Happiness Grows from Trees

SUMITOMO FORESTRY

Sustainability Report 2024
ESG Data Book

The environmental and social performance indicators have obtained third-party assurance by KPMG AZSA Sustainability Co., Ltd., and are indicated by the third-party assurance mark

Target organizations for data aggregation

The scope of this report is Sumitomo Forestry, its consolidated companies, and some affiliated companies accounted for by the equity-method.
The environmental data is an aggregation for Group companies, including all consolidated subsidiaries in and outside of Japan unless otherwise noted.
The boundary of target organizations and calculations are as below.

* Sumitomo Forestry refers to Sumitomo Forestry Co., Ltd. and the Sumitomo Forestry Group includes consolidated companies in Japan and overseas as well as some affiliated companies accounted for by the equity-method

> List of Sumitomo Forestry Group Companies

> Boundaries and Method of Data Aggregation (Balance of Input and Output)

Data aggregation period : January 2023 to December 2023 (Japan and Overseas)

* Some activities in Japan and overseas started before the period and after December 2023, and future forecasts are also included. A note is also included if the period, scope or boundary of data collection differs from the above

Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan

Material Issue 1 To enhance the value of forests and wood through sustainable forest management

Nurturing forests to enhance and harness the value of wood and other forest resources.

Specific steps based on issues and strategies／Indicators for Evaluation

Utilization of Sustainable Forest Resources	FY2023 value	FY2024 target
Domestic and overseas certified forest area (ha)	231,773	242,493
Area of forest plantation with in-house produced seedlings Domestic forest (ha)	836	1,012
Seedlings supplied Domestic forest (unit: 10 Thousand)	209	253
Amount of biofuel material used (such as wood chips and pellets)*1 (t)	1,737,749	2,482,964
Percentage of sustainable wood used as primary building material*2 (%)	100	100
Maintaining of SGEC certified area*3(%)	100	100
Biodiversity Conservation		
Sales of native species logs (unit: trees)	629,373	500,000
Securing ratio of conservation forests in company-owned forests (%)	30 or more	30 or more
Establishment of evaluation method for biodiversity conservation	Information collection	Establishment of evaluation method

*1 FIT fuel material and non-FIT fuel material handled by Japan Bio Energy, Okhotsk Bio Energy, Sumitomo Forestry Wood Products, and Sumitomo Forestry's Timber and Building Materials Division are eligible. For Sumitomo Forestry Wood Products, the KPI has been changed to include only FIT fuel material, and from fiscal 2022, the KPI excludes non-FIT fuel material and adds log-derived FIT fuel material to the
*2 "Sustainable wood" is defined as certified wood and pre-certified timber , wood from planted forest, natural forest wood where forestry management and distribution can be assessed as sustainable (excluding wood from conversion forests), and recycled timber.
*3 Sustainable Green Ecosystem Council (SGEC)

Material Issue 2 To realize carbon neutrality by leveraging forests and wood resources

Contributing to the decarbonization of society by reducing our own GHG emissions, by offering timber and wood products that sequestrate carbon, and by providing low-carbon/carbon-free products and services.

Specific steps based on issues and strategies／Indicators for Evaluation

Promotion of Decarbonization	FY2023 value	FY2024 target
Fixed amount of CO_2 in domestic company-owned forests(t-CO_2)	13,847thousand	13,758 thousand
Carbon stock from production forests by overseas afforestation companies(t-CO_2)	9,928thousand	10,133thousand
Promotion of Decarbonization (Scope 1, 2)		
Greenhouse gas emissions(t-CO_2e)	335,673	289,469
Percentage change from fiscal 2017	▲9.2	▲21.7
Sumirin Denki subscription rate (%) (Electricity sale after FIT)	50.3	45.0
(New owner's purchased power)	3.3	50.0
Renewable energy consumption rate [Efforts to achieve RE100] (%)*1	5.4	35.1
Promotion of Decarbonization (Scope 3)		
Percentage of orders for ZEH type houses out of new custom-built detached housings (%)	79.7	80.0
Environmentally sound remodeling order rate for Customers (%)	75.2	75.0
Rate of orders for Environmentally sound products*2(%)	58.7	62.0
[New custom-built detached houses] BELS acquisition rate*3 (%)	99.0	98.5
[House and land package] Environmental equipment (PV / FC) installation rate (green smart rate) (%)	54.7	30.0
Environmentally friendly remodeling order rate for Owners (%)	61.8	70.0
Environmentally friendly remodeling order rate for Customers + Owners (%)	67.6	72.2
[MOCCA (Timber Solutions)] Number of proposals based on basic plan (cases)	14	28
Amount of electricity supplied by renewable energy business*4 (MWh)	730,450	856,022
Environmental certification number of projects targeted for Edge (Asia) (cases)	2	1
Utilization of Sustainable Forest Resources		
Sales quantity of KIKORIN-PLYWOOD (Month) (m^3)	24,590	35,000

*1 Excluding offices and other facilities located in New Zealand, which is aiming to achieve RE100 by 2035 as a whole nation.
*2 (1) local seedlings, (2) permeable paving material, (3) green wall construction, (4) rooftop greening, (5) biotope and (6) use of recycled materials
*3 At the start of construction of the main unit
*4 The figures are for Mombetsu Biomass Electric Power, Hachinohe Biomass Electric Power, Kawasaki Biomass Electric Power, Tomakomai Biomass Power, Kanda Biomass Energy, and Kashima Solar Power Plant. For equity-method affiliates, electricity supply is calculated according to their equity share.

