

## Summary of the 'Under The Eagle's Shadow' report: investigating evidence of an RGE/Tanoto shadow empire

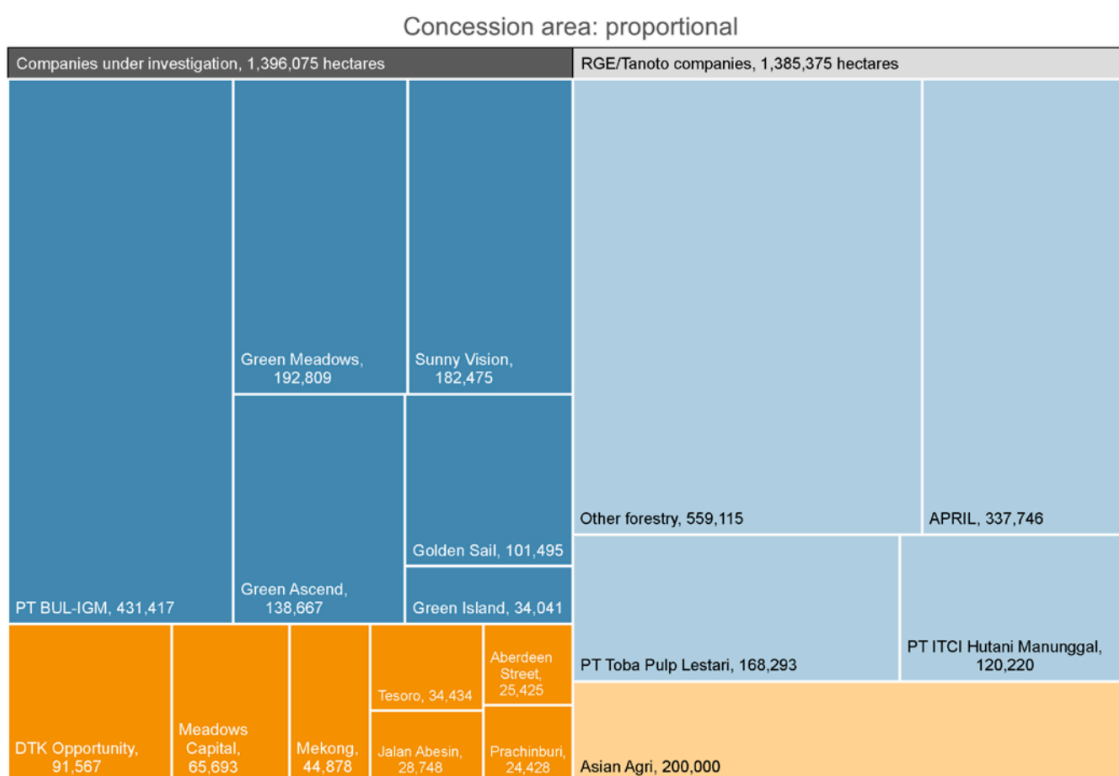
Across Indonesia, there are rainforests facing destruction. Large tracts of the country's remaining forest and carbon-rich peatland lie within concessions earmarked for clearance by pulp and palm oil companies whose owners are hidden in offshore secrecy havens. In other cases, the plantation companies have local shareholders, but there is reason to suspect they are acting as nominees for different, undisclosed beneficial owners.

But who decides if the forests stand or fall? New research asks that question in respect of plantations and processing facilities dotted around the country, and comes up with an answer that challenges the green credentials touted by one of the nation's most powerful corporate groups. Behind the scenes of philanthropic roadshows and public commitments to No Deforestation, evidence suggests a hidden network of "shadow companies" operates – unacknowledged but ultimately under the control of oligarchic business interests.

Greenpeace International (hereafter 'Greenpeace') is here summarising the results of the largest ever NGO investigation into a network of potential shadow companies in Indonesia. In this case, the companies are suspected of being under common control with the Royal Golden Eagle (RGE) group founded by billionaire Sukanto Tanoto. We encourage you to read the full report containing the results of the multi-year 'Under the Eagle's Shadow' investigation, where the evidence is set out in detail.

