

Asia Pulp and Paper (APP) Indonesia

Sectors: Pulp, Paper and Paperboard Mills

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Created before Nov 2016

Last update: **Jul 23 2020**

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Sectors	Pulp, Paper and Paperboard Mills
Headquarters	
Ownership	APP is part of the Sinar Mas Group , a large conglomerate with interests in forestry, coal mining, palm oil and banks. Sinar Mas is owned by its founder Eka Tjipta Widjaja.
Subsidiaries	Ekamas Fortuna – Indonesia Lontar Papyrus Pulp & Paper Industry – Indonesia Paper Excellence – Canada Pindo Deli Pulp & Paper Mills – Indonesia Power Construction Corporation of China – China Tjiwi Kimia Paper Factory – Indonesia Univenus – Indonesia
Website	http://www.asiapulppaper.com/

About Asia Pulp and Paper (APP)

Commonly, Asia Pulp and Paper (APP) is considered as the pulp and paper subsidiary of the [Sinar Mas Group](#), one of the largest conglomerates in Indonesia, dealing with palm oil and pulp and paper. Sinar Mas also operates in real estate, financial services, agribusiness, telecommunications and mining. Asia Pulp and Paper is [one of the largest](#) pulp and paper companies in the world, with an annual combined pulp, paper, packaging product and converting capacity of [over 19 million tons](#). The company operates in operations in Indonesia, China, Canada and Brazil.

APP's products include bleached hardwood pulp, stationary, printing and graphics papers, tissue, paper towels, shopping bags, packaging, and converted products.

APP's first paper mill, Tjiwi Kimia, [started production in 1978](#). This was followed by the acquisition of the pulp and paper producer [Indah Kiat](#) in 1986. The group also includes the company Paper Excellence, a paper conglomerate outside Sinar Mas, but owned by the Widjaya family. Paper Excellence has pursued an aggressive strategy of expansion by acquisition in recent years. [for a full list of APP and Sinar Mas companies, suppliers, paper brands and acquisitions, please see [here](#)].

Why this profile?

Asia Pulp and Paper (APP) is a nebula of companies, linked by [a complicated and un-transparent corporate structure](#). But the name APP has been long associated with massive deforestation, human rights abuses, harassment of local communities and massive emissions of greenhouse gasses.

Issues

Human rights and social issues

APP has a well-documented legacy of adverse social and environmental impacts associated with its operations. APP expansion and land-grabbing on local communities created [hundreds of conflicts](#), a few of them managed with [brutal violence](#). In February 2013, after widespread public criticism of the company, community opposition and pressure from customers and investors, APP released a [Forest Conservation Policy](#) that, along with other public commitments made by the company between 2012-2014, set out the company's intention to reform its practices and address its legacy of destruction and conflict. In January 2014, APP announced that the Rainforest Alliance (RA) would conduct an independent evaluation of the company's performance in implementing its social and environmental commitments.

Unfortunately, there has been little change for communities embroiled in land disputes with the company. Hundreds of land conflicts remain and APP has [failed to involve affected communities and other key stakeholders in the identification, analysis and resolution of these conflicts](#). The 2015 Rainforest Alliance [report](#) confirmed that APP has made moderate progress in completing a full inventory of the many conflicts that exist with communities, and developing action plans and priorities. In March 2015 [a local farmer and activist in an APP concession was murdered](#) in Jambi, Indonesia.

APP suppliers and controlled wood-fibre producers expanded their plantations by expelling entire communities and villages, such as the case of Suluk Bongkal, where [300 villager's huts were burned](#). Local sources reported a two-year-old died after she fell down a well during the confrontation, while a two-month-old baby died from burn injuries. Two other people suffered gunshot wounds.

A 2015 joint NGO submission [report](#) to the RA found that APP had not fully respected the right of communities affected by the proposed OKI Pulp and Paper mill to give or withhold their consent (Free Prior and Informed Consent). APP has already started construction of the mill, yet the company has not followed key elements of its own SOP/protocol relating to FPIC.

In March 2015, two years after APP's commitment to respect local communities rights, Indra Pelani, a local farmer and activist, [was tortured and killed by security personnel](#) employed by an APP concession in Jambi, Indonesia.

Environmental issues

Lack of sustainable fibre supply In the past years, APP has expanded dramatically its production capacity, far beyond its capacity to produce wood fibre from sustainable sources, putting a substantial threat to its capacity to properly implement its own commitments. In 2017 the new giant mill OKI in South Sumatra started its operation adding 3.2 million tonnes pulp to APP's production. The company even plans [a new 5 million tonnes](#) per year pulp and paper mill in India that has been reported by local media. [NGOs criticized APP](#) for expanding its paper production well beyond the capacity of its suppliers plantations to support the production, questioning the real intention of the company to keep its commitments. Despite APP [insisting on having enough fibres](#) to feed its expansion of production capacity, in the last years the company kept expanding its suppliers. In 2018 APP added [17 new fibre suppliers](#) and as many fibre suppliers are in the process to be added.

