



### Expectations of the long-term vision leading to the achievement of the SDGs

**Junko Hirakawa**  
Outside Director

As we outside directors spent a year participating in the formulation of “Mission TREEING 2030,” which sets out the Company’s specific long-term strategies, we kept the W350 Plan research technology development concept announced in 2018 firmly at the forefront of our minds. All of the Company’s businesses embody SDGs, from the cultivation and management of forests in Japan and overseas to the distribution of logs and timber, the manufacture and the use of wood such as in wood construction, and biomass power generation. So in this age when SDGs are gaining increased attention, I cannot help but feel that our time has finally come. One

of the business policies the Company announced in 2022 is “Maximizing the value of forests and wood to realize decarbonization and a circular bioeconomy,” and we will not let that remain an armchair theory. The Company is using its knowhow supported by its 330-year history in forest cultivation to develop technology that scientifically quantifies the value of forests as a carbon sink. In my opinion, this represents the priceless and unusual value of Sumitomo Forestry. Up until now, we have supported the environmental conservation efforts of many other companies and involved ourselves heavily in forest asset management operations. However, with the announcement of Mission TREEING 2030, I believe it is time for us to lead the way for SDGs-promoting companies and proclaim the vital importance of an appropriate understanding of the value of forests.

Besides this, as a result of expanding globalization in recent years we have obtained astonishing results in forest management and in

the housing and real estate business. This success may be attributed to our method of respecting the characteristics of each region and using the capabilities of local management ranks to the fullest, but it also brings with it a need to further strengthen global governance. To achieve that, it will be important to facilitate personnel interaction and selected talented personnel for higher positions on a global level, and also put systems in place for close personal communication within companies and throughout all Group companies.

Finally, we will do our utmost to pursue concrete measures to expand opportunities for female employees to succeed even more. The true point of female empowerment lies beyond gender. We will strive earnestly to achieve the SDGs for the sake of all employees, searching at all times for ways to make them truly feel that “Happiness Grows From Trees” by carefully reviewing their workstyles and work flows, creating avenues for discussion, eliminating waste, and increasing work efficiency.



### Promoting decarbonization as a driving force for further growth

**Izumi Yamashita**  
Outside Director

When the long-term vision was formulated, my particular focus was on clearly indicating the pathways for basic strategies and initiatives aimed at decarbonization, which will form the key to solving climate change and global environmental challenges. The Company’s strengths are its experience, knowhow and advanced technologies related to wood and forests. Its role is therefore to leverage these advantages to the fullest and to cooperate and coordinate with a variety of corporations and governmental organizations which share our ambition in order to serve as a platform for driving decarbonization and green innovation. The

recently announced cooperation with IHI Corporation in a tropical peatland business and the concept of “timber industrial complexes” aimed at restoring the Japanese forestry business are two examples of the exact kind of leadership I have in mind.

Another area we should focus on is reinforcing our financial bases. This will enable us to expand the forest area we hold in Japan and beyond and actively engage in promoting various wood cycle businesses such as medium- and high-rise wooden construction projects in the non-residential sector while continuing to grow steadily based on investments in housing construction and real estate development overseas. SFC Asset Management was recently incorporated, the first fund has been established, and talks about setting up a “forest fund” are under way. As we increase our income assets by expanding into various businesses domestically and internationally, it will be crucial for us to improve capital efficiency and strengthen our financial structure by securitizing

those assets, among other means.

Going forward, we will monitor the processes involved in turning the long-term vision into reality to ensure that the PDCA cycle is being properly performed. As the presence of overseas businesses grows and we establish various new businesses through means such as digital transformation (DX), the number of new risks we are exposed will mount. In light of that, I believe it is more essential than ever for us to spend time discussing how to enhance risk management from the perspective of “defensive” governance. I will fulfill my responsibilities as an outside director to help the Company achieve sustained growth and ensure increased corporate value in the medium and long-term, guided by the words of Teigo Iba, the second director-general of Sumitomo, who stated the following regarding Sumitomo’s business policy: “Always aspire to ideals and be the one to take a step ahead of reality.”



### Strengthening our management foundation is essential to unparalleled value creation

**Mitsue Kurihara**  
Outside Director

I can feel the Company’s sense of purpose, determination and ability to decarbonize the planet from its Mission TREEING 2030 long-term vision. The statement “Making our planet safer and more secure for future generations,” which clearly expresses the Company’s purpose (reason of being) and directs the Group as a whole, has been widely communicated.

The long-term vision and medium-term management plan were created through a group effort after multiple discussions within the Company and across the Group, the exchange of ideas with experts and lively debates at the management level.

As a participant in these discussions, I keenly realized firstly that the Company is capable of becoming carbon negative, and that it has the ability to draw out the value of forests and return it to society. Thus we discussed how to accept the high expectations held for that value creation, visualize the value and then back-cast it to be able to develop comprehensive business strategies.

Secondly, although our investment strategy considers all companies holistically, we assumed that there would be changes in the financial structure and risk profile. Therefore we deepened discussions on enhancing the financial base that underpins growth investment and managing and distributing investment resources.

The key to achieving all this will be strengthening our management foundation. Sumitomo Forestry has no equal when it comes to realizing the wood cycle. To boost this value, we must strengthen each business area while blending their portfolios in order to display synergy.

To that end, I believe we need to pursue DX, which will combine and visualize information from various sources including the Group and the supply chain and create fresh value from it. We must also focus on a human asset strategy that helps diverse human resources including female employees and foreign workers to grow and flourish. Moreover, we must fortify Group governance to optimize the management assets of the Group as a whole and maximize value.

The Board of Directors will conduct monitoring appropriately and discuss issues that appear in the course of execution in a timely fashion.

As an outside director, I intend to apply my personal expertise and also adopt a more multifaceted approach to issues so that, while prioritizing reflecting the viewpoints of various stakeholders in management, we can strive to increase the corporate value of the Company and create social value.