to enhance governance, we conducted BCM training four times. Specifically, we conducted a drill to support owners of Sumitomo Forestry homes in the event of an earthquake directly beneath the Tokyo metropolitan area twice, an emergency headquarters drill in Osaka once, and a disaster headquarters drill against a Nankai megathrust earthquake once. Through the drills we identified the problems and challenges to address and worked to make improvements on our BCP. For BCM, each of our business divisions is conducting training to make payments and conduct other operations on behalf of other divisions in the event that they are affected by disasters. At the head office, we are building a system to timely place replenishment orders for emergency supplies and take out the expired supplies with agility from each of the floors. Also, as a new challenge to meet, we are now required to conduct training to ensure the business continuity of each business department. In fiscal 2026 we plan to conduct a drill nine times in total, and details of each drill will be determined according to the identified challenges.

As for the enhancement of our compliance system, we regard legal compliance as the basis of corporate activities. Accordingly, we have built a strict compliance system. In fiscal 2025, we carried out voluntary inspections as planned to ensure compliance with the laws and regulations that are applied to our businesses and have made improvements. Also, for environmental laws and regulations, we checked the status of compliance at our domestic affiliates once within the fiscal year as planned.

In fiscal 2025, toward the disclosure of information according to the Sustainability Standards Board of Japan (SSBJ) Standards in our annual securities report, we reviewed our sustainability-related risks and opportunities, analyzed the gap between our present disclosures and those required to meet the SSBJ Standards, and grasped the current status and challenges to meet concerning our non-financial information collection system. We will continue to make preparations for the voluntary disclosure of information about our measures to deal with climate change and meet nature-related challenges as well as our human capital management in fiscal 2027, aiming for highly transparent information disclosure.

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Results

Ratings in the table below

Achieved: ○ Not achieved but improved year on year: △ Not achieved and declined year on year: ×

Indicator for Evaluation (Numerical Target)	Department in Charge	FY2025 Target	FY2025 Result	FY2025 Rating	FY2027 Target
Number of BCM training sessions conducted (times)	General Administration Department	2	4	○	2
Voluntary inspections and awareness-raising activities including training for the legal compliance system		Voluntary compliance checks based on business-specific laws	Voluntary compliance checks based on business-specific laws	○	Voluntary compliance checks based on business-specific laws
Number of environmental compliance checks (Domestic Group companies) (times)	Sustainability Department	1	1	○	1
Disclosure in securities reports based on SSBJ* Standards		Identification of scope of applicability	Identification of scope of applicability	○	Preparation for disclosure

* Sustainability Standards Board of Japan (SSBJ)

Click here for related information

> Information Security/DX 

> Corporate Governance and Internal Control 

Stakeholder Engagement

Basic Policy

The Sumitomo Forestry Group is interacting with various stakeholders because the Group is conducting activities in a broad range of global businesses, from the upstream to the downstream sections, with wood—as a renewable natural resource—at the core. We attribute importance to conducting business activities in consideration of the direct and indirect relationships with our stakeholders. Our focus is always on communication with the stakeholders and we will sincerely respond 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, centralization to urban areas and depopulation in other areas, as well as a growing mindset toward health.

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The Sumitomo Forestry Group conducts comprehensive efforts toward safety and quality issues in light of these circumstances to not only reduce risks but also to create new business opportunities by responding to societal and environmental changes with a view to further increasing customer satisfaction.

Responsibilities	Communication Methods
- Providing safe, high-quality products and services - Disclosing timely and accurate information and providing accountability - Understanding the requests and needs and improving satisfaction through communication	- 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, including respecting human rights, providing an equal workplace without discrimination, and ensuring safety on-site. Also, considerations toward work-life balance and the reduction of long working hours are deemed important.

We believe that working to resolve these issues provides a driving force to improve our corporate value and promote our business by bringing positive effects including gaining talent, increasing the motivation of employees, and eliminating risks for employees.

Responsibilities	Communication Methods
- Creating a fair work environment with respect for human rights and no discrimination - Providing and developing a workplace that promotes the psychological 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 work-life balance	- 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 - Holding discussions between the President and employees (President Mitsuyoshi's Coming for a Talk!) - Holding Family Open Day - Carrying out meetings with management made up of both labor and management committee members - Publishing internal magazines, posting information on the company's intranet site

[Click here for related information](#)

> [Diversity, Equity and Inclusion](#) 

> [Human Resources Development](#) 

> [Communication with Employees](#) 

> [Work-Life Balance](#) 

> [Occupational Health and Safety Management](#) 

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Shareholders and Investors

In recent years, institutional investors have reviewed their way to evaluate companies, attributing importance to engagement*. Accordingly, the frequency of dialogue between companies and their shareholders/investors has been increasing. Through the dialogue, companies explain their corporate strategies and initiatives to enhance their corporate value to the shareholders/investors.

Trends to promote even broader engagement are growing also in Japan after the establishment of Japan's Stewardship Code.

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 its management policies and business strategies, while regularly escalating the opinions and requirements of its important stakeholders, such as investors, to the management for reflection in its measures towards sustainable growth.

