Business in Vietnam

Supporting economic development and affluent lifestyles in Vietnam

We are pursuing a business model that will allow us to acquire a stable earnings foundation and contribute to industrial development by demonstrating functions in response to local needs.

**Continually Changing Needs in Vietnam**

**Primary industry (agriculture)**
- Regenerating devastated land and agriculture
- Awareness of environmental conservation growing together with economic development
- Reduced farming population due to outflow of population to urban areas

**Secondary industry (manufacturing)**
- Increasing demand for social infrastructure such as electric power
- Enhancing Vietnamese industrial technology

**Tertiary industry (foodstuffs and service)**
- Increasing demand for and diversification of food as living standards improve

**VIETNAM**

- **Industrial park business**
- **Food distribution business**
- **Compound chemical fertilizer business**
- **Household paper and containerboard manufacturing business**
- **Daily/prepared food production and sales business**
- **Grain and feed materials business**

**Examples of Value Creation that Demonstrate Our Functions and Strengths**

**Take Root**

- 1986 Start of Doi Moi policies
- Post-war reconstruction is imperative

- 1993 Launched woodchip and afforestation business
- 1995 Started first full-scale compound chemical fertilizer business
- 2004 Started operating Phu My 3, the first electrical IPP project financed by foreign investments
- 2011 Began Long Duc industrial park business
- 2015 Started developing MINISTOP stores
- 2016 Launched four-temperature logistics business
- 2017 Began producing and selling daily/prepared foods
- 2018 Formed a strategic business alliance with The Pan Group, a major food and agribusiness company
- 2018 Entered packaging material manufacturing business
- 2018 Started household paper and containerboard manufacturing business
- 2018 Started wholesale food business
- 2018 Formed a strategic business alliance with The Pan Group Joint Stock Company (PAN), a major food and agribusiness company in Vietnam. Aiming to improve food quality and achieve rapid progression. In this context, Sojitz launched a retail alliance with The Pan Group, a major food and agribusiness company in Vietnam over many years through our wide-ranging exposure in Vietnam: 21 resident employees

- Contributed to developing social infrastructure through power generation and industrial park businesses
- Contributed to regeneration of devastated land and agriculture through afforestation and chemical fertilizer businesses
- Gradually increased awareness of our Company by contributing to the development of the Vietnamese economy

**Initiatives for sustainable growth**

- Accumulating quality assets
- Accumulating expertise in business
- Trusted by customers

**The background to our business foundation**

- Contributing to the development of our Company

- 1996 Took the initiative ahead of other Japanese companies and started the Loteco industrial park business
- 1993 Launched woodchip and afforestation business
- 1995 Started first full-scale compound chemical fertilizer business
- 1996 Established first liaison office in Hanoi (Nissho Iwai Corporation)
The background to our business foundation

In 1986, we opened the first liaison office in Hanoi belonging to a Japanese company since the reunification of Vietnam. From 1987 onwards, we have continued to hold the Nissho Iwai-Vietnam Joint Committee on Economy and Technology in collaboration with the Vietnamese government; we have held discussions about economic recovery and development, and built a network in the wide world of industry. Since then, we have developed integrated businesses, incorporating everything from upstream to downstream operations, in a variety of industrial fields including afforestation, compound chemical fertilizers, electrical power, invitations to industrial parks, and food distribution, and have supported Vietnamese economic development for more than 30 years.

Initiatives for sustainable growth

Vietnam is continuing to experience strong economic growth. Its middle class is growing as the standard of living improves, and the modernization of lifestyles, together with the modernization of forms of distribution and retail, is rapidly progressing. In this context, Sojitz launched a retail business through its convenience store management business in 2015; in 2017 we made use of this to start producing and selling daily/prepared food. We have taken advantage of the high-performance logistics infrastructure of our wholesale food business, which we took on in 2008, and of our four temperature logistics business, which we started in 2016, and are creating food logistics functions from production to retail. In addition, in 2018, we formed a strategic business alliance with The Pan Group Joint Stock Company (PAN), a major food and agribusiness company in Vietnam. Aiming to improve food quality and achieve affluent lifestyles, we are focusing our efforts on creating new businesses relating to farming and food processing.

In the industrial materials and daily consumer goods field, in 2018 we acquired Saigon Paper Corporation (SGP), which has top-class production capabilities as a Vietnamese paper-manufacturing company.

SGP is a market-leading manufacturer of household paper products, which include tissues and toilet paper, and is widely recognized and trusted throughout Vietnam for its high quality. The company also boasts a top-class track record in the industrial paper sector; approximately 60% of the old paper supply used as a raw material for its containerboard is obtained through the company’s own paper recycling centers, making it a recycling-based business striving to reduce its impact on the environment. Sojitz is taking on the responsibility of supporting fundraising and investment capital and strengthening organizational systems, and is forming policies to drive the expansion of business areas with a view to cooperating with trading partners in the future.

In this way, we have contributed to the development of Vietnam over many years through our wide-ranging businesses. We will utilize our experiences of managing these businesses and our management expertise in developing businesses all around the world, and continue to be helpful to the daily lives of the people of Vietnam.


Two Types of Value

<table>
<thead>
<tr>
<th>Value for Sojitz</th>
<th>Value for Society</th>
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<tbody>
<tr>
<td>Knowledge of Vietnam</td>
<td>Contributing to economic development</td>
</tr>
<tr>
<td>Accumulating expertise in business expansion</td>
<td>in Vietnam</td>
</tr>
<tr>
<td>Accumulating quality assets</td>
<td></td>
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</tbody>
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Business foundation for value creation

- **Business Expertise**: The ability to develop businesses in Vietnam, cultivated in the time since we established the first liaison office belonging to a Japanese company
- **Relationships with Customers**: Trusted by the Vietnamese government
- **Human Resources**: 36 resident employees in Vietnam, a good number of staff who are knowledgeable about Vietnam
- **Brands**: The first Japanese company to receive a friendship award from Vietnam
- **Finances**: Sojitz Group exposure in Vietnam: Around ¥49.0 billion
- **Domestic and Overseas Bases**: Sojitz Group companies in Vietnam: 21
- **Natural Capital**: Vietnamese natural capital

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