

Sumitomo Forestry Australia Modern Slavery Statement 2022

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Introduction

The following disclosures are made in accordance with the Commonwealth *Modern Slavery Act 2018 (the Act)*. Sumitomo Forestry Australia PTY LTD (SFA). SFA is the parent company to *Henley Homes Wisdom Properties Group, Scott Park Group and Regal Innovations*. SFA and subsidiary companies will be preparing standalone statements.

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About us

The Sumitomo Forestry Australia Pty Ltd a wholly owned subsidiary of Sumitomo Forestry Co., Ltd of Tokyo, Japan ('Sumitomo Forestry Group' or 'SFC'). The Sumitomo Forestry Group was originally founded in 1691 and incorporated in 1948. The Sumitomo Forestry Group manages vertically and horizontally integrated, diversified, and global business across the value chain of wood, ranging from upstream forestry to downstream home-building and environmental business.

The Sumitomo Forestry Group utilizes wood as a healthy and environmentally friendly natural resource to provide a diverse range of life-style-related services that contribute to the realization of a sustainable and prosperous society.

All our efforts are based on Sumitomo's Business Spirit, which places prime importance on fairness and integrity for the good of society.

With an eye on the ever growing Australian housing market, Sumitomo Forestry Group incorporated an Australian company Sumitomo Forestry Australia Pty Ltd ("SFA"). SFA has since significantly expanded across Australia, with various holdings of subsidiaries, joint ventures and other investments.

In 2008, The Sumitomo Forestry Group established a joint venture with a leading housing company in Australia, the Henley Properties Group, for the construction and sale of single-family homes.

Through capital participation with Henley in 2009, and the acquisition of the equity interests of Wisdom Properties Group in 2016, we have focused on offering order homes as well as ready built homes in Victoria, Queensland, New South Wales, and South Australia. In addition, the entry of the Scott Park Group, which offers order homes in Western Australia, into the Sumitomo Forestry Group in 2019 helped our expansion of our current group network from the eastern to western regions of Australia. Further, SFA acquires the equity interests of Regal Innovations which is market leading commercial landscaping in New South Wales, Queensland, and Victoria.

We are providing housing to a wide range of customers by utilizing multiple brands with different price ranges across Australia, where there is an expected long-term growth in population. Additional information can be accessed from <https://sfc.jp/english/business/overseashousing/australia/>

It invests in a business selling timber and building materials, apartment development as well as running residential land development through another subsidiary SFA Land Developments.

Our structure, operations and supply chain

SFA has limited operations. It used to run a minor trading division, responsible for importing timber and building material from SE Asia, Indonesia, and Japan, however, this division ceased operations on 31 March 2021 and all suppliers have been notified.

SFA's main role is the management and oversight of their current investment holdings and due diligence for potential investment opportunities in future.

SFA's supply chain more broadly is linked to expenses such as office supplies, professional services, passenger vehicles and utilities.

Risks of modern slavery practices in operations and supply chains

All subsidiaries of Sumitomo Forestry Group adopt the group supply chain policy.

When choosing products or services, customers are beginning to examine the processes, such as where and how the materials to make them were procured and manufactured, much like the way they look at the quality, function and price of the finished product. With strong concerns about deforestation resulting from illegal logging, Sumitomo Forestry was one of the first to formulate a procurement policy and establish a Timber Procurement Committee to confirm legality of the products procured, protect biodiversity and confirm sustainability. In addition to these environmental measures, the Company promoted human rights due diligence in its supply chain to ensure the protection of the rights of indigenous people and safe working conditions. In addition, the Company is engaged in sustainable forest management by obtaining FSC, SGEN and other forest certifications for its 48,000 hectares of Company-owned forests in Japan and the approximate 231,000 hectares of forests in New Zealand, Indonesia and Papua New Guinea.

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Reducing greenhouse gas emissions in the supply chain is also an important issue. Up until now, the industry has focused on energy-saving measures for buildings during occupancy, but now we have shifted our gaze to CO₂ emissions associated with procuring and processing raw materials, transport and construction. The CO₂ emissions from these building construction processes are called embodied carbon and wooden structures are being perceived as superior in terms of environmental burden when compared with steel and concrete building materials. In our detached wooden house business, we have conducted life-cycle assessments (LCA) where we analyse the environmental burden of our products from raw material procurement to processing, distribution and demolition. The opportunity for business negotiations related to non-residential, mid- to large-scale wooden buildings has increased and we are steadily working on project proposals based on embodied carbon calculations and analyses. In combination with the carbon absorption and fixed amounts from planted trees, net zero carbon and carbon neutral are achievable goals.

In addition to helping to reduce greenhouse gases, utilizing wood for buildings has many merits. Wood is superior in terms of cascading use in that the waste produced from the demolition of wooden buildings after many long years of use can be upcycled into raw material for wooden boards, fuel chips for biomass power generation and other materials. Wood is the star of the increasingly popular concept of a circular economy. As a resource that will support the lives and lifestyles of the more than 9 billion people who will inhabit this earth in 2050, wood plays an important role. In addition, biological resources such as wood and wood fibres hold unlimited potential in terms of innovation. According to estimates by the OECD and others, the bio economy and circular economy will respectively grow to ¥1.6 trillion and ¥4.5 trillion in terms of market size by 2030. Not only in terms of economic value, but also in terms of creating a sustainable future, wood is an essential element.

