



➔ See the Financial Section on page 65

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, and we will continue to contribute to the realization of a sustainable and prosperous society through all services related to people's lifestyles.

## 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. 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.

### E 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 47 for details.

### S 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.

### G Governance

Under our Corporate Philosophy, we state that 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 Corporate Governance section on page 24 for details.

#### CSR Risk Checks by the Executive Committee

At Sumitomo Forestry, the Executive Committee, which deliberates important matters, conducts CSR risk checks to address environmental and social aspects. As corporate social responsibility becomes increasingly important, the Company has formulated the Sumitomo Forestry Group Code of Conduct, and is committed to practicing corporate management in accordance with the Corporate Philosophy and Our Values, including the supply chain, for all 32 items related to "Fair and transparent corporate activities," "Ethical conduct," "A respectful, health workplace," and "Business activities that respect society and the environment." By conducting multifaceted evaluations, including evaluating non-financial matters in the Executive Committee, the Company will connect evaluations to sustainable business management while continuing to proactively advance CSR management throughout the entire Group.

## Sumitomo Forestry Group's CSR Material Issues

The Sumitomo Forestry Group undertakes effective CSR activities, by first 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 right column, it will focus efforts toward 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.

➔ See the Initiatives to Address CSR Material Issues on page 48 for details.

#### CSR Material Issues

1. Continue to Procure Wood and Materials that Take Sustainability and Biodiversity into Consideration
2. Promote the Reduction of the Environmental Impact of Our Business Activities
3. Promote Development of Workplaces Where Diverse Personnel Can Work with Vigor and Enthusiasm, Demonstrating Their Abilities and Individuality
4. Strengthen and Promote Risk Management and Compliance Mechanisms
5. Promote the Development and Sale of Products and Services that are Safe, Reliable and Environmentally Conscious

#### 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.



## Initiatives to Achieve SDGs

#### 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.

As a corporate group engaging in business on a global basis, the Sumitomo Forestry Group supports these goals and will continue to contribute through various activities that take the relationship between business activities and CSR material issues into consideration.



#### Promotion Structure

In fiscal 2018, we established the Sustainability Committee, and are managing progress on the Mid-Term CSR Management Plan, which incorporates business strategies that contribute to achieving SDGs.

➔ See the Establishment of a Sustainability Committee section on page 27 for details.

#### Promoting an Understanding of SDGs

We have reviewed the contributions to achieving SDGs through the Group's CSR material issues and the Mid-Term CSR Management Plan, and have implemented workshop-style training programs and other initiatives to promote an understanding of SDGs. In fiscal 2018, each business division and research institute will examine how its businesses and technologies contribute to achieving SDGs, and will aim to formulate specific targets.

#### 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.

