



# VALUE CREATION STORY

This section explains how the operating foundation of Sojitz is utilized to create two types of value—value for Sojitz and value for society.

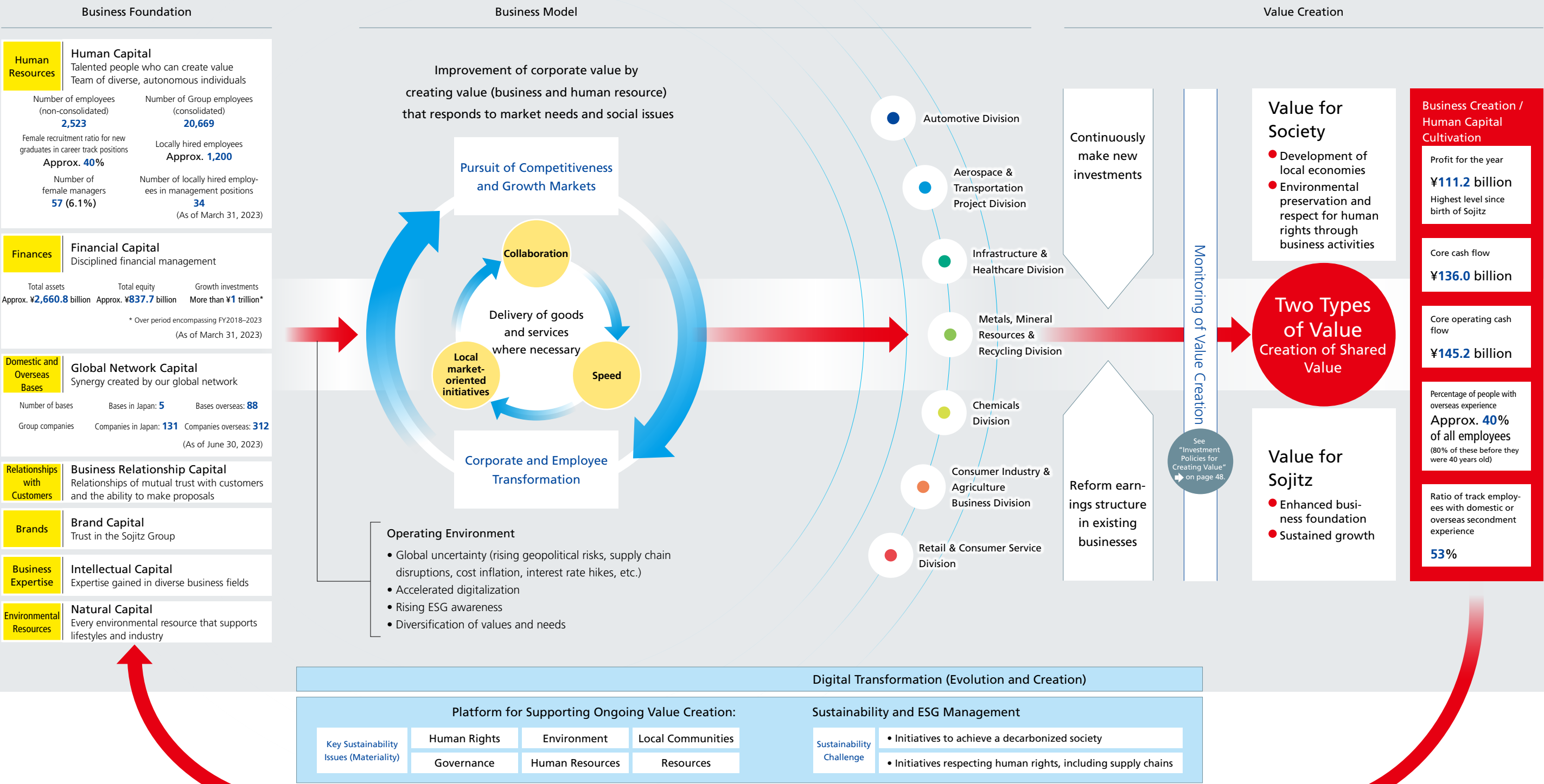
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Pursuit of "New way, New value" in Vietnam



Value Creation Process

Vision 2030 **Constantly Cultivating New Businesses and Human Capital** ▶▶▶▶▶

Sojitz Group Statement  
The Sojitz Group creates value and prosperity by connecting the world with a spirit of integrity.  
  
Sojitz Group Slogan  
**New way, New value**







# Pursuit of “New way, New value” in Vietnam

**Sojitz’s Value Creation Story of Constantly Cultivating New Businesses and Human Capital to Meet the Needs of Contemporary Vietnam**

Vietnam is a country that presents some prime examples of the efforts of Sojitz to accomplish its vision for 2030 as becoming a general trading company that constantly cultivates new businesses and human capital based on the Sojitz Group slogan of “New way, New value.” In this country, we have continued to create new businesses for fulfilling the mission of a general trading company—to deliver goods and services where necessary—while accommodating the growth stage of this country at any given time. Moreover, by creating such businesses, we have provided venues through which people can succeed. In this feature, we present the story of our ongoing growth through our pursuit of “New way, New value” in Vietnam, which has seen Sojitz continue to transform while fulfilling its mission.



# Transformation of Sojitz's business to address the contemporary needs of Vietnam and to contribute to the ongoing growth of its economy

Sojitz was quick to begin expanding into Vietnam, with its predecessor establishing a representative office in the country in 1986. Over the years, we have continued to supply Vietnam with the goods and services needed at any given time through businesses ranging from infrastructure for supporting the growth of the country to retail for accommodating the diversification of needs in this market.