The suspected resources empire casts a long shadow. Between them, the companies under investigation operate or are developing one million hectares of pulpwood plantation concessions, over 300,000 hectares of palm oil plantation concessions and 94 palm oil mills.

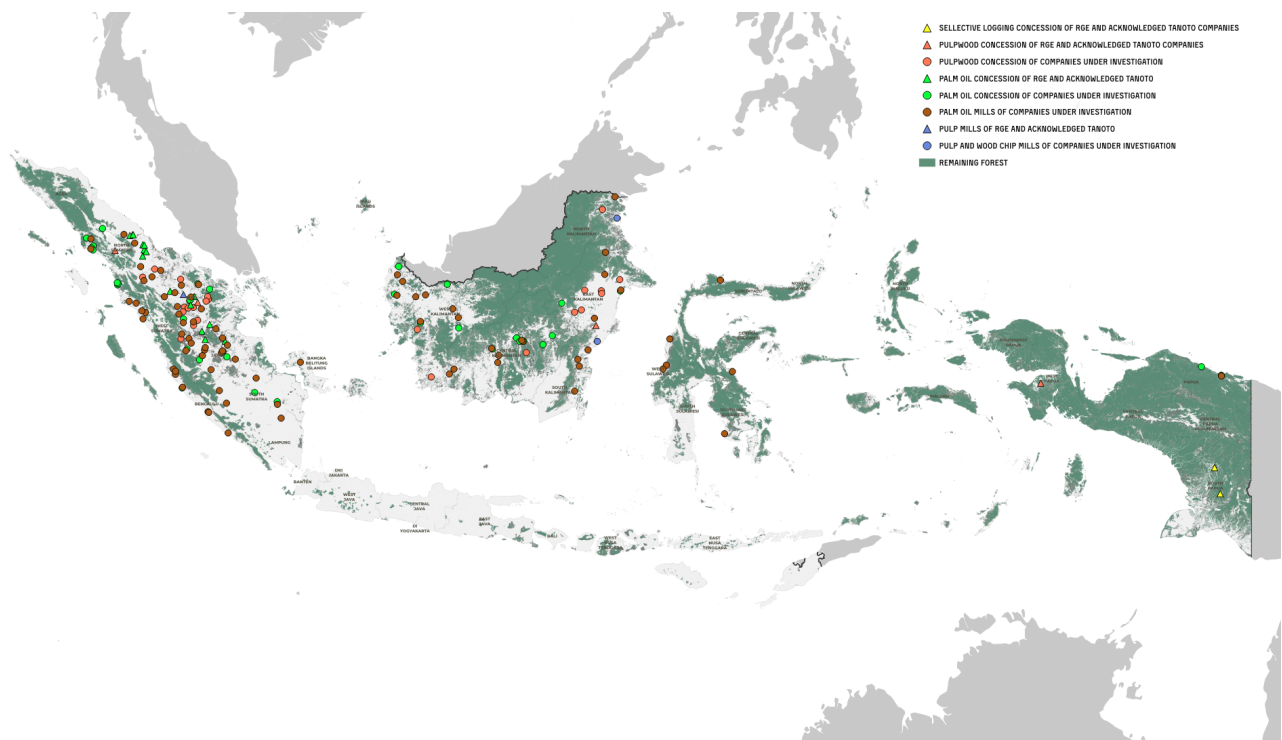
As this diagram shows, the total land area held by the suspected shadow companies is roughly the same amount of land as that held by RGE or other companies acknowledged to be controlled by Sukanto Tanoto or his family (which we term the RGE/Tanoto group).



If it were taken together as one group, it would amount to a combined area of nearly three million hectares, or almost half the size of the province of Aceh. The inclusion of the 94 palm oil mills would vastly increase RGE's crude palm oil production capacity, as its palm oil plantation arm, Asian Agri, only operates 22 mills.

