

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.

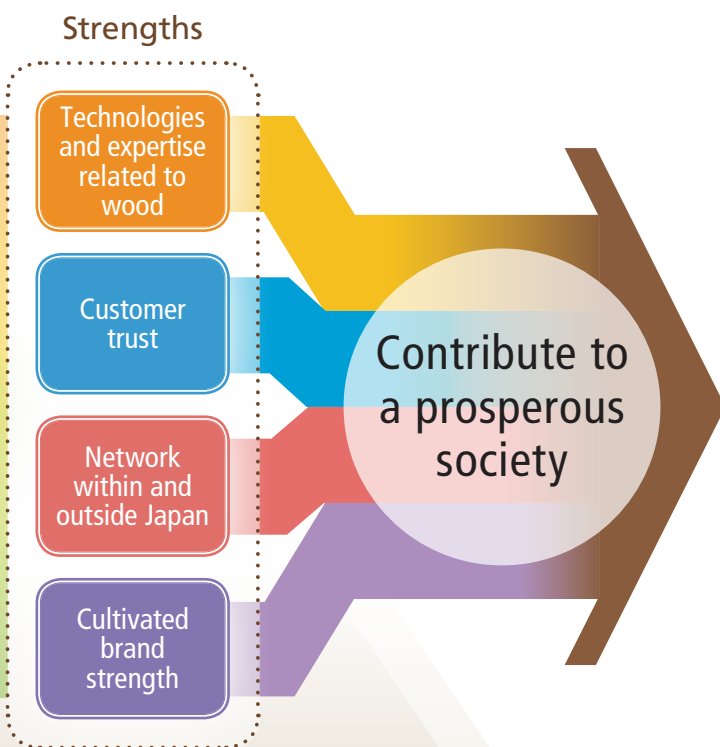
Action Guidelines

- **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.

Value creation source

Value

Expansion of business opportunities and social contributions



All Stakeholders

Customers



Business partners



Shareholders and investors



Employees



Local communities



Etc.

We at the Sumitomo Forestry Group are engaged in various business activities pivoting on trees.

The Sumitomo Forestry Group has accumulated technologies and expertise related to wood over more than 320 years since our foundation. We use these and demonstrate our unique strengths of customer trust, a network within and outside of Japan and cultivated brand strength to create value through business and continue to contribute to a prosperous society.

Integrated Approach to Business and CSR

Contributing to the realization of a prosperous and sustainable society through its business is an integral part of the Sumitomo Forestry Group's corporate philosophy and Action Guidelines. Going beyond individual activities, Sumitomo Forestry integrates its CSR and business activities with the aim of increasing the corporate value of the entire Group.

We recognize the role expected of us by society and will continue putting into practice our corporate philosophy from the standpoint of stakeholders in our business, with the aim of sustaining growth for the Group while providing value to society.

Environment

As a renewable resource, trees absorb and fixate carbon dioxide in the atmosphere, and thanks to their low impact on the environment throughout their life cycle as a natural material, trees are able to support the creation of a sustainable society with their outstanding inherent environmental qualities. We contributed to the global environment through our business activities centered on trees.

➔ See the Sustainability section on page 54 for details.

Social

On developing operations globally, we emphasize communication with stakeholders to sincerely understand their expectations and requests and to also gauge the potential direct and indirect influence of our broad business scope, from upstream to downstream operations, centered on trees.

Governance

Under our Action Guidelines, one of which is "We conduct business that is beneficial to society based on the principles of integrity and sound management," we strive to ensure transparency in management, appropriate and lawful business operations, and swift decision-making, business execution and information disclosure. Through these efforts, we are further enhancing corporate governance in order to raise corporate value.

➔ See the Governance section on page 25 for details.

