

As the son of billionaire Sukanto Tanoto, Anderson Tanoto, now 25, is heading one of the most important parts of his father's RGE group, the paper firm Asia Pacific Resources International Limited (April). To show his commitment, he lives at the mill, two hours drive from Pekanbaru in Sumatra. Part of his mission is to convince the world that RGE and in particular April is committed to green growth. It's not easy—Sukanto gets some harsh criticism. The home page of one blog, sukanto-tanoto.wordpress.com, says: "Sukanto Tanoto: Smile! You're at the worst Sukanto Tanoto website ever!" Below that are smaller headlines such as: "Abysmal environmental record: Indonesia's lead driver of rainforest destruction." A 2013 *Monobay* article claims that 60% of timber supply to April's Indonesian mill came from rainforests, citing unnamed "government data" as a source.

Meanwhile in an information center at the mill, visitors can see dioramas and other displays about April, some with an environmental message, such as one showing waste products from the paper-making process being recycled. "We make our products from 100% renewable plantation fiber," says Anderson. He explains how April uses wood sourced from its own plantations. All the products produced, he says, have a rigorous chain of custody that can be traced from the harvested tree to the final ream of paper waiting shipment at the plant.



April's mill.



Anderson Tanoto at the tree nursery of his April's paper mill.

THE WINGS OF THE EAGLE

RGE IS A DIVERSIFIED GROUP BOTH BY GEOGRAPHY AND INDUSTRY.



\$2.1 billion
PULP AND PAPER



\$750 million
PALM OIL



\$650 million
SPECIALITY CELLULOSE



(revenues not available)
ENERGY

Source: RGE



EAGLE AND SON

Sukanto Tanoto was born Chen Jianghe in Medan, 65 years ago. At 17, he joined a small spare parts company run by his father. In 1973, he established Raja Garuda Mas (now RGE) to produce plywood (*raja garuda mas* means royal golden eagle). Together with his late brother Polar Yanto Tanoto, he expanded the group into logistics, property, oil and gas, palm oil and energy (aside from paper as well). The group claims to have \$15 billion in total assets, and has operations that include outposts in Brazil and Europe. All but Sateri (listed in Hong Kong) are privately held. (April was listed on the New York Stock Exchange in 1995, but was delisted in 2001 after failing to meet minimum trading rules.) Anderson was born in Jakarta, but his family moved to Singapore in 1998. Later he got an MBA from the Wharton School in the U.S. He worked briefly for consultancy Bain before joining RGE.



The RGE website says: "April protects over 200,000 hectares of conservation forest and indigenous tree species areas in Riau Province, which constitutes about 20% of total land managed by April and supply partners. To combat illegal logging, April relies on a rigorous Wood Purchase Policy that includes a wood-tracking system and numerous international chain of custody and legality certifications." During an aerial trip over the plant's surrounding plantations (the plant is located in the middle of Sumatra to be close to its wood supply), one can see belts of traditional rainforest snaking in between timber plantations.

The stakes for RGE are high. Rival paper company APP, owned by the Sinar Mas group, has been under

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considerable pressure in recent years including boycotts of its products. An article on the Mongobay website claims that the World Business Council for Sustainable Development (WBCSD) put April last year on "formal probation" due to its "forest management and fiber procurement practices" (a link to the actual letter is no longer available).

April plus Asia Symbol, RGE's paper operation in China, have a combined total revenue of about \$2.1 bil-

lion, making one of the largest paper firms in the world and a big part of the RGE group. Its brand, Paper One paper, is exported to over 75 countries. Anderson says that currently his company replants 500,000 ha of conservation and community forest every year, and is committed to sustainable development. As Anderson says: "My father always says there are 3 C's. If it is good for the community and for the country, then it is good for the company." 

WAR OF WORDS

Sukanto's brother Polar tragically died in a plane crash in 1997. What happened next is now the topic of a public campaign of Polar's youngest daughter, Wendy, who has her own website: sukantotanoto.co. In an "open letter" on the site, she claims: "Everything my father owns, including the house, which is my father's devotion, his treasure, was completely ruined by Sukanto's personal greed." The site makes other accusations against the tycoon, saying he tried to take assets away from the family of his own brother.

Wendy says her family owns a quarter of RGE. "We actually still own about 25% of the total shareholding in RGE through some trusts," says Wendy, who runs a web content developer firm in Taiwan. "My mother had brought a lawsuit against my uncle in Indonesia in 1997 to get our 25% share in the company back, but we lost, and instead my mother was threatened to be jailed."

Sukanto and RGE officials decline to comment on the issue. However, in the IPO prospectus for Sateri in Hong Kong in 2011, there was an indirect mention: "Ownership and other disputes involving, and allegations of embezzlement made by, relatives of our Ultimate Controlling Shareholder relating to shares in certain companies controlled by our Ultimate Controlling Shareholder in 1997 and which



FROM LEFT: Sukanto Tanoto and wife at Polar Tanoto's wedding to his wife Barbara.

continue to be controlled by our Ultimate Controlling Shareholder. These disputes do not relate to the shares of any company within our Group. We understand from our Ultimate Controlling Shareholder that a legal settlement was reached with such relatives in 2002....Notwithstanding this settlement, these relatives of our Ultimate Controlling Shareholder have continued to make allegations in the media from time to time." While not named in person, one interpretation could be that Sukanto is saying there was a legal settlement in 2002 with Wendy.