

Speech: Asia-Europe Meeting (ASEM) Business Leader Forum
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From SME to MNC

The Road to Sustainable Development

Distinguished ministers, Mr Yi Xiaozhun, Vice Minister of Commerce, Mr Mai Damin, Vice Mayor, leaders, distinguished guests

Good morning!

First of all, please allow me to represent Singapore's RGM International to thank the organizers and the ASEM Business Leader Forum organizing committee. It is an honor to be here today to discuss the road to sustainable development for emerging enterprises in Asia and Europe.

In 1987, the United Nations Environment Program (UNEP) in its report, brought up for the first time, the concept of sustainable development, attracting tremendous response from all over the world. In fact, several thousand years ago, our ancestors Confucius and Mencius have already come up with the concept of "Man and nature combined into one", and Xunzi also advocated that if Man is kind, all living things in nature can support one another.

Man's road to sustainable development is done through the coordination of the economic, social and environmental aspects, and the role of Small and Medium Enterprises (SMEs) cannot be ignored. China has 99.8% of the world's SMEs, which accounts for 58% of the country's Gross Domestic Product (GDP). The

sustainable development of SMEs is important in stimulating the growth of the economy, protecting the ecological environment and building a harmonious society. In fact, the push for the building of a harmonious society is an important and urgent matter.

How will SMEs grab this opportunity in this new era and realize the full possibilities? Today, we are honored to share with everyone our experience in sustainable development and hope this will stimulate your ideas and look forward to your participation.

Our group was established in 1967, and grew from a small company supplying spare parts to oil and gas companies forty years ago to a global company today with US\$8billion in assets, employing over 50,000 people, operating in the resources development area. Our corporate office is in Singapore, with operations spanning Brazil, China, Indonesia, Malaysia and The Philippines. Our main businesses are in pulp & paper, palm oil, specialty pulp and viscose fiber and clean energy. We have developed forest concessions in Indonesia and Brazil. Currently, we have investments in China's Jiangsu, Shandong, Fujian, Jiangxi and Guangdong, among others, with an estimated investment amount of US\$6billion in the next five years.

Our belief in sustainable development and the enforcement of its principles have brought us to where we are today. RGM International's sustainable development principles encompass production, resources and maintaining harmonious relationships with stakeholders. With these three factors combined, we were able to implement sustainable development principles across the board.

Through our integrated operations and technological innovation, we continuously develop and increase our production level, remain frugal on the use of resources, make use of technology in daily operations, and strive to keep any environmental impact to a minimum. Currently, our pulp & paper and viscose fiber mills have

reached world-class environmental standards, having attained ISO 14001 certification, hence addressing any concerns held by the local government and populace of these operations.

In the 90s, we started operating in a small town called Kerinci, located in Indonesia's Riau Province. We commenced operations on a large scale on degraded land of no natural conservation value, planting fast growing acacia trees, and building pulp & paper mills. We have our own nursery, where for every tree we harvest, we replant one more. We cultivate more than 1 billion seedlings every year, and we plant on an area of 50,000 ha a year, about the size of Singapore.

We have adopted the concept of "High Conservation Value Forests", setting aside at least 20% of our concessions for the purpose of conserving biodiversity in the forests. In our concessions around Kerinci, one can see over 200 types of flora and fauna, which remains an area with one of the most varied biodiversity in the world.

Based on a scientific approach to planting and management, Asia Pacific Resources Holdings Limited (APRIL), under the umbrella of RGM International, as one of the largest pulp & paper manufacturers in the world, has successfully become "a champion of forest protection". APRIL has also joined the United Nations Global Compact and the World Business Council on Sustainable Development, and is a supporter of the United Nations Environmental Program's Champions of the Earth for two years running.

Although I was born in Indonesia, I was educated in a Chinese school, and from young, and the important elements of Chinese culture have been inculcated in me. Hence, I understand the importance of building a rapport with the community. From my experience in setting up the Kerinci operations in the 90s, I understood

that in order to be able to build a world-class operation in a remote location, it is very important to build good relationships with the local community.

To encourage and help the local people to increase their income, we set up a community development training centre near the mills, and put into practice the concept of “Give a man a fish; you have fed him for today. Teach a man to fish; and you have fed him for a lifetime”. We offer free training to the local farmers, teaching them how to plant vegetables and rear cattle and fish. At the same time, we support the SMEs, gave the locals skills training, helped the needy and gave out educational bursaries. It was because of this “good for the people” principle, that we were able to minimize the impact of the Asian financial crisis, and even doubled in size during that time.

Similarly, we have brought this principle to China. In Rizhao, Shandong, our APRIL SSYMB’s pulp & paper mills have supported the surrounding community and SMEs, provided job opportunities, subsidized education, and improved the standard of living of the locals. The value of the indirect benefits for the surrounding community is placed at RMB30million.

In forty years of learning and realization, we understand that as a resource-based company, we must create a situation that is beneficial to the development of local businesses and ecological environment in order to achieve sustainable development.

I have one last point I would like to share with everyone: RGM International has always abided by its principles of “good for the people, good for the countries in which we operate and good for the company” because growth is not just about the company becoming bigger in scale. For a business to truly become strong, it must also consider the impact of its actions on the local populace, whether it is beneficial for the local community and for the country in which it operates in. Only

then can a business achieve sustainable growth. The three principles form the foundation of RGM International.

Finally, I hope that this will be a successful forum, and here's wishing good health and career to all the leaders and distinguished guests here today. Thank you.