Material Issue 3 To realize a circular bioeconomy by leveraging forests and wood resources

Realizing a circular society by making the most of wood, a renewable and natural resource from the forest ecosystem.

Specific steps based on issues and strategies／Indicators for Evaluation

Reduction and Recycling of Industrial Waste	FY2023 value	FY2024 target
Final disposal amount (t) consolidated Percentage change from fiscal 2021	23,885 13.5	19,905 ▲5.4
Recycling rate at new housing construction sites*1 (%)	95.1	98.0
Recycling rate at housing demolition sites*2 (%)	99.9	100
Recycling rate at the work sites of the renovation business unit*3 (%)	84.8	85.5
Recycling rate at the work sites of the power generation business unit (%)	95.1	98.0
Recycling rate at overseas manufacturing plants (%)	95.7	99.0
Recycling rate at domestic manufacturing plants (%)	99.6	99.0
Other recycling rate (%)	76.9	86.0
Sustainable timber usage ratio (Overall manufacturing) (%)	99	100
Total amount of industrial waste discharged from all branches (kg/building)*4	2,467	2,511
Discharge amount of newly built industrial waste (kg/m^2)	19.6	19.8
Reduction of Water Consumption		
Water consumption (m^3) (consolidated)	2,915,826	2,777,269
Management of the Supply Chain		
Sustainability procurement survey implementation rate in the supply chain of the domestic housing department (%)	97.0	97.0
Certification acquisition rate of incoming PKS (%)	100	100
Average score rate of "tier 1 suppliers" in ESG Survey	Improvement as compared to previous	Improvement as compared to previous
Number of EPD acquisition proposals to suppliers (company) Ratio (%)	109 69.3	65 71
Sustainability survey response rate to suppliers (sales ratio) (%)	83.5	90
Utilization of Unused Resources		
Unused resources (biomass use) handling volume (m^3)	22,595	19,202

*1 Includes new housing construction sites of the Housing and Construction Division, Sumitomo Forestry Landscaping, as well as Sumitomo Forestry Home Engineering.
*2 Includes specific construction materials (concrete, asphalt-concrete, and wood waste) under the Construction Material Recycling Law.
*3 Includes Sumitomo Forestry Home Tech renovation sites but excludes hard-to-recycle debris and asbestos.
*4 Excludes Construction Business Sub-Division.

Material Issue 4 To provide comfortable and secure spaces for society at large

Providing safe, comfortable, and secure spaces to society at large.

Specific steps based on issues and strategies／Indicators for Evaluation

Improving Customer Satisfaction	FY2023 value	FY2024 target
Ratio of Implementation of design performance evaluation (%)	99.8	99.0
Ratio of Construction performance evaluations implemented (%)	99.7	99.0
Ratio of Certified as Long-life Quality Housing*1 (%)	95.9	95.0
Questionnaire at the time of moving in (non-consolidated NPS value*2) (pt)	53.5	53.0
Improvement of score of customer survey on person in charge of construction*3 (point)	76.9	80

*1 Limited to private house and applicable floor area or more
*2 Net Promoter Score (NPS)NPS is a new index used to measure customer loyalty (the amount of trust and affinity for the company and brand)
*3 Evaluation index for Sumitomo Forestry Home Tech only

Material Issue 5 To improve the livelihood of the local communities where we operate

Creating jobs through our businesses and contributing to the development of local communities.

Specific steps based on issues and strategies／Indicators for Evaluation

Response to Declining Birthrate and aging Population	FY2023 value	FY2024 target
Number of rooms at private-pay elderly care facilities (rooms)	1,842	1,842
Communication with Local Communities		
Communication with stakeholders related to maintaining SGEC certification (times)	2	1or more
Explanation and communication to local residents when planning a new power plant (times)	2	1or more
Year-on-year increase in number of people at OBT*1 (persons) [Recruitment of local human resources to increase production]	▲5	+28
Pruning and weeding area at TPF*1 (ha) [Reduce fire risk and improve landscape (pruning and weeding area)]	30	30
Human Rights		
Efforts related to grievance mechanism*2	Structure construction	Continuous operation

*1 Open Bay Timber Ltd. (OBT), Tasman Pine Forests Ltd. (TPF)
*2 Grievance and/or complaint mechanisms related human rights issues for stakeholders.

Material Issue 6 To create a vibrant environment for all workers

Creating a work environment where everyone throughout the supply chain is safe, healthy and motivated.