- 1986

Establishment of first representative office of a Western Bloc company in Hanoi, Vietnam
- 1987

Holding of first meeting of the Nissho Iwai-Vietnam Joint Committee on Economy and Technology
- 1993

Establishment of forest product and wood chip production company Vietnam Japan Chip Corporation Ltd.
- 1996

Establishment of compound chemical fertilizer production company Japan Vietnam Fertilizer Company
- Establishment of Loteco Industrial Park
- 2004

Start of operations at Phu My 3 power plant, Vietnam's first foreign IPP project
- 2006

Receipt of first friendship award from Vietnam by a Japanese company
- 2007

Investment in grain and feed company Interflour Vietnam Limited and establishment of Kyodo Sojitz Feed Company Ltd., the first Japanese company to develop an overseas compound livestock feed production and sales business
- 2008

Investment in food and daily necessity distributor Huong Thuy Manufacture Service Trading Corporation
- 2011

Establishment of Long Duc Industrial Park
- 2015

Launch of joint convenience store business together with MINISTOP Co., Ltd.
- 2016

Entry into cold-chain logistics business through New Land Vietnam Japan Joint Stock Company

Per Capita GDP of Vietnam  
(Unit: U.S. dollars based on current exchange rate)

Source: International Monetary Fund

1980  
652.593



Phu My 3 power plant



Long Duc Industrial Park

Early entry into Vietnam to support the country's foundations

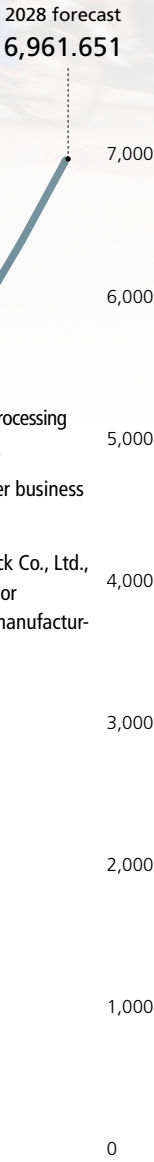
Nissho Iwai began advancing its business in Vietnam in the 1970s, centering its operations on crude oil development and coal, and, in 1986, this company became the first company from the Western Bloc to receive approval to establish a representative office in Vietnam. Our predecessor would go on to take part in a variety of businesses to support the country's foundations, including through the establishment of forest product and wood chip production company Vietnam Japan Chip Corporation Ltd. to address environmental issues by helping restore the forests that had been devastated by war and by slash-and-burn farming practices. In addition, Nissho Iwai took part in developing the Phu My 3 power plant, the first independent power producer (IPP) project financed by foreign investment.

Acceleration of investment based on changing phase of industry growth

We continued to accelerate our business investments for addressing the industrialization of Vietnam in conjunction with its economic development, going on to establish the Loteco and Long Duc industrial parks. These industrial parks capitalize on the comprehensive capabilities of the Sojitz Group, including the logistics functions of Sojitz Logistics Corporation and the concentrated gas supply capabilities of Sojitz Vietnam Company Ltd., in order to provide one-stop service of a variety of facility-related needs. We were thereby able to provide appealing sites for Japanese companies seeking to enter Vietnam, attracting a number of companies to this country.

Expansion of businesses providing plentiful food supplies in conjunction with rapid economic growth

Anticipating the growth of consumption in Vietnam, Sojitz has been aggressively investing in retail areas to construct food value chains encompassing the production, distribution, and retail stages. Specifically, we are expanding our business with a focus on developing a value chain in which the products of daily/prepared food and processed meat production and sales company Japan Best Foods Co., Ltd., are supplied to MINISTOP convenience store locations. These products will be supplied using the sophisticated distribution infrastructure of food and daily necessity distributor Huong Thuy Manufacture Service Trading Corporation and four-temperature controlled logistics company New Land Vietnam Japan Joint Stock Company locations.



Vietnamese Prime Minister Phạm Minh Chính (right) after interview with Sojitz President Masayoshi Fujimoto (left)



Groundbreaking ceremony of cattle fattening and meat processing complexes in March 2023



In 2023, Japan and Vietnam celebrated the 50th anniversary of their establishment of diplomatic relations. Sojitz is proud to be able to contribute to the ongoing development of the friendly and collaborative relationship between these two countries.



Excerpt from *Our Story: Memoirs of the Former Vietnamese Minister Who Connected Vietnam and Japan* by Võ Hồng Phúc

Sojitz Corporation was created through the merger of Nissho Iwai Corporation and Nichimen Corporation in 2005. Nissho Iwai and Nichimen were both companies that had close connections with Vietnam formed through the trading and investments conducted in various fields, and the merger made these companies even stronger.

Nissho Iwai had a long and enduring relationship with Vietnam in the fields of trading and investment. This company's trading volume with Vietnam grew on a daily basis.

In Vietnam, Nissho Iwai was involved in electricity, the production of fertilizers and chemical products, forestry product processing, food, livestock feed, and supermarket systems. It even built an industrial park to attract investment from Japanese companies. In these ways, Nissho Iwai conducted numerous investments in a diverse range of fields. Sojitz similarly continued to act with the same responsibility toward the society of Vietnam as a major Japanese company, contributing to the development of the Vietnamese economy and society. Even today, Sojitz maintains its position as a standout among the Japanese companies currently active in Vietnam.

