



Seeds for a Sustainable Society



Corporate Philosophy

The Sumitomo Forestry Group utilizes timber as a renewable, healthy, and environmentally friendly natural resource, and contributes to a prosperous society through all types of housing-related services.

Action Guidelines

Sumitomo Spirit

We conduct business that is beneficial to society based on the principles of integrity and sound management.

Respect for Humanity

We work to create an open and inclusive corporate culture that values diversity.

Environmental Responsibility

We are dedicated to effectively addressing environmental issues with the aim of achieving a sustainable society.

Putting Customers First

We are thoroughly committed to customer satisfaction through the provision of high-quality products and services.



Company-owned forest
(Shikoku)

Why do people love trees?

Probably because humans have co-existed with trees on earth for ages and we have become intimately aware of how extraordinary they are.

Trees have a kindness about them. They produce oxygen that sustains life on earth and they give shade that blocks scorching sunlight.

Trees have warmth. When you touch a tree, instead of heat being drawn away from your body, you feel warmth.

And trees protect us. Harboring soft-skinned humans in their bounty, they shelter us from heat, cold, wind and rain.

Beyond all this, trees are beautiful. Anyone who has spent time in a place filled with trees knows their strength to comfort and heal body and soul.

Helping to keep the world thriving with the bounty of trees is our work.

Trees are an invaluable resource, vital and intimately connected to life.

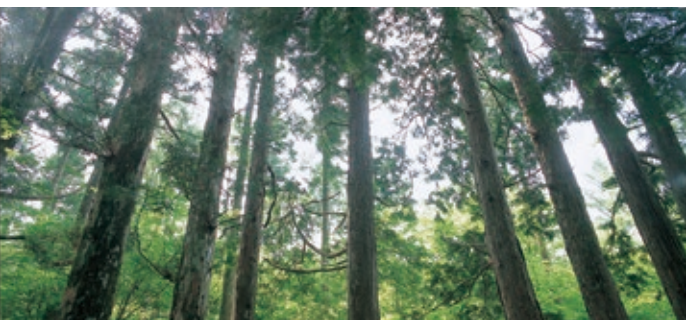
No other work could bring such joy and happiness — that's how we at the Sumitomo Forestry Group feel when we consider the boundless importance of trees.

Our work is not only about using trees. It's about sustaining life on earth with trees. We plant trees, nurture their growth, and seek new ways to expand their potential. We strive to share the joy of living amongst the abundant gifts of trees with everyone on earth.

Today there is growing awareness of the need for a sustainable society.

The Sumitomo Forestry Group shares this commitment. Together, let's nurture growth that will thrive long into the future.

“Happiness Grows from Trees”
Sumitomo Forestry Group



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Editorial Policy

Sumitomo Forestry's Integrated Report conveys to shareholders and investors and all stakeholders information about yearly performance and medium- to long-term initiatives for corporate value enhancement. It is issued with the aim of sparking opportunities for further dialogue.

The International Integrated Reporting Framework issued by the International Integrated Reporting Council (IIRC) was used as a reference in the editing of this report.

Reporting Period

April 1, 2016 to March 31, 2017 (Fiscal 2016)

* The report also includes some activities from outside the reporting period.

Scope of Reporting

Sumitomo Forestry Co., Ltd. and Group companies

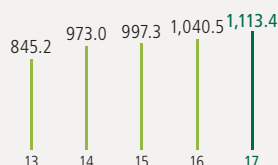
Third-Party Assurance regarding ESG Information

With the aim of ensuring the appropriateness and objectivity of non-financial information disclosed, some environmental and social performance indicators that are disclosed on the Sumitomo Forestry CSR website have been assured by a third-party assurance provider, KPMG AZSA Sustainability Co., Ltd. Please refer to the Company's CSR website to view the independent third-party assurance report.

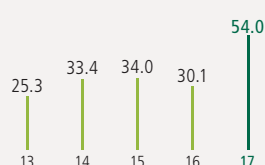
<http://sfc.jp/english/information/society/>

Financial (Years ended March 31)

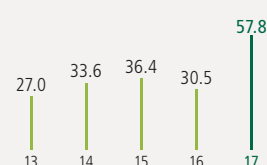
Net Sales
1,113.4
billion yen
YoY change **+7.0%**



Operating Income
54.0
billion yen
YoY change **+79.4%**



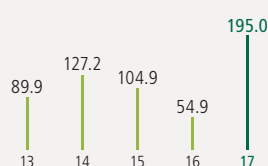
Recurring Income
57.8
billion yen
YoY change **+89.6%**