Specific steps based on issues and strategies／Indicators for Evaluation

Work-life Balance (Workstyle Reform)

		FY2023 value	FY2024 target
Employee satisfaction level (%)	Non-consolidated	76.3	82.0
	Consolidated in Japan	59.3	71.0
Paid leave usage ratio(%)	Non-consolidated	69.0	70.0
	Consolidated in Japan	68.1	63.8
Overtime hours reduction rate (%) compared to fiscal 2017	Non-consolidated (FY2017: 45.5H)	▲13.2	▲23.0
	Consolidated in Japan (FY2017: 31.1H)	▲11.3	▲15.0
Retention rate of new graduates (3rd year after joining the company)*1(%)	Non-consolidated	83.7	85.0
	Consolidated in Japan	67.5	84.5
Culture that does not allow harassment*2(%)	Non-consolidated	74.4	80.0
	Consolidated in Japan	71.6	79.0
Ensuring psychological safety*2(%)	Non-consolidated	69.5	75.0
	Consolidated in Japan	62.5	67.1
Male childcare leave acquisition rate (%)	Non-consolidated	70.0	100
	Consolidated in Japan	28.0	43.0

Diversity

Employment continuation rate after age 60 (retirement extension, reemployment, etc.) (%)	Non-consolidated	93.0	95.0
	Consolidated in Japan	87.6	98.2
Ratio of female employees to all employees (%)	Non-consolidated	23.8	24.5
	Consolidated in Japan	35.9	34.7
Female officer ratio (%)	Non-consolidated	13.8	19.4
Ratio of female senior managers*3 (%)	Non-consolidated	3.2	3.6
	Consolidated in Japan	7.2	7.9
Ratio of female junior managers*3 (%)	Non-consolidated	8.8	11
	Consolidated in Japan	11.6	14.3
Ratio of females to new hires*4 (%)	Non-consolidated	34.1	35.0
	Consolidated in Japan	41.8	35.6
Ratio of disabled employees (%)	Non-consolidated	2.27	2.30
	Group certification	2.46	2.50
	Consolidated in Japan	2.25	2.40

Human Resources Development

Training cost per employee (unit: 1,000 yen)	Non-consolidated	117	150
	Consolidated in Japan	42	56
Training time per employee (hours)	Non-consolidated	19.6	18.0
	Consolidated in Japan	21.0	13.1
Certification Test for Environmental Specialists acquisition rate (%)		54.4	70.0

*1 Calculated as a percentage of the number of new graduate employees who joined the company between April and the following March and who will be with the company on April 1, three years later.
*2 Percentage of employees who answered either "absolutely" or "yes, if I have to choose" in employee satisfaction surveys
*3 Among managers, supervisors are defined as senior managers and the rest as general managers.
*4 Calculated by adding the number of new graduate employees hired between May and the following March of the previous year to the number of new graduates hired in April.

Occupational Health and Safety

			FY2023 value	FY2024 target
(1) Number of serious occupational injuries*1 (four or more days of lost worktime) (incidents) (2) Number of occupational injuries (one or more days and less than 4 days of lost worktime) (incidents)	Domestic new construction site (contract)	(1)	18	0
		(2)	8	14
		Total	26	14
	Remodeling site (contract)	(1)	5	0
		(2)	4	0
		Total	9	0
	Overseas housing site (contract)	(1)	7	0
		(2)	2	0
		Total	9	0
	Domestic group manufacturing companies (employees)	(1)	3	0
		(2)	0	0
		Total	3	0

Occupational Health and Safety

			FY2023 value	FY2024 target
(1) Number of serious occupational injuries*1 (four or more days of lost worktime) (incidents) (2) Number of occupational injuries (one or more days and less than 4 days of lost worktime) (incidents)	Overseas group manufacturing companies (employees / contractors)*2	(1)	12	0
		(2)	14	0
		Total	26	0
	Domestic forest site (contract)	(1)	0	0
		(2)	0	0
		Total	0	0
	Overseas afforestation site (contract)	(1)	9	0
		(2)	54	0
		Total	63	0
	Elderly care site	(1)	5	0
		(2)	0	0
		Total	5	0

*1 Occupational accident equivalent to a serious occupational injury in Japan's occupational injury classification (four or more days of absence)
*2 Total of 8 consolidated companies of Nelson Pine Industries (NPIL), PT. Kutai Timber Indonesia (KTI), PT. AST Indonesia (ASTI), PT. Sinar Rimba Pasifik (SRP), Canyon Creek Cabinet (CCC), and Vina Eco Board (VECO), Pan Asia Packing (PAP), and PT. Rimba Partikel Indonesia (RPI)

Material Issue 7 To create new markets with forests and wood

Creating new markets that enrich the economy through the resourceful use of forests and wood.

Specific steps based on issues and strategies／Indicators for Evaluation

Development of New Business	FY2023 value	FY2024 target
Development of medium- to large-scale wooden constructions business (US / Australia / Europe)	Commercialization	Commercialization
Research & Development		
Number of contracts for joint research partners (cases)	31	38
Ratio of all themes (%)	59.6	54

Material Issue 8 To transform markets through DX and innovation

Enhancing economic efficiency and added value through business transformation brought about by DX and innovation.