About Book

*Our Story: Memoirs of the Former Vietnamese Minister Who Connected Vietnam and Japan* is a collection of memoirs in which former Minister of Planning and Investment Võ Hồng Phúc describes his various accomplishments and episodes over the period from his earlier life to his resignation in 2011. His words provide a look at the reality of socialist Vietnam and how it opened its markets to the world and embarked on a diplomatic venture to attract official development assistance and other investments from countries across the globe.

Born in the Đức Thọ district of Tĩnh Hà province in 1945, Mr. Phúc became a member of a national planning committee responsible for formulating development plans after graduating from university. Over the years, he continued to lead negotiations with industrialized nations and international financial institutions in positions such as vice-chairman of committees on oil, natural gas, and geological resources and eventually chairman of the industrial committee. He would eventually become Minister of Planning and Investment, a position in which he devoted his efforts to a joint Japanese-Vietnamese initiative.



# 1 Construction of Consumer Goods Value Chain That Can Stay a Step Ahead of the Times

## Expansion of Points of Contact with Consumers from a Market-Oriented Perspective

As of August 31, 2023, there were 159 MINISTOP convenience store locations across Vietnam. It was in 2015 when Sojitz partnered with MINISTOP Co., Ltd., to enter into the convenience store and retail markets in Vietnam, and we continue to grow our share of these markets today. In Vietnam, the retail market is still predominately comprising venues run by individuals or by families. Even in Ho Chi Minh, the country's largest city, a short walk from city center will take one to roads lined with such small privately owned shops. Economic growth in Vietnam has prompted more modern retail outlets, such as convenience stores and supermarkets, to enter the market, which has also ignited more intensive competition. Ryoichi Tai, who has been involved in developing the MINISTOP business in Vietnam since 2019, states that "Convenience stores in this country are primarily used by people who are above a certain income level. Stores opened in urban centers, which tend to have large populations of high-income individuals, are more likely to succeed. However, our rivals also know this, and this can make it hard to get good locations for our stores in these areas. This is why we are mainly opening MINISTOP locations in suburban areas. Unfortunately, the custom of using convenience stores has yet to take hold in such areas." In the suburbs, it is still customary for people to do their shopping at family-owned businesses or other traditional retail venues, and this custom has contributed to an attitude toward food that is very different from that in Japan. For example, people believe that meat cut off from a hunk of meat hanging on a hook in a marketplace is

the freshest. Conversely, many have concerns regarding the processing that might have been applied to the wrapped and packaged meat available in convenience stores and supermarkets. Such differences in values, culture, and tastes mean that we cannot expect to succeed if we merely export the store operation methods and product lineups that are successful in Japan to Vietnam without any alterations. As Tai explains, "A store in a suburban location will need to be much more mindful of how the needs differ in its given area than a store in an urban center would. An ability to accurately identify the local needs is of utmost importance to the success of stores that service limited business areas. It is the people of Vietnam who are the most in touch with the needs of the country, and this is why we make it common practice for locally hired staff to be involved in production planning." Tai feels a sense of excitement when opening a new store. The goal of the MINISTOP business in Vietnam is to open 500 locations by 2025, and we will work toward this goal together with locally hired staff with an intrinsic understanding of customer needs.



Left: Locally hired store manager (center) with Tai (left) and Yuya Takaichi (right) Center: Rice balls, sandwiches, and other products supplied by JBF on MINISTOP shelves Right: Road lined with privately owned stores a short distance away from the center of Vietnam's largest city, Ho Chi Minh

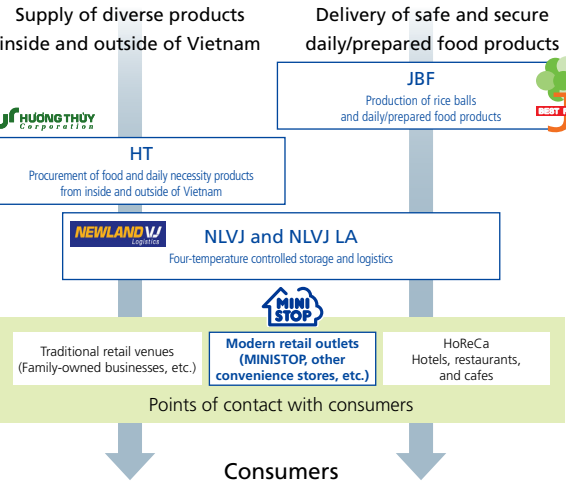
## Diversification of Food Supported by Safe and Secure Products and a Market-Oriented Perspective

MINISTOP Vietnam is keenly focused on supporting people's lifestyles, supplying food and other consumer goods while carefully monitoring the communities it serves to detect even a small sign of a shift in customer needs. Sojitz, meanwhile, is investing in companies that can help us stock MINISTOP locations with a diverse range of products to build a strong consumer goods value chain. One example of such a company would be Japan Best Foods Co., Ltd. (JBF), a commercial-use frozen food producer established jointly with Nitto Best Corporation in 2017. With a factory positioned at the Sojitz Group's Long Duc Industrial Park in Vietnam, JBF manufactures and sells daily/prepared food items to convenience stores, supermarkets, and other retailers. It is also this company that provides the rice balls, sandwiches, and boxed lunches found on the shelves of MINISTOP stores in Vietnam. Nao Makino, an employee who has been seconded to JBF, offers insights on the changing food culture of Vietnam, "It used to be common for there to be inconsistencies in the quality of products of our competitors. As such, we were able to prove our value simply by using Japanese technologies to manufacture products of reliable quality to be delivered to stores every day. Today, however, this reliable quality has become a given, meaning that now we need to think about taking extra steps to add value during the product development process." In the product development office at JBF's factory, prototypes of potential new products are created on a daily basis as part of the product development process. A large majority of JBF's sales are from private brand products created based on requests from convenience store operators, but JBF also produces its own brand of rice balls and sandwiches. These and other daily/prepared food products are still a new addition to the food culture of Vietnam, but we have already received requests from local retail outlets looking to stock these items. In these cases, food products are first supplied under the JBF brand, and, if they prove popular, they are later rolled out on a full-scale basis as a private brand featuring the customer's logo. JBF intends to continue growing its business to contribute to the development of retailers and of the food product

