

## **Sumitomo Forestry Co., Ltd.**

### **Modern Slavery and Human Trafficking Statement for the fiscal year 2023**

#### **Introduction**

Sumitomo Forestry Co., Ltd. (also referred to as 'we', 'our' or 'us') is, and will continue to be, committed to improving our practices to combat modern slavery (including forced labour and child labour) and human trafficking in our business and supply chain.

We recognise our obligations to actively prevent modern slavery and human trafficking in our supply chains. We maintain a zero-tolerance policy towards these practices. We continue to collaborate as a group to address the issue of slavery and human trafficking. We have identified this as a key area of importance at the group level and have reinforced our commitment to its prevention.

This statement outlines information about our business and supply chain, as well as the steps we have taken to combat modern slavery.

#### **Organisation's structure**

Founded in 1691 and incorporated in 1948 with a head office in Tokyo, we are engaged in a broad range of global businesses centred on wood, a renewable natural resource, including forestry management, the manufacture and distribution of wood building materials, the contracting of single-family homes and medium- to large-scale wooden constructions, real estate development, and wood biomass power generation. Our UK business is generally carried on through a wholly owned subsidiary, Sumitomo Forestry Europe Limited, which was incorporated in England & Wales in February 2022 and is primarily engaged in real estate development business.

Our group of companies (**Group** or **Sumitomo Forestry Group**) has over 24,815 employees worldwide and operates in 12 countries across North America, Europe, Oceania, Southeast Asia, and East Asia.

#### **Our supply chains**

Our relationship with our suppliers is based on the following philosophies stated in the Sumitomo Forestry Group Procurement Policy: "Procurement based on legal and highly reliable supply chains", "Procurement based on fair opportunity and competition", "Procurement of sustainable timber and wood products", and "Communication".

The Group is also working to disseminate its policies to its business partners, and is conducting human rights due diligence and responds to human rights risks in an effort to fully grasp and mitigate any risk related to human rights. Where necessary, we will provide

as much support as possible to our business partners in their efforts to respect human rights.

### **Our policies concerning modern slavery and human trafficking**

We have done the following approaches that underpin our commitment to ensure that there is no modern slavery or human trafficking in our supply chains or in any part of our business. We adhere to the principles in international conventions including

- international human rights bills (Universal Declaration of Human Rights and International Covenants on Human Rights);
- the International Labour Organization (ILO) Core Labour Standards; and
- the United Nations Guiding Principles on Business and Human Rights.

We also have the following policies in place relevant to modern slavery, which we continuously review and update:

- Sumitomo Forestry Group Human Rights Policy. This revision (April 2023 version) incorporated feedback from third parties to ensure that our business partners are committed to respecting human rights.

<https://sfc.jp/english/corporate/philosophy/humanrights.html>

- Sumitomo Forestry Group Code of Conduct. It is based on international norms, emphasizes respect for individuals and the creation of a healthy workplace.

<https://sfc.jp/english/corporate/philosophy/code.html>

- Sumitomo Forestry Group Procurement Policy. It ensures that all suppliers, both Japanese and foreign, are given a fair opportunity for business. The selection of business partners is based on a comprehensive evaluation of the company's reliability and technological expertise, and CSR (Corporate Social Responsibility) initiatives, including the advocacy of basic human and worker rights and anti-corruption efforts.

<https://sfc.jp/english/sustainability/social/supply-chain/>

### **Due diligence processes for modern slavery and human trafficking**

We have in place systems to:

- Identify and assess potential risk areas in our supply chains.

The Group has implemented a comprehensive human rights due diligence system, integrating it as an essential component of its business operations and applying it continuously. This system involves evaluating and identifying both potential and actual human rights risks, and taking proactive measures to prevent or mitigate these risks.

- Mitigate the risk of modern slavery and human trafficking occurring in our supply chains.

The Group communicates with suppliers and promotes awareness of the Sumitomo Forestry Group Procurement Policy. The Group is also working to share its policies with business partners to ensure they are trained and can effectively communicate with related parties.

### **Supplier adherence to our values**

To ensure that everyone within our supply chain and our contractors adhere to our core values, we have implemented a comprehensive supply chain compliance policy known as the Human Rights Policy.

This policy is applicable to all business operations within the Group. It emphasizes the respect for the rights of workers employed by our business partners. Should any business partners or associated parties be linked to adverse human rights impacts, the Group will mandate that these partners or parties respect and uphold human rights in accordance with this Human Rights Policy.

### **Training**

We provide lectures about human rights in our new employee training for both part-time and full-time employees. In addition, we require all employees in Japan to take the "Work and Human Rights" module in e-learning every year with the intention of promoting respect for human rights.

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

### **Further steps**

Following a review of the effectiveness of the steps we have taken this year to ensure that there is no slavery or human trafficking in our supply chains, we intend to take the following further steps to combat modern slavery and human trafficking:

- Monitoring Potential Risk Areas in Supply Chains
  - i. Given the gravity of human rights violations, the Group shall engage in active dialogue and consultation with rightsholders and stakeholders. This process aims to identify potential or actual human rights risks, develop mitigation measures, and provide remedies for actual incidents. The Group also monitors and evaluates its human rights efforts, incorporating the information and lessons learned into its human rights due diligence process.

- Access to Remedies -
  - i. Reporting Desk: The Group shall establish necessary grievance mechanisms, including maintaining a reporting desk accessible both internally and externally. This desk facilitates access to remedies and allows for the ongoing evaluation of the effectiveness of corrective actions and remedies. If a business partner is found to be directly linked to an adverse human rights impact, the Group collaborates with that partner to address and remedy the situation.
  - ii. Cooperation: The Group expects its business partners to establish their own grievance mechanisms and engage in remediation efforts. When necessary, the Group will cooperate with judicial and non-judicial grievance mechanisms operated by national and public authorities.

### Board Approval

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes our modern slavery and human trafficking statement for the financial year ending 31 December 2023. It was approved by the board on 26<sup>th</sup> December 2024.



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Tatsumi Kawata, Representative Director, Executive Vice President

For and on behalf of Sumitomo Forestry Co., Ltd.

Date: 26<sup>th</sup> December 2024