Specific steps based on issues and strategies／Indicators for Evaluation

DX related	FY2023 value	FY2024 target
Data linkage with customer (company)	867	820
Adoption rate (%)	62	59
RPA and OCR adoption rate (%)	86.2	100
Number of facilities that have introduced sensor equipment in elderly care business	19	19

Material Issue 9 To establish a robust business structure

Contributing to a stable economy by continuously providing value with a structure that is resilient to contingent circumstances.

Specific steps based on issues and strategies／Indicators for Evaluation

Governance /Compliance /Climate change	FY2023 value	FY2024 target
New introduction of business process control (internal control)	Implementation	Continuation
Strengthening information security level of overseas affiliated companies* (%)	45	100
Implementation of external evaluation of effectiveness of the Board of Directors	Examination	Completion
Conduct scenario analysis and disclosure consistent with guidance from the Task Force on Climate-related Financial Disclosures (TCFD)	Examining impact of the entire group through re-implementation in two divisions including the Timber and Building Materials Division, and Housing and Construction Division	Examining reflection of measures taken by the group in the strategy for each business division of the next Mid-Term Management Plan

* Sumitomo Forestry Group's unique security base level achievement rate

Click here for related information
> Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan

Other Main Indicators

Environment

Indicators

	FY2022 Value	FY2023 Value
Greenhouse gas emissions (t-CO_2e) (scope 1 and 2) (consolidated)	355,928	335,673
(scope 1)	239,635	221,516
(scope 2)	116,292	114,156
Greenhouse gas emissions (t-CO_2e) (scope 3) (consolidated)	9,400 thousand	9,446 thousand
Total greenhouse gas emissions accrued from corporate activities (t-CO_2e)	9,756 thousand	9,782 thousand
Amount of introduction (consumption) of renewable energy (consolidated)(MWh)	2,180,412	2,234,469
Renewable energy consumption rate (consolidated) (%)	17.5	19.6
Total waste generated (consolidated) (t)	496,245	432,569
Final landfill amount (consolidated) (t)	24,294	23,885
Amount recycled (consolidated) (t)	471,951	408,684
Recycling rate (consolidated) (%)	95.1	94.5
Recycling rate at housing demolition sites (based on start of construction of main unit) (%)	94.4	96.6
Percentage of sustainable timber and wood products handled*1 (%)	100	100
Sustainability procurement survey implementation rate of suppliers of imported timber*2 (%)	100	100

*1 "Sustainable timber and wood products" is defined as certified timber and timber in the process of certification, timber from forestation or from natural forests that are recognized as sustainable in terms of forestry and distribution (excluding timber from converted forests), and recycled timber.
*2 Number of suppliers conducting sustainability surveys as a percentage of the number of suppliers subject to wood procurement due diligence by the Wood Procurement Committee during the year under review.

Click here for related information
> Greenhouse Gas Emissions from Business Activities > Resource Recycling Initiatives > Supply Chain Management in the Distribution Business

Boundaries and Methods of Greenhouse Gas Emissions Calculation

Boundary of Greenhouse Gas Emissions (Organizational Range)

Unless otherwise noted, the greenhouse gas emissions presented in this report are for domestic and foreign consolidated subsidiaries and affiliates with substantial influence on management decision-making. Furthermore, the boundaries of calculating the greenhouse gas emissions by scope are as shown below.

●Scope 1, 2 and 3
Domestic and foreign consolidated subsidiaries and affiliates with substantial influence on management decision-making.

Types of Greenhouse Gases Subject to Data Collection

The types of greenhouse gases collected for this report are carbon dioxide, methane and dinitrogen oxide. Moreover, hydrofluorocarbons are not subject to data collection if in trace amounts (less than 1%).

Scope 1 Emissions

The greenhouse gas emissions both inside and outside of Japan are calculated by using heat conversion factor and carbon dioxide emission coefficients stipulated in the Act on Promotion of Global Warming Countermeasures, and the heat conversion factor measured at the biomass power generation plant.
The waste used for energy at manufacturing plants (wood waste and waste plastics) and wood pellets are also converted to amount of heat, and the greenhouse gas emissions (CO_2e) are calculated using the CH_4 and N_2O emission coefficients stipulated in the Act on Promotion of Global Warming Countermeasures.

Scope 2 Emissions

The greenhouse gas emissions caused by use of purchased electricity in Japan are calculated by the carbon dioxide emission coefficient for each power provider stipulated in the Act on Promotion of Global Warming Countermeasures. In addition, the performance of January to December 2023 is calculated using the emission coefficient for each power provider for submission in 2024.
The greenhouse gas emissions due to the use of purchased heat are calculated by the emission coefficient stipulated in the Act on Promotion of Global Warming Countermeasures.
The greenhouse gas emissions caused by use of purchased electricity overseas in fiscal 2023 are calculated by the latest emission coefficient (2021) of each country according to the IEA Emission Factors 2023 issued by the International Energy Agency (IEA). However, Canyon Creek Cabinet Company in the United States uses market-based emission coefficient.

