

Astra Agro Lestari Indonesia

Sectors: agriculture - palm oil

● On record

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By: BankTrack

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About Astra Agro Lestari

Astra Agro Lestari is Indonesia's **second largest** palm oil producer by area. It controls 298,000 hectares of fully developed plantations in Sumatra, Kalimantan and Sulawesi. The company was founded in 1982 and initially operated cassava and rubber plantations. It began oil palm operations the year after and acquired various other companies such as PT Tunggal Perkasa Plantations in 1984 and PT Suryaraya Bahtera in 1989, when it adopted its current name.

Astro Agro Lestari has more than 40 subsidiaries. For a list see the [Annual Report](#), p 127.

In 2013, KLK set up a joint venture with Astro Agro Lestari called **STRA-KLK** Pte, Ltd. which will market the refined palm oil products and provide logistics support.

Astra's **main customers** are Kuala Lumpur Kepong (KLK), Musim Mas, Wilmar and Golden-Agri Resources. These four companies accounted for 71% of Astra's revenue for 2014.

Headquarters	Jl. Pulo Ayang Raya Blok OR-1 Kawasan Industri Pulogadung 13930 Jakarta Indonesia
CEO/chair	Widya Wiryawan President Director
Website	http://www.astra-agro.co.id
Ownership	Astra Agro Lestari Tbk is a subsidiary of the Bermuda based Jardines Group , which is controlled by the Scottish Keswick family. It has been listed on the Indonesian Stock Exchange since December 1997. It has a market capitalization of US\$3.04 billion as of May 28 2013. Its top 5 shareholders are as follows: PT Astra Intl Tbk: 79.68% Schroder Investment Mgt Ltd: 0.85% Vanguard Group: 0.65% Blackrock: 0.65% Van Eck Associates Corp: 0.46%
Subsidiaries	

Issues

Social issues

An AidEnvironment [report](#) on Astra Agro Lestari's sustainability, fom 2015, found that:

Astra carries out several activities to support community development, focusing on education, health and small business development (oil palm and others). It has a smallholder area of 60,000 ha. However, it is also involved in land disputes with communities and indigenous peoples, such as the Orang Rimba in Sumatra.

For some years Astra has been eyeing opportunities for diversifying its operations to include sugar cane plantations. It has explored development opportunities in Papua; however, resistance from the indigenous Marind people and economic factors have so far prevented this project from advancing.

Environmental issues

Astra Agro Lestari (a subsidiary of the UK-based Jardines Group) has been associated with deforestation and peatland destruction, notably in the world-famous Tripa Swamp Forest in Sumatra, home to one of the last populations of Sumatran orangutans. The area is part of the globally

important Leuser Ecosystem of Sumatra. A [2012 Rainforest Action Network report](#) cited the company for clearance of thousands of hectares of peatland forests in Tripa. The company lacks meaningful policies that would effectively protect HCS forests.

An [AidEnvironment report](#) on Astra Agro Lestari's sustainability, fom 2015, found that:

Since 2009, Astra has planted oil palm on 27,000 ha of peatland in South Kalimantan. In one plantation alone, there were 228 fire hotspots during the period 2011-2014, suggesting that Astra's fire prevention and response measures have been suboptimal. Astra's drainage of peatlands alone causes annual greenhouse gas emissions totalling an estimated 2.0 million tonnes CO₂, equivalent to the annual carbon emissions of 830,000 cars.

In 2008, Astra encroached on approximately 250 ha of elephant habitat in Sampoiniet subdistrict in Aceh. Now it plans to operate a palm oil mill in the area. A palm oil mill is typically supplied by at least 5,000-ha oil palm area, yet Astra's planted area comprises only 1,100 ha. This means some of the shortfall will likely be derived from third parties impacting protected areas or elephant habitat. Indeed, many Sumatran elephants - a critically endangered species - have already been killed in the Sampoiniet area. Astra has not revealed whether it has mitigated the legal and reputational risks concerning protected areas, elephant habitat, and elephant deaths.

Astra is currently deforesting land in West Kalimantan and Central Sulawesi.

Some 660 ha of primary forest were cleared in Central Sulawesi in the period 2007-2014. From the limited information publicly available, it is estimated that 3,000 ha of primary forest in Central Sulawesi is at risk of being cleared by Astra in the near future.

Astra's total deforestation in the period 2006-2014 exceeded 14,000 ha.