This would make it one of the largest corporate groups controlling land across Indonesia. It includes 72 companies with licensed concession areas, covering palm oil and pulpwood plantations along with other timber concessions and the abovementioned palm oil mills.

They are located in most of Indonesia's major remaining forested areas, represented on this map with triangles for acknowledged RGE/Tanoto companies, and circles for companies suspected of forming part of a shadow empire under common control with RGE.



## Case studies

The report also includes a number of case studies into some of these suspected shadow companies that have been clearing forest or are potentially driving demand for more deforestation. One case study looks at who is behind Phoenix Resources International, a giant pulp mill newly constructed in North Kalimantan, where some of the last remaining large areas of rainforest cling to the once richly forested island of Borneo. Despite the company being established just a few years ago in June 2021, this vast and costly operation has practically sprinted through the permitting process, clearing land and starting construction on its 109 ha site in early 2022. Since then it has sprung up from the ground at record speed, a feat inconceivable without substantial pre-planning, political connections and financial backing.

The mill started receiving its first logs for processing in late 2024, less than four years after the company was registered. Yet it has the barest of public profiles, and searches of financing databases such as Bloomberg yield nothing to indicate the source of the investment which had reportedly surpassed IDR 7 trillion (\$400 million) by late 2024, and may reach up to 21 trillion (\$1.27 billion), according to the head of Tarakan city investment agency.



*Above: Sequence of planet.com satellite images of the PT Phoenix Resources International project site from late 2021 to mid-2024.*

Ownership of the mill is hidden via a Cayman Islands holding company, and RGE has previously stated that it 'categorically refutes' NGO assertions that Phoenix Resources is under common control with RGE. Despite this denial, however, as the report sets out, a raft of evidence suggests a close connection does exist.

It is projected that when the Phoenix mill is fully operational, it will consume 3,360,000 green metric tonnes of pulpwood per year, plausibly translating to a land requirement of 168,000 ha of plantations, equivalent to two and a half times the size of Singapore. Given that the pulp processing industry in Indonesia has expanded significantly in recent years, this additional new capacity is expected to place severe pressure on forested areas. Phoenix Resources International has made no public statements to say that it will implement a No Deforestation policy - in fact it does not even have a corporate website. The fear that it will accept pulpwood timber grown by companies that clear rainforest is confirmed by a list of initial suppliers to the mill, which includes Industrial Forest Plantation, a company involved in major recent deforestation in Borneo.

Another company investigated as a suspected shadow asset is Mayawana Persada, a notorious company which was the largest single source of deforestation in Indonesia in 2022, 2023 and 2024, with at least 33,731 hectares of deforestation occurring in the concession during that period. Much of the cleared forest was deep peatland and identified as orangutan habitat, and Indigenous Dayak people have protested against the company, accusing it of clearing their customary forest and community rubber plantations. Once again, RGE has categorically denied any links between RGE or its shareholders and Mayawana Persada.

In the foothills of the Bukit Barisan range in northern Sumatra, a company called Usaha Sawit Unggul has a palm oil concession. Previously it was a subsidiary of RGE's palm oil plantation wing, Asian Agri, although strangely, it was rarely mentioned in company publications such as its sustainability reports. However, in 2019, ownership changed to an offshore company in the British Virgin Islands (BVI), and shortly after, deforestation levels started to rise. A sister company, Sawit Sukses Sejati, also bought a neighbouring concession and started to aggressively expand into forested areas. There is no transparency around the new offshore owner of the two companies, raising the question of whether RGE may still be in effective control. RGE's response to Greenpeace's findings was limited to stating that it has ceased all palm oil procurement from the two companies.

## A brief reprieve: No Deforestation, No Peat, No Exploitation policies

Over recent years, pressure from environmental campaigners and consumers forced a reckoning within Indonesia's palm oil and pulp and paper sectors, the country's two most significant drivers of deforestation. The devastating environmental damage, biodiversity loss, and land conflicts that resulted from the two sectors were highlighted by affected communities and NGOs including Greenpeace. Eventually, policies promising No Deforestation, No Peat, No Exploitation (NDPE) were announced by nearly all major palm oil and paper companies, including Sinar Mas' Golden Agri-Resources and Asia Pulp & Paper, and its main competitors under the RGE umbrella – APRIL, Asian Agri and Apical.