Scope 3 Emissions

Category 1. Purchased goods and services

■Portion of outside contracts during construction of wooden detached houses

∑ (energy use during on-site construction per home × emissions coefficient by energy source) × Portion of outside contracts used in houses completed in the current fiscal year

■Purchased products

∑ (Quantity and amount (excluding tax) of procured product or sales × Emissions per weight or per price)

Overseas companies handling housing sales: Sales per unit of housing in Japan is calculated and multiplied to the sales of each overseas company.

Domestic companies handling timber and building materials: Sales per unit of timber and building materials in the Timber and Building Materials Business is calculated and multiplied to the sales of each affiliate company.

Furthermore, emission calculations have been excluded from any sales of Timber and Building Materials Division recognized as sales made only from fees when arranging goods or services provided through another interested party.

[2022 Expansion Scope]

■Products purchased for apartments and medium to large scale buildings, and the portion of outside contracts during construction

∑(Total floor area of apartments and medium/large scale buildings × Emission intensity per floor area)

■Products purchased for custom-built detached houses

∑ (Quantity and amount (excluding tax) of procured product or sales × Emissions per weight or per amount)

■Portion of outside contracts during construction for remodeling, housing exteriors construction, and other construction work

∑ (Outsourcing cost (excluding tax) × emission intensity per amount)

■Portion of outside contracts for forestry business

∑ (Domestic harvest volume × Intensity per harvest volume) + ∑ (Overseas harvest volume x Intensity per harvest volume by country)

Category 2. Capital goods

∑ (Capital goods procurement value by all Group companies (excluding tax) × Per unit emissions by industrial division)

Category 3. Fuel- and energy-related activities (not included in scope 1 or scope 2)

■Procurement

∑ (Energy and water use × Per unit emissions of energy source)

■Transport from retailers

* The target of calculations is the use on operational sites such as plants

∑ (Energy use (weight conversion) × Estimated transport distance × Per unit use of fuel in ton-kilometers × emissions coefficient)

* Calculation based on transportation scenario

Category 4. Upstream transportation and distribution

■Transport in Japan

∑ (Amount procured by each plant ×Estimated transport distance ×Per unit use of fuel in ton-kilometers × emissions coefficient)

Emissions related to owner shipments (value to report based on the energy saving law; however, this excludes waste transport)

* Waste transport is included in Category 5

■Transport by sea

∑ (Amount of import products procured × Distance to transport by sea from the country of procurement × Per unit emissions of ship transport)

[2023 Expansion Scope]

■Transportation of purchased products from custom-built detached houses and spec homes

∑ (Procurement volume of each house × estimated transportation distance × emission intensity of vehicle transportation)

■Transportation of purchased products for renovation business

∑ (Procurement value × logistics cost ratio × emission intensity per amount)

Category 5. Waste generated in operations

∑ (Amount of emissions by type of waste × Per unit emissions by the type of waste or processing method)

Category 6. Business travel

Number of employees of all Group companies × Per unit emissions during business trips

Category 7. Employee commuting

■Type of transportation: Train/bus

Number of employees of all Group companies × Per unit emissions during commute

* Per unit emissions during commute: Calculated from the emissions during commute of Group companies in Japan

■ Type of transportation: Automobile

Number of employees of all Group companies × Per unit emissions during commute by automobiles

* Per unit emissions during commute: Calculated by dividing the costs of commuting by automobiles by average unit price of gasoline of that fiscal year, and then multiplying the emission coefficient of burning gasoline

* Emissions during commute using employee-owned vehicles is included in Scope 1

Category 9. Downstream transportation and distribution

■Wood yard pick up such as the plywood or fiberboard that is sold

∑ (Sales volume × Estimated transport distance × Per unit fuel use in ton-kilometer × emissions coefficient)

* Calculation based on transportation scenario

[2023 Expansion Scope]

■ Free on Truck for sold materials and lumber∑ (Sales volume × estimated transportation distance × emission intensity of vehicle transportation)

Category 10. Processing of sold products

■Plywood work and Precut factories

∑ (Sales volume of log and timber × Per unit emissions during processing)

* Per unit is based on the LCA procurement implemented in the past by the company

[2023 Expansion Scope]

■ Plywood and precut processing of logs and lumber sold by affiliates

∑ (Sales volume of log and timber × Per unit emissions during processing)

Category 11. Use of sold products

■Emissions during habitability

∑ (Annual energy use per household × Emissions coefficient by energy source) × Years of residence period × Number of houses completed by construction method and region for fiscal year

* Emissions related to renovations are omitted because there is a possibility to count a portion of Scope 1 and Scope 2 emissions twice for affiliate companies engaged in the renovations business (Sumitomo Forestry Home Tech)
* Energy use per household (electricity/city gas):
  In Japan : Calculated by using the Building Research Institute's energy consumption performance calculator program
  Overseas: Average of dividing amount of fuel and electricity used per state released by the government by number of households

[2022 Expansion Scope]

∑ (Total floor area of medium/large scale buildings × Years of residence period × Emission intensity per floor area)

