

Sumitomo Forestry Australia Modern Slavery Statement 2024

Contents

1. Introduction..... 3

2. The Reporting Entity – About Us 3

3. Our Structure, Operations and Supply Chain 3

4. Risks of Modern Slavery Practices 4

5. Actions Taken to Assess Modern Slavery Risks and Controls 6

6. Monitoring effectiveness..... 6

7. Consulting Process with Subsidiaries Entities 7

8. Future State 7

1. Introduction

This statement has been prepared by Sumitomo Forestry Australia (SFA) (ABN 70 101 550 109) in accordance with the requirements under the Modern Slavery Act 2018 (the Act). SFA is the parent company to Henley Homes Wisdom Properties Group, Scott Park Group, Wisdom Properties Group, Met Group Holdings, Henley Properties Group and Regal Innovations. SFA and subsidiary companies will be preparing standalone statements.

2. The Reporting Entity – About Us

The Sumitomo Forestry Australia Pty Ltd is 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 utilises wood as a healthy and environmentally friendly natural resource to provide a diverse range of lifestyle related services that contribute to the realisation 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 acquired the equity interests of Regal Innovations which is market leading commercial landscaping in New South Wales, Queensland, and Victoria and in 2024 acquired interest in the Met Group Holdings (Metricon Homes Pty. Ltd) through PHSF Capital. This enabled SFA to expand the business areas in each state of Australia, establishing Sumitomo Forestry as the number one builder in Australia.

We provide housing to a wide range of customers by utilising 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 apartment development as well as running residential land development through another subsidiary SFA Land Developments.

3. Our Structure, Operations and Supply Chain

SFA has limited operations. It previously operated a small 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 primary role is the management and oversight of our current investment holdings, as well as conducting due diligence on potential future investment opportunities.

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

4. Risks of Modern Slavery Practices

All subsidiaries of Sumitomo Forestry Group adopt the group Supply Chain Policy. When selecting products or services, customers are beginning to become increasingly aware of an organisations entire supply chain, including where and how materials are sourced and manufactured, with particular attention to ensuring that no modern slavery or unethical labour practices are involved. This consideration is becoming as important as evaluating 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. Furthermore, the Company is engaged in sustainable forest management by obtaining FSC, SGECC and other forest certifications for its 48,000 hectares of Company-owned forests in Japan and the approximate 240,000 hectares of forests in New Zealand, Indonesia and Papua New Guinea.

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 carbon dioxide (CO₂) emissions generated during the building construction processes are referred to as embodied carbon. Wooden structures are increasingly viewed as more environmentally friendly compared to steel and concrete, due to their lower embodied carbon.

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, utilising 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. Wood is an essential element, not only in terms of economic value, but also creating a sustainable future.

Sumitomo Forestry Group is leveraging its expertise and experience to offer solutions to a range of societal challenges. By utilising wood and driving increased demand, alongside the economic value of our core business activities, we create public benefit value that encompasses environmental and social outcomes, such as conserving biodiversity, reducing greenhouse gas emissions, and ensuring 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 symbolised by the 17 SDG goals, is serving as a guidepost in our growth strategy. Additional information can be accessed from <https://sfc.jp/english/sustainability/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. With our long-held strengths in harnessing and expanding the value of forests and wood, we will create change for a new future. To realise 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 established its Human Rights Policy in July 2019 and updated it in April 2023. The Group actively participates in international initiatives such as the UN Global Compact and the World Business Council for Sustainable Development (WBCSD). It complies with key international human rights instruments, including the Universal Declaration of Human Rights, the 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 respecting human rights and fostering a healthy workplace within the Sumitomo Forestry Group Code of Conduct. In addition, the Code calls for all human rights to be respected to all people of all 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.