Origin of Sumitomo Forestry Group

"Allowing this land to be degraded while moving forward with business made possible by its fruits runs counter to the proper course of our relationship with nature. We must return all the mountains of Besshi to their verdant state." By the end of the 19th century, the forests around the Besshi Copper Mine were facing severe degradation and the then manager of the mine, Teigo Iba, drew up "The Large-Scale Reforestation Plan" to regenerate the rich greenery. This sustainable forest management is the origin of Sumitomo Forestry. The Sumitomo Spirit to "conduct business that is beneficial to society" continues being put into practice as a matter of course and not merely in the consciousness of business or CSR categories.

Sumitomo Forestry Group's Corporate Policies

The Sumitomo Forestry Group has established a Corporate Philosophy, Action Guidelines, and Code of Conduct, as well as such policies on the environment and procurement, in addition to various guidelines.

The Group's corporate policies serve as a compass for our more than 17,000 employees around the world as they engage in business.

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- Environmental Responsibility
- Putting Customers First

Code of Conduct

- Fair and Transparent Corporate Activities
- Ethical Conduct
- A Respectful Healthy workplace
- Business Activities that Respect Society and the Environment

Sumitomo Forestry Group's CSR Material Issues

The Sumitomo Forestry Group undertakes effective CSR activities, first by identifying its CSR material issues and addressing both social and environmental issues through quantitative management on an individual business level with a focus on related granular issues.

In light of recent changes in the social landscape, in

March 2015, the Sumitomo Forestry Group designated the material issues, noted on the next page, it will focus efforts toward in realizing a sustainable society, having referred to the social issues highlighted by ISO 26000, the United Nations Global Compact, and SDGs, in addition to their relevance to key SRI evaluation criteria.

CSR Material Issues

Continue to Procure Wood and Materials that Take Sustainability and Biodiversity into Consideration

The Sumitomo Forestry Group is engaged in business centered on wood, and is promoting sustainable forest management and sustainable procurement of wood both in Japan and overseas. Furthermore, since its fields of business are directly linked to forests that nurture biodiversity, the Group has positioned conserving biodiversity as one of its key CSR themes.

Promote the Reduction of the Environmental Impact of Our Business Activities

The Sumitomo Forestry Group is committed to reducing the volume of greenhouse gases emitted from our business activities such as the housing business and the manufacturing of wooden panels and building materials. At the same time, in an effort to reduce its environmental impact and to use resources effectively, the Group promotes the reduction, recycling and reuse of industrial waste.

Promote Development of Workplaces Where Diverse Personnel Can Work with Vigor and Enthusiasm, Demonstrating Their Abilities and Individuality

The Sumitomo Forestry Group makes no distinctions based on gender, age, nationality, race, religion, disability, sexual orientation or gender identity, and is advancing maintenance of a safe and healthy workplace in which highly motivated employees can display their abilities.

Strengthen and Promote Risk Management and Compliance Mechanisms

The Sumitomo Forestry Group is working to reinforce the mechanism for managing business risks by constantly managing prioritized risks through the CSR & Risk Management Committee.

Promote the Development and Sale of Products and Services that are Safe, Reliable and Environmentally Conscious

The Sumitomo Forestry Group believes that popularizing long-lasting, high-quality houses as social assets plays an important role in creating a prosperous society.

PDCA Management Using Evaluation Criteria (KPIs)

In fiscal 2015, we implemented our Mid-Term CSR Management Plan with fiscal 2020 targets for each of our CSR material issues.

Each Group company and division is given a CSR budget associated with its business with numerical targets for each fiscal year. Progress on and achievement of these targets is reflected in the business's performance metrics and management evaluations.

Through the steady implementation of the PDCA cycle, we aim to promote CSR management that is better integrated with our businesses.



Participation in the United Nations Global Compact

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



Endorsing SDGs

The Sustainable Development Goals (SDGs) adopted by the United Nations in 2015 are based on the Millennium Development Goals (MDGs) that were adopted in 2000. SDGs consist of 17 goals with 169 specific targets for countries and regions to address related to poverty, inequality, education, the environment and other issues. The ultimate aim is to create a better world. The Sumitomo Forestry Group supports these goals as a company with operations around the world.

