

July 10, 2023

For immediate release

Sumitomo Forestry Co. Ltd.  
ENEOS Corporation  
Osaka Gas Co., Ltd.  
Tokyo Century Corporation  
JAPAN POST HOLDINGS Co., Ltd.  
Nippon Yusen Kabushiki Kaisha (NYK)  
Fuyo General Lease Co., Ltd.  
Sumitomo Mitsui Banking Corporation  
Sumitomo Mitsui Trust Bank, Limited  
Unicharm Corporation  
SFC Asset Management Co. Ltd.

**Ten Japanese companies invest in forestry fund sourced  
by Sumitomo Forestry Group**  
\$415M (¥60B) fund to support zero-carbon transition

Eastwood Forests LLC (headed by Alex Finkral)—a U.S. forestry fund manager owned by Sumitomo Forestry Co. Ltd. (headed by Toshiro Mitsuyoshi, headquartered in Chiyoda-ku, Tokyo)—has launched the Eastwood Climate Smart Forestry Fund I (the “Fund”).

The Fund’s participants include Sumitomo Forestry Group and nine other Japanese companies: ENEOS Corporation, Osaka Gas Co. Ltd., Tokyo Century Corporation, Japan Post Holdings, NYK, Fuyo General Lease Co. Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited and Unicharm Corporation. The pooled capital amounts to USD 415 million (JPY 60 billion) and will be invested over 15 years. The Fund will deliver global climate benefits by supporting responsible forest management at a spatial and financial scale beyond that which individual investors could achieve on their own.

Sumitomo Forestry Group and the other fund participants will use the Fund to increase forest sequestration of carbon dioxide, with a target of sequestering an additional 1 million tons of carbon dioxide a year. The increased sequestration will enable the production and trading of high-integrity carbon credits, which will contribute to the realization of a decarbonized society. The Fund will also enhance the value of forestland as natural capital by rehabilitating the role of forests in protecting biodiversity and water resources.



U.S. forestland  
(Note: there are no plans to acquire this particular forestland through the Fund)

■ Background

The Paris Agreement, a global framework for climate action, set a long-term temperature goal of keeping the global average temperature increase well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels. To achieve this goal, the world must become carbon-

neutral, with net-zero emissions of carbon dioxide and other greenhouse gases (GHG), by 2050.

The Government of Japan has pledged to make the country carbon-neutral (the government uses the term “decarbonized society”) by that year. Echoing this national goal, Japan’s corporate sector has ramped up efforts to achieve net-zero GHG emissions.

For some companies, going GHG-free is all but impossible, but a solution can be found in carbon credits: While the companies still do all they can to increase energy efficiencies and reduce their GHG emissions, they can also use carbon credits to offset emissions that they could never completely eliminate through technological innovations or self-led efforts.

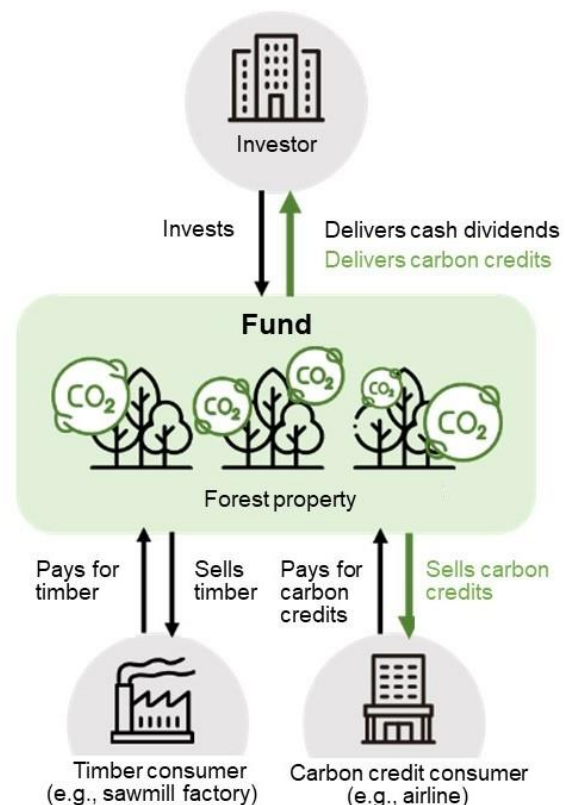
Meanwhile, forests are garnering attention for their role as carbon sinks (natural deposits that sequester carbon dioxide). The importance of forests as carbon sinks was affirmed in the Glasgow Climate Pact, endorsed at the United Nations Climate Change Conference (COP26). The Fund, by financing responsible, “climate smart” forest management, will enable the production and trading of forest carbon credits, thereby addressing the demand in the corporate sector to offset GHG emissions as a means of reaching net-zero GHG emissions.