* Constructive dialogue held between companies and investors toward value creation

Responsibilities	Communication Methods
- Disclosing timely and accurate information - Pursuing informational transparency and accountability - Providing appropriate shareholder returns	- General Meeting of Shareholders, financial results briefings, business briefings for investors, site briefings, individual one-on-one meetings, as well as participation in IR conferences - Communicating information via websites, integrated reports, shareholder correspondence, various briefing materials and in other relevant forms - Responding to surveys conducted by assessment and research agencies related to sustainability, 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, for forest management, we need to submit various notifications to the government and regulatory authorities because we conduct projects related to national land in the forestry business.

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

Responsibilities	Communication Methods
Complying with all relevant laws and regulations as well as reporting and delivering notifications	Responding to the authorities through expert and relevant departments

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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 in which it conducts business.

Also, industry associations and other organizations are indispensable in creating relevant rules. Based on this recognition, we participate in industry associations and other organizations to contribute to the growth and development of the industry by taking a leading role as a front runner in the industry.

Responsibilities	Communication Methods
- Building appropriate markets and competitive environment - Offering cooperation for the growth and development of our industry	Participating in the activities of industry associations and related committees (Japan Business Federation, Japan Federation of Housing Organizations, etc.)

Business Partners

Promoting sustainable forest management and procuring wood from sustainable forests are extremely important requirements that the Sumitomo Forestry Group should meet to ensure its business continuity and development. We need to meet these requirements also to deal with the risk elements that include laws and various regulations enforced in each country related to illegal logging.

With its business partners, the Sumitomo Forestry Group will make efforts to promote the preservation and development of forest resources, plant more trees, and make proactive use of forest-certified timber for the effective use of limited global resources, thereby enhancing its business foundation.

Responsibilities	Communication Methods
- Building equal and fair relationships with business partners - Improving the occupational health and safety environment - Complying with all relevant laws and regulations	- 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 

Students

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

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In addition to helping them deepen their understanding of Sumitomo Forestry, we are actively engaging in two-way communication with them by using online tools in a rapidly changing environment.

Responsibilities	Communication Methods
- Conducting equal and fair hiring practices - Actively communicating information	- Internships - Conducting online information sessions and events for students 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 addresses social issues, such as deforestation, loss of biodiversity, and human rights issues in collaboration with NPOs and NGOs that have specialized knowledge and understand the situation in the regions where the Group operates. We expect that cooperation with civil society will lead us to produce even greater results to meet the local challenges faced by each community, with Sumitomo Forestry and many other people fulfilling their respective roles.

Responsibilities	Communication Methods
- Working cooperatively to solve social challenges - Providing business know-how	- Volunteer activities by employees - Collaboration through social contribution activities - Stakeholder dialogue

[Click here for related information](#)

[> Social Contribution](#) 

Global Environment

The Sumitomo Forestry Group attributes importance to the global environment, on which its business activities have both direct and indirect impacts. Accordingly, the Group established its Environmental Philosophy in December 1994 and the Group-wide Environmental Policies in October 2000.

We also formulated our first medium-term environmental management plan (FY2010-FY2014) in fiscal 2009. We subsequently established the medium-term CSR management plan (FY2015-FY2020) that included environmental targets in fiscal 2014. Furthermore, in 2022, we set our long-term vision “Mission TREEING 2030” and also formulated the Mid-term Sustainability Targets incorporating our sustainability strategies and priority issues. We are steadily raising the level of our environmentally conscious activities, with each of our Group companies and departments implementing a PDCA cycle for the achievement of their respective annual targets.

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Responsibilities	Communication Methods
- Preserving the natural environment and biodiversity - Reducing the environmental impact of business activities - Developing and providing products and services with minimal environmental impact	- Environmental consideration in 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 in collaboration with NPOs/NGOs

[Click here for related information](#)

- [Mitigation of Climate Change](#) 
[Sustainable Forest Management](#) 
[Responding to Nature-Related Issues](#) 
- [Resource Circulation within the Sumitomo Forestry Group](#) 
[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.

Based on this recognition, 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 dialogue and cooperation with local communities.

Responsibilities	Communication Methods
Contributing to solutions to both global and local challenges in society	- Participation in volunteer activities by employees - Support for the formation of communities through social contribution activities - Improvement of regional Infrastructure

[Click here for related information](#)

- [Social Contribution](#) 

Recommendations on Public Policies

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

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Positions in Major Related Associations (as of December 31, 2025)

Organization	Position
Council for the Promotion of Decentralization Reform, Cabinet Office	Chairperson
Japan Association of Corporate Executives	Secretary
Organization for Landscape and Urban Green Infrastructure	Chairperson (Representative Director)
Keidanren (Japan Business Federation)	Standing Secretary
Keidanren Nature Conservation Council	Vice-chairperson
Japan Federation of Housing Organizations	Vice-chairperson (Representative Director)
Wooden Home Builders Association of Japan	Chairperson (Representative Director)
The Machinami Foundation	Director
Japan International Association for the Industry of Urban Development, Building and Housing	Chairperson (Representative Director)
The Provision of Quality Housing Stock Association	Vice-chairperson
Japan Wood Design Association	Vice-chairperson & Representative Director
Japan-China Association for Building and Housing Industry	Vice-chairperson (Director)

Costs Related to Various Associations