Due in large part to these NDPE policies, Indonesia's annual deforestation rate swung lower in the mid 2010s and into the current decade. Expansion slowed into West Papua, the last bastion of lowland rainforest, as many international markets shut their doors to deforestation-linked palm oil and pulp. But since several years elapse between clearing rainforest and the first harvest of palm fruit or pulpwood plantings, it was clear that it would not be sufficient to merely exclude palm fruit grown on recently-cleared land, since this would not provide sufficient disincentive to the companies responsible. Supply chains therefore largely adopted the common-sense approach of group-level accountability, where a whole corporate group would face the consequences if one of its member companies was non-compliant with the NDPE policies.

Yet recent years have seen a resurgence in forest conversion, especially linked to pulpwood plantations. The use of shadow companies by established corporate groups appears to be a significant factor driving this resurgent destruction. Analysis of rainforest clearance for pulpwood plantations during 2022 and 2023 by mapping platform Nusantara Atlas suggests that over two-thirds occurred within the boundaries of two companies (Mayawana Persada and Industrial Forest Plantation) that our investigation discusses as case studies of suspected RGE/Tanoto shadow companies. There has also been a slight increase in conversion for palm oil, reversing the downward trend. Likewise, around half of the top twenty companies converting forest to oil palm during that period have previously been flagged as potential shadow companies linked to established groups.

## Shadow companies clouding accountability

One may wonder whether NDPE transformation was partially cosmetic, a sophisticated exercise in plastering over bad behaviour rather than ending it. RGE/Tanoto is not the only group to face scrutiny for potentially operating unacknowledged shadow companies; other investigations by NGOs and journalists have previously highlighted certain unacknowledged companies apparently linked to Sinar Mas, the Fangiono group, and the Salim Group, all controlled by the families of wealthy Indonesian oligarchs. The operations of these companies, shielded by offshore structures or potentially masked through opaque nominee arrangements, raises the question: Are Indonesia's resource tycoons playing shell games, projecting the image of environmental responsibility via their acknowledged corporate holdings while profiting from continued deforestation through proxies

hidden in the shadows? Could these non-transparent structures be employed as a clandestine means to expand their assets once again, returning to destroy further swathes of Indonesia's remaining forests?

Although any group choosing to operate shadow companies does run some risk that they may be excluded from supply chains if this is ever proven, there are powerfully attractive strategic advantages to doing so. A family-owned corporate group controlling plantations and mills via such unacknowledged companies can continue to expand its landbank and profits, without attracting political and regulatory attention and all the while cultivating a clean image for its flagship brands. This potentially unlocks access to 'green' finance and markets demanding stringent No Deforestation, No Peat, No Exploitation (NDPE) standards and certification from the Forest Stewardship Council or Roundtable on Sustainable Palm Oil.

A common means of concealing the truth about who controls a company (and should therefore be held responsible for its actions) is for ownership to be vested in holding companies registered not in Indonesia but 'offshore' in secrecy jurisdictions like BVI, Bermuda, Cayman Islands and Samoa, where laws allow the identity of the ultimate beneficial owner to remain hidden from public view. Another is via nominee agreements, private arrangements under which the registered shareholders of a company hold the asset on behalf of its true owner.

The use of such techniques, however, means that it is impossible to know with absolute certainty who beneficially owns or controls a company. A corporate group that uses them may therefore be gambling that, faced with this element of uncertainty, supply chains will continue to give them the benefit of the doubt.

Family-run corporate groups wishing to expand into valuable forests while maintaining a clean image will exploit these methods if they believe they can do so with impunity. This exposes buyers and financiers who do business with these groups to risks associated with any deforestation and social harms perpetrated by the shadow entities.