∑ (Total floor area per apartment × Emissions coefficient per floor area) x Years of residence period × Number of houses completed by type in the current fiscal year

∑ (Annual energy use per detached house × Emissions coefficient by energy source) × Years of residence period × Number of houses completed in the current fiscal year by region

∑ (Annual energy consumption of gas appliances installed during remodeling × Emission coefficient × Useful life)

[2023 Expansion Scope]

∑ (Biomass fuel sold x emission coefficient)

Category 12. End-of-life treatment of sold products

■Emissions during demolition

∑ (Fuel use during demolition per household × Emissions coefficient by fuel type) × Number of houses completed for the current fiscal year

* Fuel use during demolition per household (diesel/gasoline):Estimated based on sample surveys conducted by Sumitomo Forestry related to the fuel use in model house demolition in 2006

■Emissions during disposal (including transport)

∑(Amount of waste during demolition per household × Per unit emissions by volume reduction rate , disposal rate , recycling rate for each type of waste × Per unit emissions by type of waste or processing method) × Number of houses completed in the current fiscal year

* Amount of waste during demolition per household:The amount of waste produced during demolition annually by Sumitomo Forestry Group for fiscal 2006 is calculated by converting the equivalent building weight of the standard plan (floor area:147m2) of Sumitomo Forestry for fiscal 2010

[2023 Expansion Scope]

■Emissions from demolition and disposal of spec houses and rental housing

∑ (Emission coefficient at the time of demolition or disposal per floor area × total floor area in current fiscal year)

■Emissions from demolition of medium - to large-scale construction

∑ (Emission coefficient at the time of demolition per floor area × total floor area in current fiscal year)

■Emissions from disposal of medium - to large-scale construction

∑ (Amount of waste at the time of demolition per construction unit x emission intensity by type of waste) x Number of houses completed in current fiscal year

Category 13 Leased property (downstream)

[2023 Expansion Scope]

■Emissions during operation of rental properties

∑ (Floor area of rental properties × emission intensity by use of building or per unit area)

■Emissions during use of general rooms of elderly care facilities

∑ (Floor area of general rooms of rental properties × emission intensity by use of building or per unit area)

Category 15. Investments

∑ (Scope 1 and 2 emissions from companies the Group invests × Equity interest of Sumitomo Forestry Group)

* Scope 1 and 2 emissions are the public values from the company the group invests or the values released in the Act on Promotion of Global Warming Countermeasures

Scope 3 Emissions by Category (three years)

(thousand t-CO_2e)

Category	Boundary of Emissions included in the Category	FY2021	FY2022*2		FY2023*2	
			Former scope*2	Revised scope*2	Former scope*2	Revised scope*2
1 Purchased products and services*1	Emission from upstream of products and services purchased by Sumitomo Forestry	2,458	2,613	2,787 (2,780)	2,611	2,736 (2,727)
2 Capital goods	Emissions from upstream of purchased equipment	31	47	47	57	57
3 Fuels and energy related activities excluded from Scope 1 and 2	Emissions from the upstream of purchased fuels, electricity, heat capacity, and water	34	33	33 (32)	32	32 (30)
4 Transport and deliver (upstream)	Emissions from Sumitomo Forestry distribution from suppliers of purchased products and services in (1) and emissions due to logistics services other than (1) for costs incurred by Sumitomo Forestry	432	446	446 (439)	394	400 (393)
5 Waste generated through businesses	Emissions from waste treatment and its transport	6	7	7 (7)	6	6 (6)
6 Business trips*3	Emissions related to business trips of employees such as use of public transportation and accommodation	2	2	2	3	3
7 Employee commute*4	Emissions from employee commuting	6	6	6	7	7
8 Leased property (Upstream)	(Emissions from use of upstream leased property such as office building, heavy machinery, vehicles, and facilities are included in Scope 1 or 2)	-	-	-	-	-
9 Transport and deliver (downstream)	Emissions during transport of products sold	96	87	87 (81)	72	86 (80)
10 Processing of sold products	Emissions from processing of logs into plywood as well asof sold precut processing of sold lumber	52	42	42	29	83
11 Use of sold products	Emissions during use of detached houses sold	6,534	5,937	6,816 (6,524)	6,059	6,994 (6,695)
12 Disposal of sold products	Emissions from demolition and disposal of detached houses sold by the Company	65	59	59	60	65
13 Leased property (downstream)	(Tenants must belong to the Group and the figures are included in Scope 1 and 2 of the Group)	-	-	-	-	8
14 Franchised	(excluded)	-	-	-	-	-
15 Investment	Emissions from the investees (based on the Company's proportional share)	120	120	120	114	114
Total		9,835	9,400	10,453 (10,139)	9,446	10,592 (10,269)

*1 The calculation method for Category 1 emissions of Scope 3 was revised to apply Accounting Standards for Revenue Recognition (Corporate Accounting Standard No.29) as of fiscal 2019 (retroactively reflected in the values for fiscal 2019). In fiscal 2021, the scope of application of the Accounting Standard for Revenue Recognition was reviewed and the method of calculating Scope 3 Category 1 was revised again