market as a whole. Makino comments on the local operating environment: "Vietnam is an energized country with the young average age of 31. Changes in tastes of the younger generation are thus driving the diversification of the food product market. I am committed to helping JBF grow by incorporating the economic growth of the market based on an accurate understanding of the needs of the Vietnamese people." Similarly, JBF is committed to contributing to the development of Vietnam through food.

## Development of Distribution Network for Delivering Goods and Services Where Necessary

Sojitz's food distribution business in Vietnam began in earnest in 2008, when we invested in major Vietnamese food and daily necessity distributor Huong Thuy Manufacture Service Trading Corporation (HT). Hoang Thu Huong, founder and now chairperson of HT, is one of Vietnam's most prominent businesswomen. Sojitz has a relationship with Ms. Huong, a brilliant manager who succeeded in growing a privately



	Modern retail outlets	Convenience stores
Vietnam	9,700	1,100
Ho Chi Minh	3,600	800

Note: Figures are as of July 31, 2023. Numbers of modern retail outlets represent the total number of outlets including supermarkets, mini-marts, drugstores, convenience stores, and baby product specialty shops.



Left: Vietnamese factory that, similar to Japan, requires a lot of work performed by hand to produce various products Center: Sorted products at factory ready to be shipped to convenience stores Right: Makino, a Sojitz employee seconded to JBF, in front of factory after interview



owned store into a major distributor in only one generation, that dates back to the time of Nisscho Iwai Corporation in 2000. At the time, we were importing the products of a Japanese confection manufacturer from Singapore to be sold to HT. It was the trusting relationship with Ms. Huong built during the course of these transactions that eventually enabled us to invest in HT.

Food wholesale is a business in which it is difficult to clearly differentiate oneself from one's competitors. Accordingly, the network HT has developed during the course of growing its business in Vietnam represents a powerful competitive advantage. There are a number of manufacturers who place orders with HT based on their trust of Ms. Huong. Even with this advantage, we must not become complacent, as Vietnam is a rapidly growing market and its environment is always changing. Nobutaka Sako, general director of HT, chimes in on this subject, "The changes to the market climate are even more noticeable now that we are coming out of the COVID-19 pandemic. This is why we are working so fast to create a new business model. In building this model, we are expanding our four-temperature controlled logistics\* network while developing a platform that will allow us to connect with small retailers and other customers using digital technologies. We can't just sit on our hands because we are doing good today."

Four-temperature controlled logistics will be a central component to our quest to modernize food distribution in Vietnam. HT was converted into a subsidiary of Sojitz in 2012. Since this time, it has been moving forward with the phased development of a wholesale and distribution system together with KOKUBU GROUP CORP. and New Land Co. Ltd. Over the past four years, HT has been extending a four-temperature controlled logistics-compatible distribution network across Vietnam while constructing information distribution systems and reinforcing its merchandising capabilities. Temperature management is an integral part of four-temperature controlled logistics. This approach has yet to become well-entrenched throughout Vietnam due to its high costs and the fact that foods are still primarily transported at ambient temperatures in this country. Nevertheless, the demand for distribution of refrigerated and frozen food has been increasing rapidly in conjunction with the installation of infrastructure in the retail industry seen amid the strong growth of modern

retail outlets like convenience stores and supermarkets. Around 30% of the products HT supplies to Vietnamese retailers are dairy products, and a large number of these products are made by multinational manufacturers. These manufacturers offer butter, cheese, and many other products that require managed temperatures. Accordingly, the development of four-temperature controlled logistics is expected to contribute to an increase in the range of products that multinational manufacturers provide to the Vietnamese market.

\* Four-temperature controlled logistics involves distributing food products at ambient temperatures, in chilled and frozen states, and at fixed temperatures, specifically within the range of 10–25°C that is necessary for preserving food products not suited to storage at ambient temperatures, which remain above 30°C year-round in Vietnam.

Investment in Advance of Future Trends

Established in 2016, New Land Vietnam Japan Joint Stock Company (NLVJ) provides four-temperature controlled logistics services (product storage, grouping, distribution, etc.) to retailers, manufacturers, and other customers. The rice balls, sandwiches, and other daily/prepared food products made by JBF are also transported to a low-temperature warehouse belonging to NLVJ before they are grouped according to destination and distributed to MINISTOP and other convenience stores. NLVJ's business of distributing products sold in convenience stores is now functioning effectively, but achieving this level of stability was a long and challenging process as Sojitz had no prior experience operating logistics warehouses. We had to ensure that the processes for grouping products by destination at warehouses could be performed reliably while responding to changing and increasingly strict legislation and ordinances regarding distribution to stores. Tackling each of these challenges one at a time, we eventually succeeded in stabilizing our operations and in gaining customers, and NLVJ's facilities are now operating at nearly full capacity. Moreover, transactions with MINISTOP and with major supermarkets has granted NLVJ an added degree of trustworthiness, which has at times helped it commence transactions with new customers.