Deforestation APP has been responsible for [more than two million hectares of deforestation](#), including [key habitats of tiger, elephant and orang-utan](#). APP/Sinar Mas Group suppliers caused the loss of 1.4 million acres of tiger habitat between 1995 and 2008/09 in one study area alone.

Over the past two decades, these impacts led to local and international NGO campaigns seeking reform and the [cancellation of more than 100 business contracts](#) over these concerns. Companies that have announced discontinued or avoided sourcing from APP since 2000 include Adidas, Disney, Fuji, Gucci, Hasbro, Kraft, Lego, Levis, Marks & Spencer, Mattel, Nestlé, Office Depot, Scholastic, Tesco, Tiffany & Co., United Stationers, Unilever, Volkswagen, Wal-Mart, Woolworths, and Xerox.

Lack of implementation of APP's Forest Conservation Policy APP responded to years of sustained pressure to reform by adopting a new Forest Conservation Policy (FCP) and a commitment to zero deforestation. In February 2013, after two decades of severe environmental conflicts, [and many high profile companies breaking their commercial ties with APP](#), the company announced a new [Forest Conservation Policy](#). Among other commitments, the policy extended an immediate moratorium on logging in natural forests and peatlands to all its suppliers. The company also committed to protect high conservation value areas and high carbon stock forests and recognized that indigenous and local communities may have customary rights to land, overlapping with its pulp plantations. APP's new policy was cautiously welcomed by many organisations like [Greenpeace](#), [WWF](#) and Rainforest Action Network, but they also noted it arrived [when most of the forest was already cleared](#) and assured they will continue to monitor its implementation. They have suggested a set of [milestones](#) to assess whether APP effectively implements and adequately improves its policy commitments.

Unfortunately, years after the new policy was issued, many problems remain unresolved:

- **Deforestation** forest clearance continued to go on after the commitments [in APP suppliers protection areas](#). Recently APP has been found by NGOs in sourcing by [plantation companies involved in deforestation](#) and being involved in deforestation as companies connected with APP/Sinar Mas [have cleared almost 8,000 hectares of forest and peatland](#);
- **Greenhouse emissions** despite APP announcing removal and restoration projects on 7,000 hectares of plantations, this is just around one per cent of APP suppliers plantation on peat. The rest is still drained, [releasing 70-80 tonnes per year per hectare](#). As a result, APP's plantations emit 43.8 million tonnes GHG, [nearly as much as Norwegian country emission, and as much as 33 low emitting countries combined](#). In the past year, the company has been also [repeatedly sanctioned for violations](#) to the new peat legislation;
- **Forest fires** In autumn 2015 APP was identified as one of the top companies responsible for the fires occurring in Indonesia, burning 2.6 million hectares of plantations, forests and peatlands throughout Sumatra, Kalimantan and Papua. An estimated [1.75 billion tonnes of carbon dioxide equivalent](#) was released in just a few months, more than Germany's or Japan's total annual emissions. Daily emissions during the peak weeks of the fires exceeded the daily fossil fuel emissions of the entire USA economy. The fires created a smoke and haze crisis affecting all of South East Asia, triggering national emergencies across Indonesia and into Singapore, Malaysia and other countries, resulting in [diplomatic tensions](#) between Indonesia and its neighbouring countries. The human cost was terrible: 19 people died and an estimated [500,000 cases of respiratory tract infections](#) were reported at the time of the fires. It is estimated that the fires led to more than [100,000 premature deaths](#) in the region. A

public health study estimated that 91,600 people in Indonesia, 6,500 in Malaysia and 2,200 in Singapore **may have died prematurely in 2015** because of exposure to fine particle pollution. The economic cost of the fires was calculated at around **USD 16 billion** (IDR 221 trillion), equivalent to 1.9 percent of Indonesia's gross domestic product.

Other issues

Governance

In 2007, Forest Stewardship Council (FSC) had "[dissociated](#)" itself from APP, citing "substantial publicly available information that suggests that APP is associated with destructive forestry practices."

On August 16, after opening to design a roadmap to end its disassociation with APP, FSC announced its decision to [suspend the process](#) it had started in early 2017 and awaits "further information from APP related to its corporate structure and alleged unacceptable forest management activities by companies thought to be related to APP".

