



Jakarta, April 13, 2010

Open Letter to Stakeholders

In Response to FERN's Report: EU Ecolabel allows forest destruction

In the context of Indonesia being a developing nation, APP is committed to creating a sustainable business operation across its entire organization. One of the company's key aims is to build an organization, which is able to provide livelihood and skills development for the more than 80,000 people we employ and the nearly one million people with associated jobs. In this regard, APP is playing a crucial role as a development agent for the communities it operates in, recognized by the government of Indonesia. Indonesia is a country with almost 240 million people on a land mass a little larger than Germany. According to the Indonesian Central Bureau of Statistics, about 100 million Indonesians are living on less than USD 2 per day. The future of Indonesia depends on developing industries that are responsible and sustainable. APP does not take its role lightly in this regard.

The current report by the Forests and European Union Resource Network (FERN) issued at the end of March 2010 on Pindo Deli and APP's activities in Indonesia is ill informed. While the funding partners for the report – among them DFID and the European Commission – are striving to address issues such as poverty alleviation, wood legality and food security in the developing world, this report is clearly full of intent to undermine economic development in those same regions.

APP and its pulpwood supplier in Indonesia base its certification on the national forestry certification systems, defined by the Government of Indonesia and Lembaga Ekolabel Indonesia (LEI) respectively. LEI, a robust independent certification scheme, has been accepted and acknowledged by other credible certification schemes and customers worldwide. FERN neglects to mention anywhere in the report the rigorous nature of these systems, only implying that, if any party in the world does not adopt a "Western" style certification scheme, then it must be inferior, and at worst likely to involve illegal activities. This attitude reflects a neo-colonial approach to a shallow environmental study, which is not only immoral, but also damaging to the continued good work that has been done on forestry certifications in Indonesia.

In addition to its product quality certifications, such as labels under the Ecolabelling Network, APP's commitment to responsible procurement, legal pulpwood origin verification and chain of custody systems has extended beyond LEI. The company has also gained PEFC Chain of Custody for its major paper mills. With a consumption of more than 30% of certified material excluding its consumption of recycled paper, APP has the highest level of fibre certified, equal to any other paper product manufacturer in the world. APP has stated clearly many times that it has zero tolerance for illegally sourced wood. The lack of reference in the FERN report to the term "Chain of Custody" is either an intention to mislead the reader or worst still evidence of a poor grasp of forestry certification mechanisms.

The report states that the Pindo Deli site employs more than 6,800 people; however, this calculation fails to identify the additional local businesses and people supported by Pindo Deli. A similar size operation in Europe or North America provides work for only about 450 people. One of APP's responsibilities is to create opportunities for Indonesia and its people. Indonesia has Millennium Development Goals that APP commits to as a company. The details about the Millennium Development Goals for Indonesia, and other developing nations, are outlined on the United Nations Development Programme's websiteⁱ and on the website of the Department of International Development of the United Kingdomⁱⁱ, one of FERN's funding partners for this report.

APP's position is to embrace all credible certifications, recognizing that each certification scheme has its own set of strict standards to assure the purchaser of certain attributes of a product carrying its seal of approval. APP also strongly believes in the power of the market to exercise its "freedom of choice" and make its own determination as to which certification systems are acceptable. The company strongly oppose any efforts – political or activist – that would seek to impose a certification monopoly. Further, APP fully complies with the stringent standard set by the EU Ecolabel, as it is certified by the qualified auditors of the organization.

APP is open to work constructively with any group who is capable of creating a positive outcome. APP works to seek solutions that balance the complex and interconnected needs of the developing world. As part of the company's commitment to transparency, APP opens its door to credible and responsible NGOs and independent auditors to trace chain-of-custody of its products, to enable them to better understand the sustainability aspects of its raw materials, and to work together to enhance its sustainable practices and to create a sustainable paper industry.

Yours Sincerely,



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For more information about APP's actions for economic, social, and environmental sustainability, please visit: <http://www.app-mythsandrealities.com>

The Asia Pulp & Paper Group (APP) represents one of the largest vertically integrated pulp and paper companies in the world with annual combined pulp, paper, packaging products, and converting capacity of over 15 million tons globally. Headquartered in China and Indonesia, the company markets its products in 65 countries, across 6 continents. APP is dedicated to providing superior value to customers, employees, shareholders, and to the communities in which it operates. APP's production facilities are among the most advanced and environmentally efficient in the global pulp and paper industry. The company recognizes that a combination of social and economical best practices is the foundation for long-term business success, and is a leader in economic development in all of the communities in which it operates. APP operates within globally recognized and verified standards in all of its production facilities ensuring pulpwood suppliers meet applicable stringent guidelines, guaranteeing sustainable forest management.

ⁱ <http://www.undp.or.id/mdg/documents.asp>

ⁱⁱ <http://www.dfid.gov.uk/global-issues/millennium-development-goals/>