Sumitomo Forestry Group is harnessing its experience and know how to propose solutions to various societal problems. By utilizing wood and maximizing demand, in addition to the economic value of our conventional business activities, we are able to create a public benefit value that includes environmental and social values, such as conserving biodiversity, suppressing greenhouse gases, and securing labour safety and employment. In our supply chain, offering our customers products and services that score high in terms of ESG, in other words, resolving societal issues as symbolized by the 17 SDG goals, is serving as a guidepost in our growth strategy. Additional information can be accessed from <https://sfc.jp/english/information/society/topcommitment>.

In February 2022, Sumitomo Forestry Group announced Mission TREEING 2030, our Long-Term Vision with the same target year as our Sustainable Development Goals (SDGs), and Mission TREEING 2030 Phase 1 (2022~2024), our three-year Medium-Term Management Plan to build our vision's foundation. By providing value for the global environment, for people and society, and for the market economy, we at Sumitomo Forestry Group will strive to make our planet safer and more secure for current and future generations of people and all living beings. With our long-held strengths in harnessing and expanding the value of forests and wood, we will create change for a new future. To realize our Long-Term Vision, we identified three values we want to provide – value for the global environment, value for people and society, and value for the market economy. We are committed to

promoting business activities that simultaneously enhance all three values without sacrificing any of the other values.

The Sumitomo Forestry Group formulated the Sumitomo Forestry Group Human Rights Policy in July 2019, participates internationally such as in the UN Global Compact and the World Business Council for Sustainable Development (WBCSD), complies with international human rights bills (Universal Declaration of Human Rights and International Covenants on Human Rights), the International Labour Organization (ILO) Core Labour Standards, the Ten Principles of the UN Global Compact and the United Nations Guiding Principles on Business and Human Rights. Based on these international standards, the Sumitomo Forestry Group has put forth a commitment to human rights respect and a healthy workplace in its Sumitomo Forestry Group Code of Conduct. In addition, the Code calls for the respect of the human rights of all individuals, including women, children, indigenous people, minorities and other socially vulnerable people and stipulates that there will be no discrimination whatsoever on the basis of race, ethnicity, nationality, gender, religion, ideology, disability, sexual orientation, gender identity or other. The Code also does not permit forced labour or child labour in any form.

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Furthermore, the Sumitomo Forestry Group is permeating these policies and conducts proper assessments to ensure this same level of respect by business partners as well. We are also conducting human rights due diligence and respond to human rights risks in an effort to fully grasp and mitigate any risk to human rights. Additional information can be accessed from <https://sfc.jp/english/information/society/social/human-rights/efforts.html>

SFA is the parent company to Henley Homes, Wisdom Properties Group, Scott Park Group, Regal Innovations and daily operational activities of the parent company are largely independent. All subsidiaries in Australia also adopt the group supply chain policy and human rights.

The *Act* aims to drive continuous improvement over time to address modern slavery risks. SFA understands that certain sectors and industries may have high modern slavery risks because of their characteristics, products and processes, or due to the services they delivery. The modern slavery risk categories can be summarised as:

- risks that may cause modern slavery practices;
- risks that may contribute modern slavery practices; and
- risk that you may be directly linked to modern slavery practices.

SFA has assessed the risks, both external and internal.

- Employees (low risk): All SFA employees reside in Australia and are abided by all relevant fair work legislation. All employees' policies and entitlements are reviewed and updated regularly.
- Professional services (low risk): SFA largely receives the services from local and national Australian entities. In addition, appropriate due diligence has been conducted for all service providers. The provided professional services are regularly reviewed. It would be lower the risk of day-to-day business activity.
- Supply chain (low risk): All subsidiaries in Australia have conducted the appropriate due diligence and identified its low risk. SFA Group will continuously monitor the risk.

Over the next 12 months, SFA will identify and assess further risk categories apply to its day-to-day business activity and supply chain. In addition, SFA will continuously monitor and review the existing risk.

Actions taken to assess modern slavery risks and controls

SFA understands the requirement to establish a process to manage, identify, prevent, mitigate and accounts for and addresses actual and potential adverse human rights impacts across the SFA Group's operations and supply chain.

SFA understands that the key elements of due diligence are to identify and assess suppliers for modern slavery risks; integrate findings with day-to-day operations, including actions to take and

training; track performance to determine whether impacts are being addressed and publicly communicate SFA process for reducing slavery risk across the supply chain.

SFA has been continuously developing policy and processes to address modern slavery risks. SFA has engaged in preparing the structured employee training. All employees have been shared the modern slavery risks and controls. Over the next 12 months, SFA will make the further internal development and implement the practical training. In identifying modern slavery risks, SFA will determine the actions required to prevent and mitigate these risks.

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SFA's due diligence process will be proportionate to the following elements: the size of our business and the sector we operate in; and SFA ownership and structure. As part of this action, SFA has reviewed our subsidiaries' modern slavery statements and determined the type of assurance activity has been appropriately conducted. SFA will monitor and review the process and determine any further actions required.

Monitoring effectiveness

Over the next 12 months, the development and implementation of the SFA Modern Slavery Workplan plan will be monitored and reviewed by the Board and independently reviewed every two years.

Consulting with subsidiaries entities

SFA has communicated with the subsidiaries Henley, Wisdom Property, Scott Park Group and Regal Innovations, and requested they prepare and submit to the Parent company their Modern Slavery Statements. The Modern Slavery Statements will be available through the online register.

This SFA Modern Slavery Statement was approved by its Board of Directors on 30 June 2023.



Koichi Nomoto

Managing Director