Updates

Tensions around APP increase - local communities and CSOs fear APP is going back to its original attitude

Jul 23 2020

Indigenous and local communities have been facing recurrent acts of intimidation, criminalisation and episodes of violence have escalated, contributing to a climate of insecurity and constant threat. Since the beginning of this year, APP and associated companies have been involved in several severe incidents:

- A critically endangered Sumatran tiger [was found dead](#) in the PT Arara Abadi concession. These severely endangered animals are expelled from their natural habitat, converted in to plantations, and get in contact with humans (and as a result, both tigers and humans are killed).
- The [use of SLAPP suits](#) to silence members of the local communities.
- The [destruction of community food resources](#) in the middle of the COvid-19 crisis using drones.
- [Intimidation of local community](#) by executives of APP's supplier who brought an army officer to the villages.

In response to this, local and international organisation [sent an open letter](#) to APP's buyers and investors, urging them to take action. This was followed by an official statement of APP to customers and business, dying the severe impacts. Local communities therefore published a [chronology](#) of the company's misbehaviour, showing APP's misconduct.

On top of that, Greenpeace [recently published prove](#) that APP destroyed around 3,500ha of peatland and fuelled forest fires in Indonesia.

Forest Stewardship Council announces its decision to suspend the process it had started with APP

Aug 16 2018

On August 16 2018, after opening to design a roadmap to end its disassociation with APP, FSC announced its decision to [suspend the process](#) it had started in early 2017 and awaits "further information from APP related to its corporate structure and alleged unacceptable forest management activities by companies thought to be related to APP".

Greenpeace slams APP/Sinar Mas over links to deforestation, ends all engagement with company

May 31 2018

In May 2018 Greenpeace ended its longstanding engagement with APP, following a new mapping analysis that found almost 8,000 hectares of forest and peatland has been cleared since 2013 in two concessions which are linked to APP and its parent company the Sinar Mas Group. Greenpeace International put these [allegations](#) to APP/Sinar Mas, and the group failed to provide a credible response or to take meaningful action. [Read more here.](#)

NGOs publish Performance Verification Criteria and Indicators

Dec 31 2017

In December 2017, various NGOs published a new document, [Evaluating the Environmental, Social and Corporate Governance Performance of Sinar Mas Group \(SMG\) and Royal Golden Eagle \(RGE\) Companies Criteria and Indicators for Assessing and Verifying Performance](#) to set specific measurable performance requirements and independently verify the on-the-ground performance of APP, APRIL and affiliates. These Performance Verification Criteria and Indicators have been developed to provide a clear framework for APP/Sinar Mas and the APRIL/Royal Golden Eagle groups to be measured against, so that companies and other stakeholders can.

Companies Criteria and Indicators for Assessing and Verifying Performance

Dec 16 2017

In December 2017, various NGOs published a new document, [Evaluating the Environmental, Social and Corporate Governance Performance of Sinar Mas Group \(SMG\) and Royal Golden Eagle \(RGE\) Companies Criteria and Indicators for Assessing and Verifying Performance](#) to set specific measurable performance requirements and independently verify the on-the-ground performance of APP, APRIL and affiliates. These Performance Verification Criteria and Indicators have been developed to provide a clear framework for APP/Sinar Mas and the APRIL/Royal Golden Eagle groups to be measured against, so that companies and other stakeholders can adequately evaluate performance. In addition, these Criteria and Indicators will inform the critical Forest Stewardship Council process of developing “Roadmaps” toward a possible reversal of their disassociation of APP and APRIL.

Will Asia Pulp & Paper default on its “zero deforestation” commitment?

Apr 30 2016

[This study](#), published by twelve international and Indonesian NGOs, showed that in spite of its high-profile sustainability commitments, Asia Pulp & Paper (APP) is building one of the world's largest pulp mills in the Indonesian province of South Sumatra without a sustainable wood supply. The USD2.6 billion OKI Pulp & Paper Mills project will expand APP's wood demand by over 50%, with much of this coming from plantations on high-carbon peatlands.

Following forum in Jakarta, NGOs send letter to Asia Pulp & Paper urging reform

Oct 8 2015

A group of NGOs sent a letter to Asia Pulp and Paper Director, Linda Wijaya, after a stakeholder engagement forum in Jakarta on October 5th. At the forum, APP presented information on how it is attempting to implement its Forest Conservation Policy and associated plans. NGOs raised the issues contained in this letter and sought assurances from APP that it will increase its efforts to quickly reform its structures and practices. [Read more here](#).

Forest Stewardship Council dissociates itself from APP

Oct 31 2007

In October 2007, Forest Stewardship Council (FSC) announces it has [dissociated](#) itself from APP, citing “substantial publicly available information that suggests that APP is associated with destructive forestry practices.”

Financiers

Financial institutions have financed Sinar Mas, of which Asia Pulp and Paper is a subsidiary, via corporate loans, revolving credit facilities, bond and share issuances and shareholding. See below for a specified overview of financial institutions involved (source [Forests and Finance Database](#)).