*2 Since the scope of calculation was expanded from fiscal 2022, figures calculated within the previous scope and figures calculated by revising the scope are shown together. The greenhouse gas emission factor for biomass combustion is changed to the factor used in the National Greenhouse Gas Inventory Report of JAPAN (NIR) submitted by the Japanese government under the United Nations Framework Convention on Climate Change (UNFCCC) and to exclude the equity-method affiliates currently included in the scope of calculation. The emissions calculated using this factor are also disclosed for reference, shown in parentheses

*3 From fiscal 2021 onward, a percentage decrease in travel costs was applied to reflect the impact of coronavirus disease (COVID-19) in the calculation

*4 From fiscal 2021 onward, a percentage decrease in attendance was applied to reflect the impact of the COVID-19 in the calculation

Management Table of Chemical Substances at Plants in Japan (FY2023)

Applicable Company	Applicable Department	Substance No	Name of Chemical Substance	Total Use (kg/year)	Total Released (kg/year)				Total Transferred (kg/year)		Conversion into Products (kg)
					Air	Water	Soil	Landfill Disposal	Sewerage	Outside Plant Premises	
Sumitomo Forestry Crest	Kashima Plant	186	Methylene chloride (dichloro methane)	3,340	1,425	0	0	0	0	1,915	0
		448	Methylenebis (4,1-phenylene) diisocyanate	1,284	0	0	0	0	0	22	0
	Subtotal			4,624	1,425	0	0	0	0	1,937	0
	Niihama Plant	186	Methylene chloride (dichloro methane)	2,665	1,606					1,059	0
	Subtotal			2,655	1,606	0	0	0	0	1,059	0
	Imari Plant	4	Acrylic acid and water-soluble salts	12,430	0	0	0	0	0	0	12,430
		7	n-Butyl acrylate	12,984	0	0	0	0	0	34	12,948
		84	Glyoxal	3,219	0	0	0	0	0	6	3,213
		134	Vinyl acetate	1,881,374	2,173	93	0	0	0	68	1,879,040
		349	Phenol	35,280	0	0	0	0	0	11	35,269
		395	The water-soluble salts of peroxy disulfuric	3,147	0	0	0	0	0	8	3,140
		407	Poly (Oxyethylene) = Alkylether (alkyl group: C12～C15)	3,541	0	23	0	0	0	10	3,508
		411	Formaldehyde	109,254	33	0	0	0	0	170	109,051
		448	Methylenebis (4,1-phenylene) diisocyanate	8,600	0	0	0	0	0	43	8,557
		565	Acrylic acid polymer	2,706	0	7	0	0	0	6	2,693
	Subtotal			2,072,535	2,206	123	0	0	0	357	2,069,849
Total				2,079,824	5,237	123	0	0	0	3,353	2,069,849

Environmental Data (FY2023)

■ Total for All Plants in Japan

Item (unit)			Total
Energy Input (GJ)			7,024,554
Raw Material Input (t)			320,031
Water Resource Use (m^3)			
	Total		1,494,920
	Service water		1,076,886
	Main water source	As indicated below	
	Industrial water		418,034
	Main water source	As indicated below	
Water discharge (m^3)			
	Total		564,091
	Sewerage		405,788
	Ocean		150,293
	Rivers		8,010
	Lakes		-
Water consumption (m^3)			930,829
Greenhouse gas emissions (t-CO_2)			
	Carbon dioxide (CO_2)		47,441
	Methane (CH_4)*		11,076
	Dinitrogen oxide (N_2O)*		111,073
Waste generations (t)			17,892
Emissions to the air (kg)			
	Sulfur oxides (SOx)		38,613
	Nitrogen oxides (NOx)		285,527
	Soot and dust		1,784

*Methane and dinitrogen oxide are converted and calculated as carbon dioxide

■ Main Water Source

	Service water	Industrial water
Kashima Plant	Lakes – Lake Kitaura in Kasumigaura (Protected region: A portion is part of Suigo-Tsukuba Quasi-National Park)	-
Shizuoka Plant	Groundwater – Oi River Basin	-
Niihama Plant	-	Groundwater (water authority in Niihama City)
Imari Plant	Reservoirs	River – Arita-gawa River basin (partly Mt. Kurokami mammal and avian species wildlife refuge)
Tobishima Plant	River – Kiso-gawa River Basin	-
Shinshiro Plant	River – Toyokawa Prefectural Water System	Well water
Mombetsu Biomass Electric Power Co.,Ltd.	Shokotsu River System	-
Hachinohe Biomass Electric Power Co.,Ltd.	Mount Haku Water System Service Reserve	Mabechi River
Okhotsk Bio Energy Co. Ltd.	Shokotsu River System	-
Japan Bio Energy Co., Ltd.	Lake Sagami, Sagami River System, and Miyagase Dam	-
Michinoku Bio Energy Co., Ltd.	Mount Haku Water System Service Reserve	-

