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Chen Jianghe (Sukanto Tanoto): I Am Willing to Spend to Save the Environment

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Reporting from Qingdao

A few days ago, by invitation of the Ministry of Commerce of China, which is the host country of the ASEM Industrial and Commercial Leaders Forum, Mr Chen Jianghe (Sukanto Tanoto) attended the forum in Qingdao as its chief entrepreneur and gave a passionate speech. During the Forum, Mr Tanoto gave an exclusive interview to the China Economic Herald (CEH).

Quietly Becoming the Largest Foreign Investor in Shandong

CEH: How do you do, Mr Tanoto. Recently, many companies from the Fortune Global 500 were criticized by the Chinese media for failing to meet conservation standards. Your investment in Rizhao, Shandong, happens to be the manufacturing of pulp and paper, a sensitive project. However, your proposal was not only accepted, it has received permission from the Chinese government for expansion, and is set to become China's largest pulp and paper

manufacturing enterprise in 2009. Given the way you easily met the required standards, do you have any secrets you can share with us?

Tanoto: I have always believed that conservation is not a liability to industries. Instead, if done properly, it can be an asset. I value the environment as much as the Chinese government. As a Chinese, I hold Confucius' and Mencius' theory, that mankind should live in harmony with his surroundings, in especially high regard. Hsun Tsu also has a saying, "if man manages his surroundings properly, the living things that exist within it, will provide bounty to feed him." I would like to put this concept into practice. I think I treat conservation as a faith.

Based on this idea, I decided to commit more than RMB\$3billion out of the investment funds in Rizhao towards conservation. In other words, 1 out of every 5 dollars is invested in conservation facilities. This is very rarely seen throughout China. The main machinery is imported from countries in Europe and America, which are advanced in pulp and paper manufacturing, and meets international standards. The company is the first among its peers in China to meet ISO 9001 quality standards, ISO 14001 environmental management standards and OHSAS 18001 occupational health and safety standards. Surely the Chinese government would not turn down an investment from an enterprise which meets all the three standards!

CEH: So what makes you favour Rizhao, Shandong?

Tanoto: I'm a Chinese businessman who has been deeply influenced by Chinese culture, and I feel deeply for China. I travel to China once or twice every month. I would like very much to give back to the country which gave birth to my forefathers, to do my bit for the rise of the Chinese race, and I would especially like to make RGM China a top multi-national company run by Chinese. This was my foremost intention for investing in China.

I came to Rizhao five years ago due to a unique circumstance. At one glance, I could see that this little city is strategically located: it was between the Yangtze River Delta and the Huan Bohai Sea Economic Circle, with a well-developed land transport system linking it to a hinterland in Guangmao, as well as sea transport to Japan and Korea. The infrastructure there was relatively good, so I virtually did not hesitate to decide to invest there. Currently my investments in Rizhao have hit several billion dollars, and according to my plan, my investments will reach RMB\$15 billion in a few years. Over the past few days, the local government officials have told me that I could be the foreign investor who has invested the most in Rizhao, since it was liberalized. I had unknowingly come in first in investing in one of China's main economic provinces!

Exploring Conservation with Intelligence and a Kind Heart

CEH: We see a lot of muddy land in Rizhao, with plenty of earthworms growing within, and vegetables grown next to the mud. Experts tell us that the company is exploring the technique of turning mud into organic fertilizer using earthworms. They even tell us that your enterprise is currently the only pulp and paper manufacturer in China that does not need to bury its industrial waste. Is that true?

Tanoto: Yes. We would even like to try out the efficacy of fertilizers converted out of mud by earthworms! If it is successful, then even mud is a resource, and we will have found a way to benefit the residents in the area by treating mud. I think, as an entrepreneur, as long as you have an intelligent and kind heart, you will always find ways of making use of waste material.