Around 70% of NLVJ's warehouse space is operated at ambient and fixed temperatures, while the remaining 30% is chilled and frozen spaces. As warehouse capacity is fixed,

improving profitability means either charging higher prices for the items handled, raising storage efficiency, or receiving orders for transportation or other services. As the prices for chilled and frozen distribution are higher, increasing the volume of chilled and frozen items handled will be imperative to future business growth. Seconded from Sojitz, Takumi Hashimoto is the only Japanese national at NLVJ. With regard to needs associated with four-temperature controlled logistics, Hashimoto states, "We have been receiving more inquiries related to and orders for handling chilled and frozen meat, fruit, and vegetable products in conjunction with the development of retail venues and increases in the number of homes with refrigerators. We also see a lot of demand pertaining to dairy products, which are expected to be an important source of nutrients for the people of Vietnam."

Seeking to further enhance its distribution services, Sojitz established New Land Vietnam Japan Long An LLC (NLVJ LA) jointly with KOKUBU GROUP CORP. and New Land Co. Ltd. This company constructed a new four-temperature controlled logistics warehouse facility in a location roughly 30 kilometers south of central Ho Chi Minh, and operations were commenced thereat in August 2023. These facilities are around three times the size of NLVJ facilities, and chilled and frozen areas account for approximately 70% of warehouse space. Moreover, these facilities have truck transportation functions, meaning that NLVJ LA can provide low-temperature food distribution services that provide consistent temperature management across storage and delivery. Sojitz's goal in Vietnam is to strengthen its operations across all areas of the consumer goods and food product value chains through its operations in the areas of daily/prepared food production, food product wholesale, and convenience store operation. Standing in the massive warehouse in early July 2023, before the start of its operations, NLVJ LA Representative Director Ryuki Sakurai explains, "In addition to four-temperature controlled functions, we also have functions for grouping and distributing products. The need for such functions will likely increase in conjunction with changes to retail businesses in the future. I therefore think that we can provide services which are a bit ahead of the times." Apparently, food product manufacturers and other customers are also highly hopeful for the services of NLVJ LA. In the warehouse business, it is

common for contracts with customers to be received after a warehouse is built. This means that NLVJ LA will be pressed to acquire customers and raise its yield now that its facilities have been completed. The main targets will be business operators active in the local market, and these customers will need to be approached through steadfast sales activities. Sojitz does not have a substantial amount of experience in the warehouse business, and NLVJ LA's warehouse business has only just begun. Still, Sojitz has business foundations in this area that may not be readily apparent. Sakurai explains these foundations, "When we hand out pamphlets as part of sales activities, we often hear customers talk about the experiences they have had with Sojitz in the past. There are also cases in which we can form connections with customers through other Sojitz Group companies. You can really feel the strong name value of Sojitz in the Vietnamese market."

Future Vision and Mission

Looking ahead, the Sojitz Group plans to build a four-temperature controlled logistics warehouse similar to that of NLVJ LA in the northern part of Vietnam, and our ultimate goal is to extend our four-temperature controlled logistics network across the entirety of the country. Sojitz has a long and varied business history in rapidly growing Vietnam, and throughout this history we consistently exercised foresight to create the new businesses that would come to be in demand ahead of the times. In this market, we aim to move beyond standalone businesses to generate synergies and grow our operations in a coordinated fashion to thereby build a robust operating foundation and achieve growth. Sojitz is committed to continuing to fulfill its mission as a general trading company—delivering goods and services where necessary—in Vietnam.



Left: Sako envisioning the future growth of HT Center: Fixed-temperature warehouse at HT, housing food and other consumer products assembled from inside and outside of Vietnam Right: NLVJ truck



Left: Sakurai inside chilled warehouse prior to start of operations Center: NLVJ CEO Son Hoang Hai (right) and Hashimoto (left) Right: NLVJ LA warehouse in early July 2023 prior to start of operations



# 2 New Initiative for Cultivating Businesses and Human Resources in Vietnam

## Cross-Group Project Shaped by Ideas Unbound by Conventions

In September 2021, Sojitz established Japan Vietnam Livestock Co., Ltd., together with Vietnam Dairy Products Corporation JSC, a member of the Vinamilk Group, a major Vietnamese dairy product manufacturing conglomerate. This company employs a business model structured to stimulate demand for beef, which is not yet a popular form of meat in Vietnam, and to incorporate the resulting growth.

The origins of this project can be traced back to Sojitz Group company Kyodo Sojitz Feed Company Ltd. (KSF), which conducts the production and sale of compound feed in Vietnam. Despite having no prior history of transactions with the Vinamilk Group, this conglomerate reached out to KSF as they had an interest in Japan-quality cattle feed. Through ensuing discussions, we learned that the Vinamilk Group was examining the possibility of developing a beef business focused on Holstein bulls; and seeing this as an opportunity, we proposed that the Sojitz Group help them with this venture. This was the start of our journey to foster a market for beef in Vietnam, by combining the Vinamilk Group's local operating foundation, which allows it to secure a reliable supply of Holstein bulls and cows that have given birth, and the Japan-standard fattening methods, meat processing technologies, and beef product marketing expertise of the Sojitz Group. However, some may wonder why KSF, a company that had previously been focused on feed for poultry and pork, came to propose this business scheme.