Click here for related information
> Site Report

Fiscal 2023 Sumitomo Forestry Group Balance of Input & Output

INPUT

Energy input (TJ)	10,302
Purchased electricity (1,000MWh)	259
Petroleum (1,000kL)	18
Gas (1,000m^3)	4,012
Coal (1,000t)	18
Wood waste (1,000t)	524
Palm kernel shells (PKS, etc.) (1,000t)	33
Non-industrial steam (TJ)	4
Water consumption (1,000m^3)	2,916

Raw materials (1,000t)	2,554
Timber	1,840
Metal	28
Plastic	16
Paper	1
Adhesives, coatings, drugs	88
Concrete	363
Other	218
Seedlings (1,000)	2,094

BUSINESS ACTIVITIES

Product

Building, housing materials (1,000t)	42
Potting mix (1,000t)	18
Chips (1,000t)	311
MDF (1,000m^3)	281
PB (1,000m^3)	370
LVL, plywood (1,000m^3)	255
Lumber / laminated engineered wood (1,000m^3)	32
Kitchen cabinets (1,000)	78
Woodworking / others (1,000t)	84
Quantity harvested at company owned forests (1,000m^3)	62
Seedling production (1,000)	1,996
Unused wood resources (1,000m^3)	23

Transmission (1,000MWh)	436

Number of delivered domestic household sales	8,275
Number of delivered overseas household sales	13,623

OUTPUT

Waste (1,000t)

Total generated	433
Final landfill amount	24
Greenhouse gas emissions (1,000t-CO_2e) (Scope 1,2)	336

Chemical substance waste released (t)	10
Waste water discharge (1,000m^3)	932
Greenhouse gas emissions (1,000t-CO_2e) (Scope 3)	9,446

*The period of data collection for fiscal 2023 is from January 1 to December 31, 2023
*The calorific conversion factor for electricity is 3.6 GJ/MWh.

Click here for related information
> Balance of Input & Output
> Boundaries and Method of Data Aggregation (Balance of Input & Output)

Indicators

	FY2022 value	FY2023 value
Number of occupational injuries (non-consolidated)*1 (incidents)	5	4
Lost-time injury frequency rate (non-consolidated)*2	0.42	0.47
Work-related illness frequency rate	0	0
Number of fatal accidents (non-consolidated) (incidents)	0	0
Number of occupational injuries of contractors at housing construction sites*3	19	18
Lost-time injury frequency rate of contractors at housing construction sites*4	4.22	2.48
Number of serious occupational injuries (Four or more days of lost worktime) (consolidated)(incidents)	86	83

*1 Number of occupational injuries resulting in payment of compensation benefit for absence from work in accordance with the Industrial Accident Compensation Insurance Act (including number of cases for which an application has been made to our company and for which payment of compensation benefits for absence from work is being applied) is disclosed
*2 Lost-time injury frequency rate = Number of occupational fatalities or injuries resulting in an absence from work of at least one day ÷ Total number of working hours x 1,000,000
*3 Disclose number of work-related accidents with 4 or more days of lost worktime (including sole proprietorship, excluding commuting accidents)
*4 Lost-time injury frequency rate = Number of occupational fatalities or injuries resulting in an absence from work of at least one day ÷ Total number of working hours × 1,000,000

Gender Pay Gap (Non-consolidated)

	FY2023 value
All employees (%)	47.8
Full-time employees (%)	63.2
Part-time and fixed-term employees (%)	59.6

*1 Calculated based on provisions of "Act on the Promotion of Women's Active Engagement in Professional Life" (Act No. 64 of 2015)
*2 "Gender pay gap" indicates ratio of average annual compensation of female employees in current fiscal year to average annual compensation of male employees in same fiscal year."Part-time and fixed-term employees" is calculated based on the number of employees whose working hours are converted to the scheduled working hours of regular employees

Click here for related information
> Targets and Performance Concerning Occupational Injuries
> Employee Data

Independent Assurance Report

To the President and Representative Director of Sumitomo Forestry Co., Ltd.

We were engaged by Sumitomo Forestry Co., Ltd. (the "Company") to undertake a limited assurance engagement of the environmental and social performance indicators marked with (the "Indicators") for the period from January 1, 2023 to December 31, 2023 included in its Sustainability Report 2024 ESG Data Book (the "Report") for the fiscal year ended December 31, 2023.

The Company's Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the "Company's reporting criteria"), as described in the Report.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with the 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information' and the 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements' issued by the International Auditing and Assurance Standards Board. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing the Company's responsible personnel to obtain an understanding of its policy for preparing the Report and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical procedures on the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and recalculating the Indicators.
- Visiting the Company's Tsukuba Research Institute selected on the basis of a risk analysis.
- Evaluating the overall presentation of the Indicators.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Report.

Our Independence and Quality Management

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Management 1, we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

/S/ Kazuhiko Saito
Kazuhiko Saito, Partner, Representative Director
KPMG AZSA Sustainability Co., Ltd.
Tokyo, Japan
July 4, 2024

Notes to the Reader of Independent Assurance Report:
This is a copy of the Independent Assurance Report and the original copies are kept separately by the Company and KPMG AZSA Sustainability Co., Ltd