NGO pressure on its parent company Jardine Matheson caused Astra to sell its peatland forest plantation in the globally renowned Leuser ecosystem in Sumatra in 2010.

Astra claims to be conserving 26,000 ha of High Conservation Value (HCV) areas, but has disclosed no information on its definitions for HCV designation, nor its conservation goals and activities, making its claims difficult to verify.

Other issues

An [AidEnvironment report](#) on Astra Agro Lestari's sustainability, fom 2015, found that:

Since late 2013 there has been a wave of sustainability policy improvements by major palm oil growers/traders. These have focused on eliminating deforestation, protecting High Conservation Value (HCV) and High Carbon Stock (HCS) areas, avoiding peatlands and respecting the concept of Free, Prior and Informed Consent (FPIC) for communities. Meanwhile, Astra has made no public commitments on paper to address these issues.

Astra is by far the largest private palm oil company that is not a member of the Roundtable on Sustainable Palm Oil (RSPO). Astra's main customers have made commitments that go far beyond RSPO criteria.

An Astra director is the Chairman of the Indonesian Palm Oil Producers Association (GAPKI). Representing GAPKI he has frequently downplayed the impacts of palm oil on sustainability, going so far as to deny that oil palm plantations can be linked to deforestation or destruction of orangutan habitat, and has succeeded in weakening government regulations on peatland protection and other critical forest conservation measures.

Governance

Updates

Financiers

Banks

Bank Mandiri Indonesia profile			Details ▼
Uncategorised cash or equivalent on account <i>source</i> : Annual Report 2013	INR 14,080 million	31 September 2013	
Bank Negara Indonesia			Details ▼
Uncategorised cash or equivalent on account <i>source</i> : Annual Report 2013	INR 19,485 million	31 September 2013	
Bank Permata			Details ▼

Uncategorised
personal connections - Gunawan Geniusahardja is Director of PT Astra International Tbk and Vice President Commissioner of PT Bank Permata Tbk.
source: [link](#)

Bank Rakyat Indonesia - BRI Indonesia [profile](#)

[Details](#) ▼

Uncategorised
cash or equivalent on account
source: Annual Report 2013

INR 72,616 million	31 September 2013
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Bank of Tokyo Mitsubishi UFJ Japan [profile](#)

[Details](#) ▼

Debt – corporate loan
short term loan
source: Annual report 2013

150 thousand	31 September 2012
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Citigroup United States [profile](#)

[Details](#) ▼

Uncategorised
cash or equivalent on account
source: Annual Rport 2013

INR 109 million	31 September 2013
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HSBC United Kingdom [profile](#)

[Details](#) ▼

Uncategorised
cash or equivalent on account
source: Annual Report 2013

INR 46 million	31 September 2013
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Mizuho Japan [profile](#)

[Details](#) ▼

Debt – corporate loan
long term loan
source: Annual Report 2013

INR 304,725 million	31 September 2013
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Debt – corporate loan
short term loan
source: Annual Report 2013

INR 421.015 million	31 September 2013
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OCBC Singapore [profile](#)

[Details](#) ▼

Debt – corporate loan
long term loan
source: Annual Report 2013

INR 609.45 million	31 September 2013
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Debt – corporate loan
short term loan
source: Annual Report 2013

138,775 million	31 September 2013
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Debt – corporate loan

Uncategorised
cash or equivalent

INR 120 million	
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Rabobank Netherlands [profile](#)

[Details](#) ▼

Uncategorised
cash or equivalent on account
source: Annual Report 2013

INR 30,329 million	31 September 2013
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Sumitomo Mitsui Banking Corporation Japan [profile](#)

[Details](#) ▼

Debt – corporate loan
short term loan
source: Annual Report 2013

INR 96,700 million	31 September 2012
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Debt – corporate loan
through its Indonesian, Singaporean units

Pension funds

Government Pension Fund Global

[Details](#) ▼

Uncategorised
shares/bonds underwriter or manager - shares in Astra's controlling companies
source: AidEnvironment 2015

USD 541 million	2014
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In 2011 [Norway's Government Pension Fund Global divested](#) from Astra Agro, after it revised its investment guidelines to include deforestation as a portfolio risk. Ironically, the fund has increased its shares in Astra's controlling companies since then. The market value of the investments by GPFG in Astra's controlling companies [comprised](#) USD 541 million at the end of 2014.

Sources:

AidEnvironment 2015, [Sustainability assessment of Astra Agro Lestari](#)