## Shining Light on the Shadows: a methodology for change

When it comes to environmental and social responsibility, it is reasonable to say that a corporate group should be held accountable for all entities over which it has control, which can be understood as the ability to exert effective influence over their operations. This might be through share ownership, but nowadays there are a range of other means by which control can be exercised, for example control within a family, through operational arrangements, financial arrangements, influence over management, etc. These are not always straightforward to determine, and ultimate beneficial ownership is often also non-transparent, with a host of structures available involving shell companies in secrecy jurisdictions, but also the use of nominee shareholders, mutual funds, trusts and foundations.

Broad definitions of control by a corporate group, reflecting the complex realities of modern business arrangements, are increasingly being seen as necessary, and have been adopted by the Accountability Framework initiative (AFI), which aims to set best practice for ethical supply chains, and more recently by the Forest Stewardship Council (FSC). Nevertheless, implementing such definitions in practice can involve serious investigative work to determine with confidence which entities are part of a corporate group, especially where there is a suspicion the group may be concealing those assets. For this reason, two years ago a coalition of NGOs including Greenpeace proposed a methodology for such investigations, published in the report 'Shining Light on the Shadows'. This is the methodology employed in the new 'Under the Eagle's Shadow' investigation as briefly set out below.

## Suspected RGE/Tanoto shadow companies

The acknowledged RGE/Tanoto empire is vast. It spans pulp and paper (APRIL in Indonesia, Asia Symbol and Sateri in China, Bracell in Brazil, Vinda tissues across Asia), palm oil (Asian Agri plantations in Sumatra, Apical refining and trading in Indonesia and overseas), and energy (Pacific Energy in Canada and China). Yet secrecy is a defining characteristic – it is not possible to formally show Tanoto family ownership, even of the officially acknowledged companies, because ownership of the actual business groups has been routed through offshore holding companies in secrecy jurisdictions like Bermuda, BVI, Labuan and Dubai. The general public can only glimpse this hidden world when there is a leak of documents, such as in the 2017 Paradise Papers leak.

For the ‘Under the Eagle’s Shadow’ investigation, Greenpeace investigated beyond the scope of the above “known” RGE/Tanoto assets. We painstakingly compiled data from corporate registries in Indonesia, Malaysia, Singapore, and Hong Kong for over 300 companies, tracking changes in shareholders, directors, and addresses over time. We cross-referenced this with searches of Indonesia’s beneficial ownership registry, public domain information, internet searches (including LinkedIn profiles, court records, and file-sharing sites), the ICIJ’s Offshore Leaks database, and field visits to company operations and offices.

This identified an additional network of 257 companies – plantations, mills, holding structures across multiple jurisdictions – suspected of being shadow entities under common control with RGE/Tanoto. A complex web emerged. To make sense of it, the report organises the suspected shadow companies into 20 ‘subgroups’ based on their parent companies, most of which have their ultimate ownership obscured offshore. Then it documents links between the different subgroups that suggest they are part of the same corporate group. Only after that, does it lay out the evidence connecting the entire network back to RGE/Tanoto.

Seventeen of the twenty subgroups, all with offshore owners, are shown to have links to a Hong Kong asset management company, Argyle Street Management (ASM), and/or a Malaysian company, Acapalm Plantation Services, which has been described as a management service provider. This includes the subgroups which contain some of the case study companies mentioned above – Mayawana Persada, the Phoenix mill, Industrial Forest Plantation, and Usaha Sawit Unggul. This involvement is indicated by ASM personnel being declared to Indonesia’s beneficial ownership register for a number of suspected shadow companies, ASM personnel serving as directors of Hong Kong holding companies, shared registered addresses between holding companies and ASM’s Hong Kong office, extensive overlap between Acapalm’s board and Malaysian holding company boards across a number of subgroups, Acapalm directors acting as founder shareholders for these Malaysian entities, and former use of the same business address as Acapalm.

But the trail does not end there: while ASM and Acapalm’s overlapping involvement suggests these ‘offshore’ subgroups likely form a single, larger corporate entity, neither ASM nor Acapalm appears to be the ultimate controlling entity. ASM itself has told Greenpeace that it disagrees with some of these findings, but claims it is unable to comment further due to regulatory and confidentiality obligations.