In addition to serving as carbon sinks that deliver global climate benefits, forests also have a role to play in nature-based solutions for societal issues.<sup>1</sup> The Fund, by financing nature-based solutions, will help protect biodiversity and water resources.

There is, however, a problem with carbon credits: Many kinds of certification bodies exist, some national and others non-governmental, and there are no universal standards for certifying or calculating the credits. This issue is likely to increase demand for high-integrity carbon credits—credits that are based on universal standards and whose processes are transparent. The Fund partners will monitor global trends in carbon credits and use the Fund to produce the high-integrity credits that the world will increasingly require.

#### ■ About the Fund

- Ten Japanese companies are participating in the Fund, each via a U.S. subsidiary. The Fund will be used to acquire and manage forestland with a view to producing and trading timber and carbon credits in the United States, which leads the way in carbon markets and infrastructure for carbon trading. By expanding responsible forestry management, the Fund will contribute to global climate action and forest biodiversity.
- Eastwood Forests’ Alex Finkral and Glenn Wallace have experience in managing long-term forest funds that support sustainable forestry in North America and Central and South America. The Fund will focus on producing high-integrity carbon credits through sustainable forest practices—practices that unlock the inherent functions of forests, including carbon sequestration and storage and in protecting biodiversity and water resources.



- By 2027, the pooled capital will have been invested in the acquisition and management of 130 thousand hectares (more than 320 thousand acres) of forest, primarily in North America. Eastwood Forests, with its expertise in sourcing and managing forest funds in the United States, will manage the Fund's general operations—the acquisition, sale and management of forest properties. SFC Asset Management (headed by Yujiro Yoshizawa, headquartered in Chiyoda-ku, Tokyo), a wholly-owned subsidiary of Sumitomo Forestry, will offer support on the Japan side, including sourcing funds and communicating with investors.
- The Fund participants will engage in forest management by, among other things, making decisions on important matters concerning fund management. Sumitomo Forestry Group and the other participants will manage the Fund by discussing with one another their vision for forestry.

#### ■ Forest management practices under the Fund

The Fund will be dedicated to sustainable forest management practices, including practices for timber production (conventional forest management) and those that deliver climate benefits. To produce carbon credits, the Fund will increase each forestland property's carbon sequestration and storage based on a credit production methodology tailored to the property in question (examples of methodologies include replanting and conserving). One option under consideration is to use improved forest management (IFM)<sup>\*2</sup> practices to produce IFM credits. IFM practices include replenishing degraded forest by preserving viable trees; they also include cultivating forest structures with an appropriate mix of tree species and ages of tree.

Forests can serve public benefits as nature-based solutions for protecting biodiversity and water resources. To enhance forest biodiversity, the Fund's forest investments will cultivate forest ecosystems that provide habits for a myriad of life forms. As part of this, the Fund will preserve high conservation value forests (HCVF)<sup>\*3</sup> in line with the HCVF criteria defined by international forestry NGOs such as the Forest Stewardship Council.<sup>\*4</sup>

#### ■ About Eastwood Forests

Eastwood Forests was founded in October 2022 from a partnership between Alex Finkral, Glenn Wallace and Sumitomo Forestry America Inc. (headed by Atsushi Iwasaki, headquartered in Dallas, Texas), a wholly-owned subsidiary of Sumitomo Forestry.<sup>\*5</sup>



Alex Finkral

Alex Finkral serves as Eastwood Forests' CEO. Finkral worked for more than 12 years at a forest investment management company in the United States, where he gained extensive experience in managing and conserving forests in the US and internationally. He holds a Ph.D. degree from Yale University's School of Forestry and Environmental Studies.






Glenn Wallace

Glenn Wallace serves as Eastwood Forests' CFO. Wallace worked for more than 12 years at the same forest asset management company as Alex worked for. He has extensive expertise in U.S. corporate tax and financial accounting. He is a certified public accountant.


No part of this press release should be construed as a solicitation to participate in the Fund.