One of the architects of this project was Koji Inoue, who had been president of KSF up until July 2023. Inoue had

been involved in food product and fertilizer businesses as well as corporate planning prior to being assigned his position at KSF in 2019, but he had no prior experience in the feed business. At Sojitz, it is not uncommon for someone to transition to a new field in which they have no prior experience. Inoue recounts his experience, "As I had no industry experience, I realized that my role was not to become accustomed to industry conventions, but rather to guide us in accomplishing something completely new. If I had adhered to the conventions, we probably would have remained limited to a poultry and pork integration model, consisting of fattening, processing, and sales, which was similar to that of our competitors."

Inoue left his position as president in July 2023, entrusting the future of KSF in its new growth stage, to his successor. As president, Inoue generated strong results and proposed this cross-Group project. Nevertheless, Inoue's eyes remain toward the future. "We are a trading company," explains Inoue. "Just because we succeeded with KSF does not mean that our only option is to continue developing feed companies. I am always thinking about what we can accomplish through the feed business, looking for ways we can branch out by exploring neighboring fields or engaging in collaboration with customers or partners."



Left: Inoue passionately explaining the general framework for the project Center: KSF's mainstay pig feed Right: Nguyen Linhchi-thi, who joined KSF in March 2022, explaining how KSF's strong performance is founded on its market-oriented perspective

## Project Team with Members of Diverse Backgrounds

A basic agreement pertaining to the beef business project was concluded with the Vinamilk Group roughly a year after its proposal. As the project came into full swing, a team was assembled including members such as Yoichi Harumoto, who was then in charge of renewable energy operations in the Infrastructure & Healthcare Division. With members from various business divisions, this team was tasked with ensuring the success of this project, which was Vietnam's leading comprehensive meat product project to date.

Like Inoue, Harumoto was entering a field where he had no prior experience. "This is a completely new field," he recalls, "but there are still a lot of ways I can make use of my previous experience. The process of searching for sites, acquiring permits, and drafting business plans is the same as that for renewable energy businesses. I therefore feel that my role is to handle such business development tasks and to manage time, processes, and the team itself. Identifying small milestones we can pass on the road toward our larger goal is important to keeping the team motivated. This is true of any project."

The project had a clear vision, but it was starting from scratch with almost nothing concrete to work off of. Rallying around Harumoto, the various members of the team went about their respective roles, whether that be planning the concept and arranging the construction of the meat processing center, researching cattle fattening techniques, or exploring potential future sales channels.

Previously positioned in the Planning & Administration Office, Nguyen Ky Nam was assigned to this project at the same time as Harumoto. He explains his role in overseeing Holstein fattening trials, "When I first joined the team, I was a complete novice when it came to fattening cattle. Now, I am working with veterinarians and fattening technique experts in Japan to determine the methods we should use to fatten our cattle. Just because a technique is effective in Japan does not mean that we can apply it in Vietnam. Accordingly, finding the appropriate techniques is a process of trial and error through actual verification tests. I remember one time I spent like three months on the ranch to adjust feed and collect data." There is no one-size-fits-all solution for feed. Fattening

cattle requires a combination of pasture grazing and grain-based compound feed, like that offered by KSF. If cattle are not provided with properly balanced feed, they will not gain weight and will also be at higher risk of contracting pneumonia and infectious diseases. The ranches where cattle will be fattened are located across Vietnam, and the climate conditions at these ranches can vary by location, as can the types of pasture grass available. Accordingly, there is a need to seek out the best combination of feed by adjusting the mixtures of compound feed based on the types of pasture grass cattle will be eating. Nam led the effort to determine the best combination of feed for each ranch site, cultivating the expertise needed to reliably fatten cattle over a period of two and a half years.

## Commitment to Vision

The team's vision of reliably fattening cattle to achieve a stable supply of processed beef has yet to become a reality. Regardless, the sales team has already begun supplying supermarkets, convenience stores, and restaurants in Vietnam with beef produced using cattle involved in fattening trials in this country as well as beef imported from Hokkaido. These efforts are aimed at identifying market needs and developing sales channels to facilitate the spread of made-in-Vietnam chilled beef products once Sojitz's production system is functioning. Chihiro Yoshikawa, who joined the sales team in December 2021, speaks of the team's efforts, "Even if we are able to start production, it won't mean anything if we are unable to supply consumers with quality beef in good condition. Although we have yet to begin full-scale production in Vietnam, we still need to act today to develop sales channels and show the people of Vietnam how good beef can be and to let them know that they will have access to delicious domestically produced beef in the near future." Prior to joining the project, Yoshikawa was responsible for vegetable sales in the Consumer Industry & Agriculture Business Division. She reflects on her past career, which does not include experience in meat or in Vietnam, "At Sojitz, being transferred to a new field is common. This means that we always have to think about how to use our past experience in a new context. That is part of the fun of the job, and it is also how we grow."