Banks

ABN AMRO Netherlands profile			Details ▼
Debt – corporate loan	USD 35 million	2018	
<i>source:</i> Forests and Finance Database link			
Debt – corporate loan	USD 11 million	2018	
<i>source:</i> Forests and Finance Database link			
Debt – corporate loan	USD 20 million	2017	
<i>source:</i> Forests and Finance Database link			
Debt – corporate loan	USD 60 million	2014	
Revolving credit facility <i>source:</i> Forests and Finance Database link			
Agricultural Bank of China China profile			Details ▼
Bond issue – underwriter	USD 237.50 million	2018	
<i>source:</i> Forests and Finance Database link			
Banco de Sabadell Spain profile			Details ▼

Debt – corporate loan	USD 11 million	2018
<i>source:</i> Forests and Finance Database link		
Debt – corporate loan	USD 35 million	2018
<i>source:</i> Forests and Finance Database link		
Bank Central Asia Indonesia profile		Details ▼
Debt – corporate loan	USD 3.76 million	2017
<i>source:</i> Forests and Finance Database link		
Debt – corporate loan	USD 11.15 million	2017
<i>source:</i> Forests and Finance Database link		
Bank Negara Indonesia		Details ▼
Debt – corporate loan	USD 92 million	2017
<i>source:</i> Forests and Finance Database link		
Bank Rakyat Indonesia - BRI Indonesia profile		Details ▼
Debt – corporate loan	USD 85 million	2017
<i>source:</i> Forests and Finance Database link		
Debt – corporate loan	USD 40 million	2017
<i>source:</i> Forests and Finance Database link		
Debt – corporate loan	USD 130 million	2017
<i>source:</i> Forests and Finance Database link		
Debt – corporate loan	USD 14.68 million	2017
<i>source:</i> Forests and Finance Database link		
Debt – corporate loan	USD 70 million	2016
<i>source:</i> Forests and Finance Database link		
CIMB Malaysia profile		Details ▼
Debt – corporate loan	USD 11 million	2018
<i>source:</i> Forests and Finance Database link		
Debt – corporate loan	USD 35 million	2018
<i>source:</i> Forests and Finance Database link		
China Construction Bank China profile		Details ▼
Bond issue – underwriter	USD 26.41 million	2018
<i>source:</i> Forests and Finance Database link		

Bond issue – underwriter <i>source:</i> Forests and Finance Database link	USD 28.73 million	2017
Debt – corporate loan <i>source:</i> Forests and Finance Database link	USD 30 million	2017
China Minsheng Bank China profile		Details ▼
Bond issue – underwriter <i>source:</i> Forests and Finance Database link	USD 22.8 million	2017
Deutsche Bank		Details ▼
Equity – share owner/manager <i>source:</i> Forests and Finance Database link	USD 6.61 million	2018
Hua Xia Bank China profile		Details ▼
Bond issue – underwriter <i>source:</i> Forests and Finance Database link	USD 76.96 million	2018
Bond issue – underwriter <i>source:</i> Forests and Finance Database link	USD 75.89 million	2017
ICICI Bank India profile		Details ▼
Debt – corporate loan <i>source:</i> Forests and Finance Database link	USD 11 million	2018
Debt – corporate loan <i>source:</i> Forests and Finance Database link	USD 35 million	2018
Industrial and Commercial Bank of China (ICBC) China profile		Details ▼
Bond issue – underwriter <i>source:</i> Forests and Finance Database link	USD 237.5 million	2018
Bond issue – underwriter <i>source:</i> Forests and Finance Database link	USD 27.21 million	2017
Maybank		Details ▼
Debt – corporate loan <i>source:</i> Forests and Finance Database link	USD 70 million	2017
Mitsubishi UFJ Financial Group (MUFG) Japan profile		Details ▼
Debt – corporate loan Revolving credit facility <i>source:</i> Forests and Finance Database link	USD 100 million	2018

Overseas-Chinese Banking Corporation

[Details ▼](#)

Bond issue – underwriter USD 113.26 million 2018
source: Forests and Finance Database
[link](#)

Investment funds

Blackrock Advisors

[Details ▼](#)

Equity – share owner/manager USD 100.64 million 2018
source: Forests and Finance Database
[link](#)

Dimensional Fund Advisers - DFA

[Details ▼](#)

Equity – share owner/manager USD 151.21 million 2018
source: Forests and Finance Database
[link](#)

Northern Trust

[Details ▼](#)

Equity – share owner/manager USD 13.44 million 2018
source: Forests and Finance Database
[link](#)

Vanguard Group

[Details ▼](#)

Equity – share owner/manager USD 36.74 million 2018
source: Forests and Finance Database
[link](#)

Equity – share owner/manager USD 88.56 million 2018
source: Forests and Finance Database
[link](#)

Related Dodgy Deals

Projects

APP Andhra Pradesh pulp mill India
Pulp, Paper and Paperboard Mills

on record

There are no projects active for Asia Pulp and Paper (APP) now.