

January 10, 2006

Sojitz Cororation

## **Sojitz to Start Import of Environmentally-Friendly Plantation Materials**

### **South Sea Timber from the Solomon Islands and Conifer Woodchips from Australia**

Sojitz Corporation has signed an exclusive agreement with KFPL (Kolombangara Forest Products Ltd), the largest forestry plantation operator in the Solomon Islands, for distribution of timber harvested from KFPL's plantation forest to Japan and other Asian countries such as China and South Korea. KFPL is the only forest plantation in the country that has been granted a Forest Management (FM) Certificate by the international certification body FSC (Forest Stewardship Council, headquartered in Germany). The company has been in the plantation business for over twenty years, planting tree species such as teak, mahogany and eucalyptus on Kolombangara Island in the Solomon Islands, and currently has over 12,000 hectares of forest plantation area.

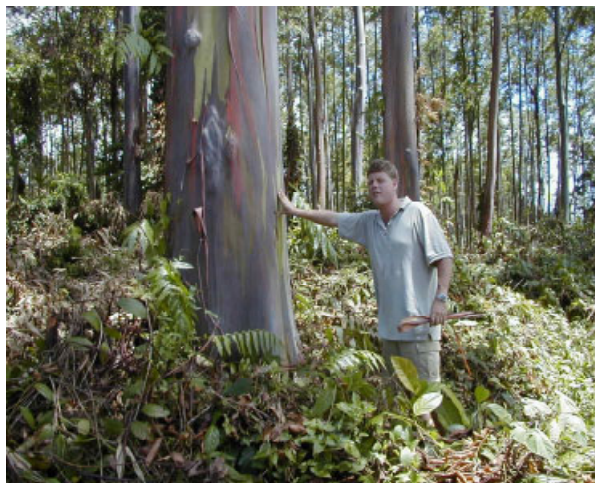
The FM certificate is an international certification issued by the FSC to forestry plantation operators who give consideration to conservation of the environment and who exercise appropriate management. While there is increasing awareness of the need to conserve the environment, demand is expanding for FM-approved plantation materials not only in Japan but also in many countries throughout the world. Sojitz will be the first Japanese company to handle FM-approved timber from the Solomon Islands, and an annual volume of 30,000m<sup>3</sup> of such timber will be supplied to plywood manufacturers in Japan and other Asian countries.

In addition, in response to the conclusion of the subject exclusive distribution agreement, Sojitz has obtained CoC (Chain of Custody) certification pertaining to the handling of timber. CoC certification is one of the certificates issued by the FSC, which certification certifies the processing and distribution stages of forest products. Acquisition of the CoC certification will enable Sojitz to handle approved materials,

which are environment-friendly consistently from production and processing to distribution.

Sojitz also handles FM-approved materials in the area of woodchip import. In May 2005, the company commenced the import of certified processed-woodchips (conifer woodchips) from forests held by FM-certification-granted HVP (Hancock Victorian Plantations Pty Limited) in Australia, to supply to paper manufacturers such as Oji Paper Co., Ltd. and the Daido Paper Corporation. Use of FSC-certified paper is becoming widespread among local governments and companies throughout Japan. Sojitz anticipates that import of certified woodchips will significantly increase against the backdrop of such wide use, and plans to import 300,000 tons of certified woodchips per year. Moreover, the company obtained CoC certification for handling of woodchips in November 2002.

In addition to promoting the handling of certified timber and woodchips, Sojitz conducts plantation businesses in Vietnam and Australia. In Vietnam, the company has been distributing free tree seedlings every year since 2001, for the purpose of maintaining/expanding forest resources, creating employment and encouraging local farmers to plant trees. To date, Sojitz has forested areas which total 1.5 times the size of the inner area of the Yamanote-line. Sojitz, one of the industry's leading companies in the handling of timber and woodchips, will continue to work on forest resources protection, global warming prevention and environmental measures.



KFPL plantation forest and log yard in the Solomon Islands



Woodchip loading in Australia

###