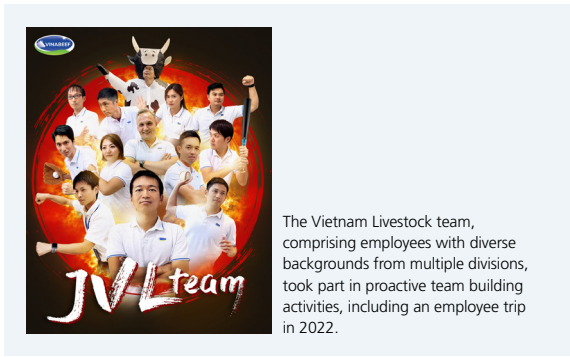
Left: Nam explaining how he wants to combine the best parts of Japanese business customs and culture Center: (From left) Nam, Yoshikawa, Harumoto, and Nhi Right: Yoshikawa talking about the trend she hopes to create through the project



Customers have had favorable opinions of the quality of the beef we are importing from Hokkaido, but the cost of importing drives up the price of these products. The production of beef in Vietnam thus makes it easier for a wider range of customers to enjoy high-quality beef products. Nguyen Phuong Nhi, who was put in charge of human resources, legal affairs, and public relations for the project in June 2022, mentions, “Becoming involved in this project and learning what Sojitz is trying to accomplish in Vietnam has motivated me and given me a strong commitment to our vision of delivering quality beef to the people of this country.”

Sojitz’s Network for Accelerating Projects

There is still a long way to go before sales of beef products, under the VINABEEF brand, by the Vinamilk Group can be commenced. Nevertheless, the project has steadily taken shape over the past two years, as the construction of food processing plants has been approved, fattening methods have been found, and sales channels have been developed. Harumoto looks back at the process thus far, “We started from nothing. If we had wanted to, we could have found any number of excuses to run away. But, we didn’t. We acted as a team and we acted fast. We might be a little behind schedule, but we have made solid progress nonetheless. Our ability to come this far can be attributed to the support of Group companies like Sojitz Foods, which imports beef from the United States into Japan, as well as the network of companies with which Sojitz has formed relationships.” The project continues to move forward while taking full advantage of the Group’s functions and network. This project is receiving support from KSF, which supplies feed, as well as from NLVJ, which possesses the four-temperature controlled logistics functions vital to the distribution of chilled beef. The end goal of this project is to create a new market for beef in Vietnam and to provide this country with the new value of safe, secure, and high-quality beef products. We will continue to contribute to the development of rapidly growing Vietnam through this uniquely Sojitz project and interpersonal network, which truly embodies the Sojitz Group slogan of “New way, New value.”



The Vietnam Livestock team, comprising employees with diverse backgrounds from multiple divisions, took part in proactive team building activities, including an employee trip in 2022.

P110 Consumer Industry & Agriculture Business Division



Left: Harumoto recounting the struggles of starting up the project Center: Chilled beef products produced using cows that have given birth supplied by the Vinamilk Group (launched in July 2023) Right: Nhi explaining how this project will contribute to both Sojitz and to the people of Vietnam

# 3 Improvement of Value through Hands-on Management Approach

Trials Faced after New Acquisition

Sojitz acquired major Vietnamese papermaker Saigon Paper Corporation (SGP) in June 2018. The aim of this acquisition was to expand SGP’s business through the production and sale of containerboard, for which demand was growing amid the global rise of e-commerce. However, immediately after the acquisition, the containerboard market took an unexpected turn, and SGP was thus forced to sell its products at below-cost prices for a certain period.

The market was not the only problem. Shumpei Yamada, who became CEO of SGP in 2023, explains the situation, “It was not until we arrived on the site that we realized how much important information we were lacking. We didn’t know SGP’s inventory management methods, the appropriate balance of procurement and sales prices, or even SGP’s actual position in the industry.” The costs for the storage of large and cumbersome paper products, for example, have a significant impact on earnings. This is why effective inventory management is so integral to the success of papermaking businesses. Yamada, together with the previous CEO and other members of the team, sprang into action to reform SGP’s inventory management procedures. The need for renting external storage warehouses was completely eliminated through more effective controls of production and shipment volumes to lower inventory levels. This led to a massive reduction in transportation and handling costs. Today, Yamada receives daily reports containing data on production, shipments, and inventories, which he monitors to adjust procurement volumes and guide sales promotion measures as he works together with employees to achieve further improvements.

Vision as a Manager as Opposed to a Seconddee

Thanks to Yamada’s hands-on management approach and the hard work of frontline employees, SGP is now poised to achieve profitability at the earnings before interest and taxes level in the year ended December 31, 2022, which is the first time such profitability has been achieved since the acquisition. This company has also succeeded in building a structure that should enable it to produce reliable earnings going forward. “SGP has a lot of potential,” explains Yamada. “There still are tons of issues to address, but I am determined to grow SGP together with our local staff.” His face is not that of a seconddee from Sojitz, but rather exudes the strong commitment of a manager dedicated to leading SGP.

Immediately after the acquisition, the ranks of management above the division manager level were almost entirely filled by the 10 employees seconded from Sojitz. Today, however, only three secondees remain. The representation of local staff in management is slated to be increased going forward in order to ensure that SGP’s business is sustainable. CAO\* Yusuke Katayama explains, “There is almost no area of the policies at SGP that is decided purely by people seconded from Sojitz. The more we share information and consult with one another, the greater the sense of solidarity among our team. This contributes to better performance and subsequently higher motivation among employees. I want SGP to pursue new heights in order to become a company where people feel proud to work.” Members of Sojitz are not afraid to get their hands dirty on the front lines, and it is this dedication that enables them to find new ways to create new value.