■ Messages from the Fund participants

Sumitomo Forestry	<p>Sumitomo Forestry Group is engaged globally in a broad range of businesses centered on timber, including forest management, timber building material manufacturing and distribution, contracting for detached houses and medium- to large-scale wooden buildings, real estate development, and wood biomass power generation. As part of Mission TREEING 2030, our long-term vision, we are promoting the Sumitomo Forestry Wood Cycle, our value chain to increase the CO2 absorption volume of forests and popularize wooden buildings that sequester carbon for long periods of time to contribute to decarbonization not only for our company but for the whole of society, as well.</p> <p>Part of this vision involves accelerating the development of cyclical forest business. To that end, we're focusing on sourcing global-scale forest funds and enlarging the acreage of forest owned or managed through our fund programs, with a target of 500 thousand hectares (more than 1.2 million acres) and 100 billion yen of pooled capital by 2030.</p>
 <b>SUMITOMO FORESTRY</b>	
ENEOS Corporation	<p>The ENEOS Group is aiming for the reduction of Scope 1 and 2 greenhouse gases by 46% compared to FY2013 by FY2030, and the realization of carbon neutrality in our Scope 1 and 2 emissions by FY2040. In order to achieve these targets, ENEOS has been engaged in a wide range of initiatives to reduce GHG emissions, for CCS (carbon dioxide capture and storage), and CO2 removal (absorption by forests, etc.), and has determined that the Fund will also serve as a basis for its initiatives to go carbon neutral.</p> <p>As the largest stake holder in the Fund, we have high expectations towards the Fund's potential for creating socio-economic impacts: The high-integrity carbon credits created from responsible forest management by the Fund will contribute to biodiversity, water resource security, and not to mention, global climate change countermeasures.</p> <p>The ENEOS Group is taking on the challenge of achieving both stable supply of energy and materials and realization of a carbon neutral society by promoting initiatives to increase the natural absorption of CO2.</p>
	


Osaka Gas Co. Ltd.	We aim for carbon neutrality across our corporate group (Daigas Group) by 2050 as a goal set in the Carbon Neutral Vision released in January 2021 and Energy Transition 2030 released in March 2023.
	<p>To achieve this ambition, we have launched multiple initiatives. One initiative involves the development of methanation technologies for synthesizing methane, the main component of natural gas, by making hydrogen react with carbon dioxide emitted into the atmosphere from factories or other sources. Another initiative involves building a supply chain for the rollout of synthetic methane (“e-methane”). Other examples are funding carbon credit producers and creating a CO2 value chain including carbon capture and storage.</p> <p>We are excited about this opportunity to take part in the Fund to produce high-integrity carbon credits. By participating in this project and pursuing the actions mentioned above, we would like to make a significant contribution to the transition towards a net zero society.</p>


Tokyo Century Corporation	Our company works with partners in Japan and overseas to deliver high - value-added financial services. One of our materiality (key issues) based on the SDGs is to contribute to a decarbonized society and we have been focusing on expanding renewable energy businesses (mainly solar) and promoting electric vehicles in auto leasing business.
	<p>We decided to contribute to the Fund because we endorse Sumitomo Forestry Group’s long-term vision and the stated purpose of the Fund: to produce high-integrity carbon credits with added value from the natural capital (forest biodiversity). By participating in the Fund, we hope to gain valuable insights about forest management and aim to develop new businesses that utilize carbon credits to offset emissions.</p> <p>In partnership with Sumitomo Forestry Group and the other Fund participants, who all share our aspiration, we’ll address socioenvironmental issues and facilitate sustainable corporate development, with a view to the creation of an environmentally sound, sustainable economy and society.</p>


Japan Post Holdings	One of the ESG goals for our corporate group is to go carbon neutral by 2050. We’re contributing to encouraging carbon neutrality both in Japan and abroad. We decided to contribute to the Fund because the Fund’s purpose aligns with this endeavor; our participation will help us reach carbon neutrality.
	<p>Our Medium-Term Management Plan, JP Vision 2025, emphasizes the task of building a co-creation platform that supports customers and local communities by expediting the creation of new business that resolves societal issues. In line with this plan, we’ll continue working with Sumitomo Forestry Group to play a positive role in addressing various forest issues around the world.</p>

<p>NYK</p>	<p>Responsible forest management supports climate action and positively impacts forest ecosystems, helping preserve biodiversity and cultivate water resources. Protecting forests helps sequester atmospheric GHG, which in turn leads to cleaner oceans. This outcome relates to one of our ESG themes: giving back to the oceans, earth and the people. We'll use the resulting nature-based carbon credits to offset GHG emissions that originate, directly or indirectly, from business activities in our corporate group. In this way, the credits will help us reach our long-term target of net-zero GHG emissions for our oceangoing businesses. We'll prepare a framework for this purpose and pursue other actions to make sure that our contribution to the Fund goes toward a sustainable society.</p>
	