Profit Attributable to Owners of Parent
34.5
billion yen
YoY change **+255.0%**



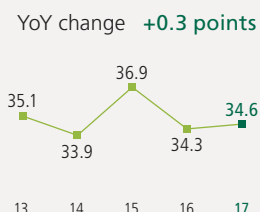
Net Income per Share
195.0
yen
YoY change **+140.0 yen**



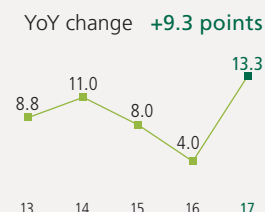
Dividend per Share
35.0
yen
YoY change **+11.0 yen**



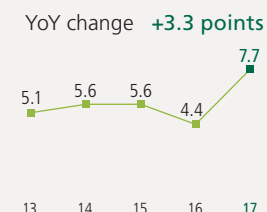
Equity Ratio
34.6
%
YoY change **+0.3 points**



ROE (Return on Equity)
13.3
%
YoY change **+9.3 points**



ROA (Return on Assets)
7.7
%
YoY change **+3.3 points**



External Commendations

Inclusion in Socially Responsible Investment Indexes (As of July 2017)

FTSE4Good Global Index

We have been included in this index since 2004.



Morningstar SRI Index

We have been included in this index since 2008.



Government Pension Investment Fund (GPIF)

Sumitomo Forestry is a composite stock in all three passively managed ESG indexes.



Sustainability

<p>Percentage of Reviews Conducted for Suppliers Who Handle Directly Imported Timber and Wood Products with Verified Legal Compliance</p> <p>100%</p>	<p>Carbon Stock*¹ by Timber Used in New Detached Homes in Japan</p> <p>228,000 t-CO₂</p> <p><small>* The volume of CO₂ fixed in timber used in new detached houses constructed by the Group in Japan</small></p>	<p>Company-Managed and Owned Forests</p> <p>— Domestic —</p> <p>46,444 ^{*1} ha</p> <p>— Overseas —</p> <p>Approximately 230,000 ^{*2} ha</p> <p><small>*1. As of April 1, 2017 *2. As of July 1, 2017</small></p>
<p>Number of Employees (Domestic and Overseas)</p> <p>17,802</p> <p>(Overseas 7,089)</p> <p><small>* As of March 31, 2017</small></p>	<p>CO₂ Emissions Reductions in the Office Category</p> <p>7.8% reduction</p> <p><small>* Compared to the year ended March 31, 2014</small></p>	<p>CO₂ Emissions</p> <p>Scope 1 (Direct emissions from the Group)</p> <p>184,694 t-CO₂ [*]</p> <p>Scope 2 (Indirect emissions through purchased power and heating)</p> <p>151,323 t-CO₂ [*]</p> <p><small>* Includes Mombetsu Biomass Power Plant, which started operating from December 2016</small></p>
<p>Reduction in Industrial Waste Generated at New Construction Sites in Japan</p> <p>8.8% reduction</p> <p><small>* Compared to the year ended March 31, 2014</small></p>	<p>Reduction in Waste Generated at Building Materials Manufacturing Plants in Japan</p> <p>21.4% reduction</p> <p><small>* Compared to the year ended March 31, 2016</small></p>	<p>Carbon Stock by Company-Owned Forests in Japan and Plantation Forests Overseas*</p> <p>20.37 million t-CO₂</p> <p><small>* The volume of carbon accumulated through absorption of CO₂ by forests managed and owned by the Group</small></p>
<p>Employee Satisfaction in Japan</p> <p>80.6%</p> <p><small>* Fiscal 2015 survey (conducted every other year)</small></p>	<p>Hours of Training Received per Employee on average in Japan</p> <p>9.4 hours</p>	<p>Customer Satisfaction According to Surveys Conducted When Owners Move In</p> <p>86.8%</p> <p><small>* Percentage of customers who responded "I would recommend Sumitomo Forestry homes"</small></p>

Bronze Class for the second consecutive year in RobecoSAM's Sustainability Yearbook 2017

We were awarded the Bronze Class commendation for the second consecutive year in the Sustainability Yearbook 2017, a CSR rating by RobecoSAM, in addition to being selected as one of the world's most sustainable companies for the 10th straight year in the Home Building Industry Sector.



Selected for inclusion in the Climate Change A List, the highest ranking in CDP Climate Change 2016

CDP is one of the world's leading SRI evaluation bodies, and scores companies on their greenhouse gas emissions and climate change strategies. Sumitomo Forestry was selected as a Climate Change A List company by CDP, its highest ranking.



Selected as a Certified Health and Productivity Management Organization in 2017

Sumitomo Forestry was chosen as a Certified Health and Productivity Management Organization in 2017, through a system created and managed by the Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi to recognize outstanding enterprises engaging in efforts for health and productivity management.

