



No. : 1910.11/Auriga-I/INDA/2019
Date : October 24, 2019
Attachment : Prospectus for debt issuance by Ever Dragon Investments Group Limited, 18 September 2017

Mr. Kim Carstensen
Director General

Mr. Hans Djurberg
Chair, Board of Directors

Forest Stewardship Council
Adenauerallee 134
53113 Bonn, Germany

Re: Request for clarification concerning Paper Excellence and its subsidiary mills and trading companies

Dear Mr. Carstensen and Mr. Djurberg,

I am writing to seek clarification on the implementation of FSC's Policy for Association (PfA) in regards to a number of FSC certificate holders. It has come to my attention that Paper Excellence and its subsidiary mills and trading companies (listed below) may be ineligible for association with FSC according to the "indirect involvement" clause of FSC's PfA.

The PfA's "indirect involvement" clause states:

Indirect involvement: Situations in which the associated organization or individual, with a minimum ownership or voting power of 51%, is involved as a parent or sister company, subsidiary, shareholder or Board of Directors to an organization directly involved in unacceptable activities. Indirect involvement also includes activities performed by subcontractors when acting on behalf of the associated organization or individual.

Media sources have widely reported that Jackson Wijaya Limantara is the Chairman and owner of Paper Excellence.¹ I assume that FSC's understanding, in line with media reports, is that Jackson Wijaya Limantara is Paper Excellence's controlling shareholder, i.e. holding minimum ownership and/or voting power of 51% or more of Paper Excellence and its subsidiary mills and trading companies. Please correct this assumption if it is wrong. Unfortunately, Paper Excellence's opaque corporate structure does not permit verification of Paper Excellence's ownership using publicly available sources from corporate registries.

As you are aware, FSC disassociated from Asia Pulp & Paper (APP), inclusive of APP's Indonesia and China operations, in October 2007 "due to substantial publicly available information that APP was involved in destructive forestry practices," and APP currently remains disassociated from FSC. My understanding of the "indirect involvement" clause in FSC's PfA is that if the majority shareholder of Paper Excellence is

¹ See for example: Freitas, Tatiana and Gerson Freitas Jr. 2019. "Bolsonaro's Son Weighs Into Dispute Over Brazil Pulp Maker." *Bloomberg*. 1 August. <https://www.bloomberg.com/news/articles/2019-07-31/bolsonaro-s-son-weighs-into-dispute-over-brazil-pulp-producer>; Freitas Jr., Gerson. 2018. "Billionaire Versus Billionaire: Meat Kings Clash With Pulp Heir." *Bloomberg*. 18 October. <https://www.bloomberg.com/news/articles/2018-10-17/billionaire-versus-billionaire-meat-kings-clash-with-pulp-heir>.



“involved as a parent or sister company, subsidiary, shareholder or Board of Directors” to Asia Pulp & Paper, or any other disassociated organization, then Paper Excellence would be deemed to have “indirect involvement” in “unacceptable activities” and therefore not be eligible for association with FSC. Please correct this understanding of the PFA if it is inaccurate.

A Notice of Listing for debt issuance on the Stock Exchange of Hong Kong Limited by Green Fortune Capital Limited, dated 18 September 2017, indicates that Jackson Wijaya Limantara was then a current Director and Assistant President of Green Fortune Capital Limited (see attachment). The same document indicates that Jackson Wijaya Limantara had served on the Board of Directors of Ever Dragon Investments Group Limited since 2005. The document also indicates that Jackson Wijaya Limantara was, as of 18 September 2017, the current Assistant President of Ever Dragon Investment Groups Limited. The document contains a corporate structure diagram (see page 69) showing that Ever Dragon Investments Group Limited (indicated in the corporate structure diagram as “The Guarantor”) then owned 100% of Sinar Mas Paper (China) Investment Co., Ltd (PRC) (or SMPI), of which Jackson Wijaya Limantara also served as the current Assistant President, as of 18 September 2017. Both directly and indirectly through SMPI, Ever Dragon Investments Group Limited held in September 2017, and likely continues to hold, a controlling interest in APP China’s operating companies, inclusive of its mills and trading companies.

This documentation appears to indicate that Jackson Wijaya Limantara, as of 18 September 2017, was (and may continue to be) a member of the Board of Directors of a company owning 100% of APP China’s operating companies. Moreover, given that he has reportedly served on this Board since 2005, this would appear to indicate that Jackson Wijaya Limantara was a member of the Board of Directors at the time that FSC disassociated from APP, i.e. October 2007. Despite these facts, Paper Excellence, of which Jackson Wijaya Limantara is Chairman and appears to be a controlling shareholder, and its subsidiary mills and trading companies, have held FSC certificates, in some cases, dating back to 2011. This is very concerning, as it appears to violate the “indirect involvement” clause of FSC’s PFA.

I am sure you will agree that FSC’s reputation as a global leader in the certification of forest products depends on consistent and diligent application of its Policy for Association. FSC is also a model to other forestry certification bodies and programs and, in that regard, must demonstrate exemplary implementation of its own policies. My organization feels a responsibility to assist FSC in upholding high standards for companies using the FSC trademark, and I would therefore appreciate your consideration of the material I am hereby submitting. Specifically, I ask that you please clarify whether Paper Excellence’s association with FSC is in compliance with FSC’s PFA in light of the information contained in the supporting documents attached to this letter.

Sincerely,

A handwritten signature in blue ink, appearing to read "Timer Manurung", is written over a stylized green logo that combines the Auriga figure with the word "auriga".

auriga

Timer Manurung
Executive Director
Yayasan Auriga Nusantara

CC: FSC International Board of Directors

Appendix. Paper Excellence subsidiaries holding FSC certificates as of October 2019

	Organization Name	License Number	Certificate Code	Country
1	Catalyst Paper (USA) Inc.	FSC-C112215	PWC-COC-000405	United States
2	Catalyst Paper Corporation	FSC-C112215	PWC-COC-000405	Canada
3	Catalyst Print and Packaging	FSC-C103525	NC-COC-005576	United States
4	Catalyst Pulp and Paper Sales Inc.	FSC-C112215	PWC-COC-000405	Canada
5	Fibre Excellence	FSC-C122317	SGSCH-COC-110050	France
6	Fibre Excellence Saint Gaudens	FSC-C122317	SGSCH-COC-110050	France
7	Fibre Excellence Tarascon	FSC-C122317	SGSCH-COC-110050	France
8	Howe Sound Pulp & Paper Corporation	FSC-C004353	KF-COC-001050	Canada
9	Meadow Lake Mechanical Pulp Inc.	FSC-C011605	KF-COC-001010	Canada
10	Northern Pulp Cellulose Sales S.A. (NPCS)	FSC-C111002	SGSCH-COC-009390	Spain
11	Northern Pulp Nova Scotia Corp	FSC-C019196	KF-COC-001013	Canada
12	Paper Excellence Canada	FSC-C004353	KF-COC-001050	Canada
13	Skookumchuck Pulp Inc.	FSC-C116612	KF-COC-001052	Canada
14	West Coast Chip Plant	FSC-C004353	KF-COC-001050	Canada