

Seeds for a Sustainable Society





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) and the "Guidance for Collaborative Value Creation" formulated in May 2017 by Japan's Ministry of Economy, Trade and Industry were used as references in the editing of this report.

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 sustainability report website have been assured by a third-party assurance provider, KPMG AZSA Sustainability Co., Ltd. Please refer to the Company's sustainability report website to view the independent third-party assurance report.

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

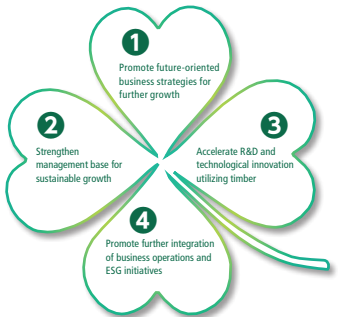


Picture scroll depicting the Besshi Copper Mine in Iyo Province, present-day Ehime Prefecture (Sumitomo Historical Archives Collection)

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Our History

Introducing the history of the Sumitomo Forestry Group, which continues to grow by constantly pursuing the potential of "trees."



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2021 Medium-Term Management Plan

We will explain the four basic policies stipulated in the 2021 Medium-Term Management Plan, which is three years from the fiscal 2019.



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Message from the President

A message from President and Representative Director Akira Ichikawa including our vision and initiatives under the medium-term management plan.

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Addressing Climate Change
Initiatives towards Sustainable Procurement

We will explain about our greenhouse gas (GHG) emission reduction targets, response to TCFD, and commitment to sustainable timber procurement.



Reporting Period

April 1, 2018 to March 31, 2019 (Fiscal 2018)
* The report also includes some activities from outside the reporting period.

Scope of Reporting

Sumitomo Forestry Co., Ltd. and Group companies

Application of Accounting Standard for Revenue Recognition

From the fiscal year ending March 31, 2020, we will apply "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29). From this fiscal year, primarily in the Timber and Building Materials Business, for transactions where the Company's role in providing the product to the customer is fulfilled by an agent, sales are displayed as a net amount instead of transaction totals. In addition, in regard to construction contracts in the Housing and Construction Business and the Overseas Housing and Real Estate Business, revenue is recognized for all construction over a fixed period as performance obligations are fulfilled. For other details, please refer to our financial results documents.

<http://sfc.jp/english/ir/library/financial.html>

Financial

Net Sales 1,308.9 billion yen YoY change +7.1%	Operating Income 49.2 billion yen YoY change -7.1%	Recurring Income 51.4 billion yen YoY change -11.1%
Profit Attributable to Owners of the Parent 29.2 billion yen YoY change -3.2%	Net Income per Share 160.8 yen YoY change -7.7 yen	Dividend per Share 40.0 yen YoY change ±0.0 yen
Equity Ratio 32.8 % YoY change -1.9 points	ROE (Return on Equity) 9.3 % YoY change -1.0 point	ROA (Return on Assets) 5.5 % YoY change -1.3 points

Sustainability

Percentage of Reviews Conducted for Suppliers Who Handle Directly Imported Timber and Wood Products with Verified Legal Compliance 100%	Company-Managed and Owned Forests — Domestic — Approx. 48 thousand ha — Overseas — Approx. 230 thousand ha * As of March 31, 2019	Carbon Stock by Company-Owned Forests in Japan and Plantation Forests Overseas 20.48 million t-CO ₂ * Carbon dioxide equivalent
Recycling Rate at Manufacturing Plants in Japan 99.1%	CO ₂ Emissions Scope 1 (Direct emissions from the Group) 264,011 t-CO ₂ e Scope 2 (Indirect emissions through purchased power and heating) 117,602 t-CO ₂ e	Ratio of Houses Certified as Excellent Long-Term Housing for New Custom-Built Detached Houses 93.8%
Hours of overtime work 24.9% reduction * Compared to fiscal 2013 (non-consolidated)	Reduction in Industrial Waste Generated at New Construction Sites in Japan 31.9% reduction * Compared to fiscal 2013	Customer Satisfaction regarding Custom-Built Detached Houses According to Surveys Conducted When Owners Move In 96.1%