<p>Fuyo General Lease Co. Ltd.</p>	<p>In fiscal 2022, we launched a new medium-term plan for Fuyo Lease Group, Fuyo Shared Value 2026, through which we aim to achieve sustainable corporate development by creating shared value—i.e., creating economic value in a way that also addresses societal issues.</p> <p>We've participated in the Fund to aid the transition to a zero-carbon society and to fully unlock the inherent functions of forests, including their role in protecting biodiversity and water resources. In this way, we can help build a better world and achieve long-term business success.</p>
	

<p>Sumitomo Mitsui Banking Corporation</p>	<p>This year, SMBC Group launched a new Medium-Term Management Plan, "Plan for Fulfilled Growth" which added the "Create Social Value" as a pillar of our corporate philosophy. By leading efforts to address social issue under the plan, we will balance economic growth with the resolution of social issue, therefore contributing to "Fulfilled Growth".</p> <p>To that end, we have defined "Environment" as one of our priority issues along with other urgent issues such as "DE&amp;I / Human Rights", "Poverty &amp; Inequality", "Declining Birthrate &amp; Aging Population", and "Japan's Regrowth". We will contribute to the expansion of the carbon credit market, while simultaneously realizing the conservation and restoration of natural capital through the investment in this Fund.</p>
	

<p>Sumitomo Mitsui Trust Bank Limited</p>	<p>We have a track record in contributing to the SDGs unique to a trust bank group. Our actions include investing in forestry funds and developing forestry trust. We've now contributed to the Fund to help our clients in their transition to carbon neutrality. Another aim is to capitalize on new business opportunities by enhancing solutions that leverage the inherent benefits of forests in terms of climate action and biodiversity.</p> <p>Our purpose as an organization is "Creating new value with the power of trusts and let prosperous future for our clients and society bloom." In line with this purpose, we have also placed at the core of notion of balanced creation of both social and economic value. To this end, we provide impact equity investments and offer investors attractive investment opportunities.</p>
	

Unicharm Corporation	Our Purpose is to "contribute to the achievement of the SDGs", and aim
	to solve environmental and social issues and contribute to local communities through our business activities. In order to specifically promote these goals, we announced our med- to long-term ESG goals, "Kyo-sei Life Vision 2030" in October 2020, in which we have identified "addressing climate change" as one of the key issues. We have decided to invest in this Fund because of its high affinity with our activities related to "addressing climate change". Through this Fund, we will contribute to the carbon offsetting of society as a whole.

## ■ The Fund at a glance

Name of fund	Eastwood Climate Smart Forestry Fund I
Pooled capital	\$415 million or ¥60 billion (calculated at the exchange rate of \$1 USD = 144.46 yen as of Jul. 3 2023)
Assets in which fund will be invested	Primarily, forest properties in North America
Period over which fund will be invested	15 years
Fund manager	Eastwood Forests and SFC Asset Management (both members of Sumitomo Forestry Group)
When fund was secured	Jun. 2023

Note: For media inquiries specifically about the Fund, contact SFC Asset Management's marketing department. ([company website](#))

- \*1. The International Union for Conservation of Nature defines nature-based solutions as "actions to protect, sustainably manage and restore natural and modified ecosystems that address societal challenges effectively and adaptively, simultaneously benefiting people and nature."
- \*2. Improved forest management (IFM) refers to a methodology for carbon credit production. Under this methodology, credits are produced by forest management activities that, compared to conventional forestry practices, result in increased forest stocks and a greater amount of carbon sequestration and fixation.
- \*3. A designation defined by the FSC Principles and Criteria of Forest Stewardship, high conservation value forest (HCVF) describes a forest with attributes that warrant conservation, such as concentrations of biodiversity and endangered species.
- \*4. The Forest Stewardship Council (FSC) provides a forest certification scheme. The FSC logo serves as a visual indication assuring consumers that the product in question is sourced from responsibly managed forests—forests managed in an environmentally appropriate, socially beneficial and economically viable manner—or that there is low risk of the products originating from an unacceptable source.
- \*5. Related press releases:  
 (January 27, 2023) Sumitomo Forestry establishes a forest asset management company in the United States.  
[https://sfc.jp/english/news/pdf/20230127\\_01.pdf](https://sfc.jp/english/news/pdf/20230127_01.pdf)  
 (May 11, 2023) Establishment of Eastwood Climate Smart Forestry Fund I  
[https://sfc.jp/english/news/pdf/20230511\\_01.pdf](https://sfc.jp/english/news/pdf/20230511_01.pdf)