Frankly, this is money that I am willing to spend, and I have spent much on it before. Many years ago, I built a pulp and paper factory in Indonesia. Right now, that factory is the biggest pulp and paper manufacturing facility in the world. It is located in the vast forests of Sumatra. From the air, it looks like a pearl

embedded in the forest. Inside the factory, there is none of the air and water pollution that one might expect, nor would you hear complaints from the nearby residents due to environmental pollution. On the contrary, the air there is fresh, you can even see fish swim in the water released by the factory, and we would even serve up a carp caught there for lunch!

As an industry that uses up resources, not only did we not reduce the forest area in Indonesia since we began operating there, we grow 100 million trees every year, effectively protecting and contributing to forest resources.

CEH: Other than treating mud using earthworms, like you told us just now, are there any other conservation measures that you take up?

Tanoto: Our furnace can consume up to 6,000 tonnes of black liquor waste every day, and this is the greatest amount in the world. The electricity generated from burning the black liquor and wood waste is used to power our facilities. We manage to collect 98% of our alkali chemicals as well, which we give in exchange to another local factory in Rizhao as raw material; waste water is even something we can achieve returns from, by selling it to the port authorities for a few cents per ton, for them to wash roads and mineral waste residue with. In a nutshell, all that is waste has become treasure.

Including Conservation as a Facet of Corporate Responsibility

CEH: Conservation is about the corporate responsibility of an enterprise, and is indicative of the moral standards they adhere to when it comes to staying operational. Responsible enterprises are usually those that practice conservation well, and it is precisely those that win both the respect of the public and support of the market, eventually achieving sustainable growth and becoming a major player in the market.

Tanoto: To ensure that my enterprises prosper in the long term, I have always subscribed to the philosophy that our operations must be good for the people, good for the countries in which we operate, and good for the company. Only such an enterprise can prosper in the long term, and yield profits. I blended the idea of conservation with this concept and put it into practice.

In Indonesia, we generate electricity through waste material, and supply it free to tens of thousands of residents nearby. We even provide the residents with clean water for free. At the same time I requested that the enterprise assist the farmers set up their own companies, help residents in nearby communities to set up all kinds of small and medium enterprises, standing surety for their bank loans and teaching them business management. Finally, under our lead, the residents very quickly formed a commercial chain around themselves. In this way, not only did we enjoy quality logistics support from the nearby residents, the local residents even voluntarily protected RGM during the civil unrest in Indonesia, where Chinese business interests came under attack.

CEH: Here, conservation is not just a stop-gap measure, nor a lame attempt to make amends when the damage is already done, but a strategy to keep the enterprise going. Such an enterprise must command respect, and will prosper for a long time.

Tanoto: Bringing advanced technology, facilities and managerial know-how to the areas where RGM invests in, while she expands to further heights, and therefore actively stimulating the industrial development of the area – that is the “constitution” that I have set down for RGM, and it is the same for our investment in Rizhao. During the inspection of our second phase expansion in Rizhao, I invited 19 batches of top conservation experts to operate independently in the enterprise, so as to find out all the problems associated with our conservation work. Apart from meeting conservation standards, I even began a community development plan in Rizhao, in order to find out how best the enterprise can

contribute to the community. Right now, we are assisting ten communities in our vicinity to set up transport, processing and plantation industries, benefiting more than 750 people. As RGM expands, continuing to lend assistance to the small and medium industries in the area, supporting cultural development and rendering aid to the poor in the community, will all be part of our social work.

Related information

Chen Jianghe (Sukanto Tanoto), Chairman of Singapore's RGM International, a Chinese entrepreneur of worldwide influence, with ancestral roots in Putian, Fujian. RGM International, under his leadership, supports five business groups including Asia Pacific Resources Holdings Limited (APRIL) and the Asian Agri, with total assets of US\$8billion. Among them, APRIL is the mainstay of its investments in Shandong, the leading enterprise in the pulp and paper manufacturing industry in the world.

In recent years, Tanoto has been steadily investing in China. In 2005, he built China's largest pulp and paper manufacturing facility in Rizhao – APRIL SSYMB. Not long ago, expansion works began in this facility, and upon completion, Rizhao will be China's largest location for pulp and paper manufacturing.