Furthermore, the Sumitomo Forestry Group is embedding these policies throughout the organisation and carries this out thorough assessments to ensure our business partners uphold the same level of respect. We also conduct human rights due diligence and actively address any human rights risks to fully understand and mitigate potential impacts. Additional information can be accessed from <https://sfc.jp/english/sustainability/social/human-rights/>

SFA is the parent company to Henley Homes, Metricon Homes, Wisdom Properties Group, Scott Park Group and Regal Innovations. The 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 both external and internal risks:

- 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 risks.

5. Actions Taken to Assess Modern Slavery Risks and Controls

SFA understands the requirement to establish a process to manage, identify, prevent, mitigate, account for and addresses actual and potential harmful 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 taking appropriate actions and providing training; monitor performance to ensure whether impacts are being addressed and publicly communicate SFA's process for reducing the risk of modern slavery across the supply chain.

SFA is continuously developing policy and processes to address modern slavery risks. SFA has engaged its staff to participate in structured employee training. All employees have access to 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 further modern slavery risks, SFA will determine the actions required to prevent and mitigate these risks.

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.

6. Monitoring effectiveness

SFA have limited operations as detailed in the section 3 of this statement. However, we are committed to maintaining oversight of our subsidiaries and investments. We recognise our responsibility in promoting ethical practices and ensuring we are effectively identifying and mitigating the risks associated with modern slavery within their supply chain and our group companies.

To assess the effectiveness of our actions, we have implemented the following protocols:

1. **Board Reporting:** The Housing Department Manager (HDM) is responsible for overseeing and monitoring SFA's investment activities. They regularly meet with our subsidiaries and suppliers and report to the Board on any concerns including those relating to supplier conduct and modern slavery. Furthermore, the SFA Board annually review and endorse our Modern Slavery Statement, thereby assessing the result of our actions to mitigate modern slavery risks within our supply chain.
2. **Group Wide Policy Adherence Monitoring:** We require all SFA subsidiaries to align their internal policies including those relating to procurement, supplier management, codes of conduct and modern slavery to that of SFA. SFA Board members are also members on the board of each of our subsidiary and therefore ensure that their policies and procedures align to that of SFA.
3. **Risk Assessment and Monitoring:** Prior to engaging with suppliers, we conduct risk assessments to identify whether they are from high-risk industries or countries where applicable.
4. **Training and Awareness Monitoring:** all SFA staff members have access to Modern Slavery training through our intranet. We monitor completion rates for these trainings to understand the awareness

5. Grievance and Incident Reporting: We regularly review any complaints or disclosures made through our reporting mechanisms to identify any perceived or actual incidents/risks of modern slavery within our supply chain or subsidiaries.
6. Review of subsidiary modern slavery statement: To ensure our subsidiaries comply with their legislative responsibilities under the Act and align to SFA's values and commitment of upholding human rights, we annually review our subsidiaries Modern Slavery Statement to ensure appropriate actions are being taken.

7. Consulting Process with Subsidiaries Entities

This statement has been prepared in consultation and ongoing communication with our owned and controlled entities including subsidiaries Henley, Metricon, Wisdom Property, Scott Park Group and Regal innovations. SFA board members sit on the respective boards of all our subsidiaries to ensure ongoing consultation and communication across the group. Our subsidiaries are all governed by the same Executive team and adopt the same business policies.

SFA actively collaborated with all the entities we own or control to support the development of this statement. This involves ongoing communication to ensure each entity understands the reporting obligations under the Act. Our aim is to ensure a consistent and informed approach across the group, and to build capability within each entity to contribute meaningfully to our shared commitments under the Act. The Modern Slavery Statements for all subsidiaries of SFA will be available through the online register.

This SFA Modern Slavery Statement was approved by its Board of Directors on 27 June 2025.

8. Future State

SFA is firmly committed to upholding human rights and ensuring our business plays its roles in eradicating modern slavery. We recognise this requires ongoing efforts and continuous improvement. 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. This workplan will inform our future priorities and embed a framework for SFA and its subsidiaries to further build our capabilities in identifying and mitigating modern slavery risks.

Signed by: 小田金 泰裕
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