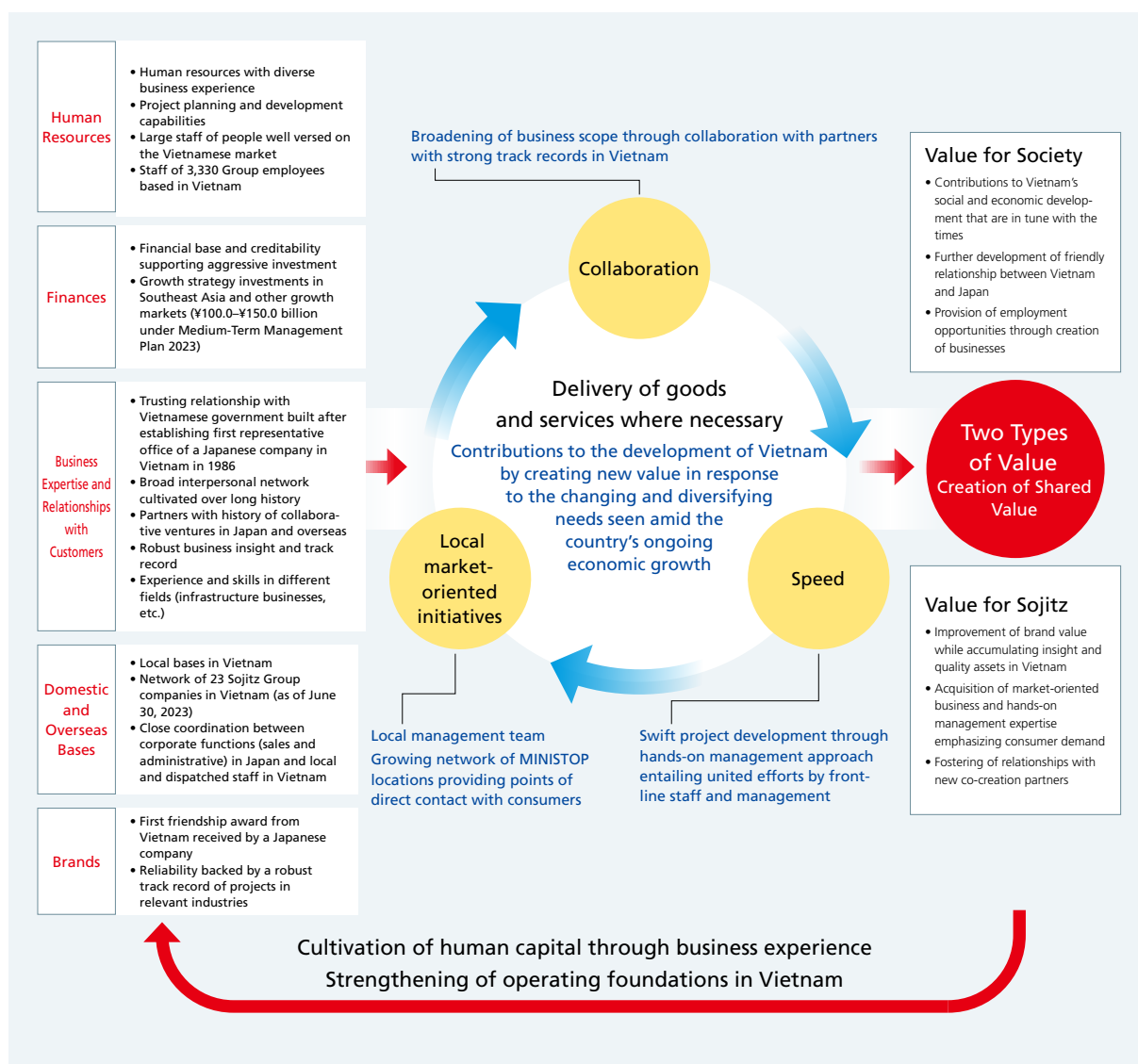
\* CAO: Chief administrative officer



Left: Yamada explaining the future course for SGP as being to grow together with Vietnam Center: bless YOU, SGP’s mainstay product, which has built a strong position in the relatively reliable earnings source that is the market for household paper products Right: Katayama, who was assigned to SGP in 2020 and became CAO in 2023, describing his vision for the company



## Sojitz's Value Creation Process in Vietnam



**Kozo Mizushima**

Vice President, Sojitz Vietnam Company Ltd.  
General Manager, Ho Chi Minh Branch

Kozo Mizushima has experience in the areas of coal imports for steel companies as well as energy and distribution businesses, even being stationed in Jakarta for a period. He has been working in Ho Chi Minh, Vietnam, since April 2019. In the year ended March 31, 2022, Mizushima assumed the position of chairman of The Japanese Chamber of Commerce and Industry in Ho Chi Minh City.

## Creation of New Value by Cultivating New Businesses and Human Capital

The market in Vietnam is growing with breakneck speed, and the environment therein changes on a daily basis. No matter how well our business is performing today, we face the threat of becoming obsolete if we are not always evolving with an eye to the future. Even though the environment may be challenging, the Vietnamese market also is constantly presenting opportunities to overcome new trials and to make new discoveries, which is how this market helps people grow. Our operating companies in Vietnam are a prime example of the stunning growth of Sojitz personnel, which can be seen as employees united as a team to tackle the new challenges that emerge on a daily basis.

In the constantly growing Vietnamese market, our goal is to continue to capitalize on this growth. The success of our business is predicated on our ability to adapt to change in order to keep supplying the necessary goods and services. At the same time, I hope that we can make contributions to Vietnam's development. Our mission in the market is thus to create new value by providing Japanese insight and technologies while also combining new technologies and functions and introducing these into existing businesses.