The investigation then presents evidence linking these offshore companies to a complex web of ‘onshore’ companies spanning the forestry and palm oil sectors which ultimately largely trace their ownership to two key holding companies legally owned by Indonesian individuals. This allows us to view all the offshore and onshore companies together as part of the same group – a shadow empire.

## Linking the shadow empire to RGE/Tanoto

The next step was to find and examine evidence about who controls the shadow empire. We began with Indonesian company profiles, which show changes of shareholdings over time. By tracing back the historic ownership of each company, researchers were able to reveal that dozens of companies within this hidden network were formerly legally owned by RGE/Tanoto companies or the Tanoto family itself before moving into their current subgroups. What is more, in 2023 three West Papua forestry concessions moved in the other direction from the set of suspected shadow companies into official RGE business units (Apical, APRIL, Asian Agri), apparently for the purpose of fulfilling public conservation promises – a move easily facilitated if the entities were already under common control.

Besides shareholders, Indonesian company profiles also list directors and commissioners. We put the names we found in the registry profiles through a barrage of internet searches – after discarding common names that generated false positives. That entailed examining the online trails of 270 current or former directors and commissioners of the Indonesian companies under investigation.

What was discovered is best described as a ‘revolving door’ scenario where scores of directors or commissioners within the suspected shadow network have also worked for RGE/Tanoto companies, indicating personnel moving fluidly within a larger group, even if overlapping employment isn’t always simultaneous.

A similar pattern was found in the Malaysian companies which are in the holding structures of many subgroups, revealing the strong and consistent presence of directors who have also spent part of their career in RGE/Tanoto companies. In its defence, RGE notes that people are free to swap employers within the same industry, but the cases documented in the report appear to far exceed normal industry mobility.

Just as tellingly, some key former managers within the suspected shadow network have explicitly attributed their past roles to the RGE group in subsequent official biographies or professional profiles. Furthermore, many individuals declared to the beneficial ownership registry for mill companies across multiple suspected shadow subgroups appear to work for RGE’s Malaysian service provider, Averis.

Leaks, court cases and declarations have provided further leads: individuals declared to the beneficial ownership registry for suspected shadow companies (like Haryanto Wisastra who was caught up in the Asian Agri tax scandal and Tsang Shui Yuen who was linked to RGE both through the tax scandal and the 2010 ‘Offshore Leaks’ data) have documented historical ties as trusted confidants or managers within the RGE sphere. Declarations of ‘related parties’ by exchange-listed Tanoto company Toba Pulp Lestari have in the past included some of the companies in the Indonesian-owned subgroup.

A number of legal shareholders of Indonesian-owned subgroup holding companies have had long careers within RGE/Tanoto, yet despite their management expertise, these suspected nominees rarely seem to play active management roles in the companies they own on paper. This appears to mirror the pattern seen in previous shadow investigations where trusted employees act as nominees for the true beneficial owners.

Furthermore, shared resources abound within the suspected shadow companies and between them and RGE/Tanoto. Companies under investigation have historically shared, and sometimes still share, official registered addresses with RGE/Tanoto companies in Jakarta and Medan. Shared IT infrastructure, managed by Averis, is indicated by shared security certificates covering domains for both official RGE companies and members of the suspected shadow company network, including Acapalm.

In March 2023, the China West Construction Group Co, a Chinese contractor to Phoenix Resources International, reported on a visit from its chairman to the Tarakan mill mega-project site. Despite

RGE/Tanoto denying any connection with it, the new mill was described as a project of the Singapore Golden Eagle Group – very revealing coming from an important contractor who may be expected to be familiar with the client's identity.

Having discovered an abundance of leads through desk research, the time had come for Greenpeace Indonesia investigators to hit the ground. They visited offices in Jakarta, Pekanbaru, Balikpapan, and Malaysia, documenting the different ways the same addresses used by suspected shadow companies have also been attributed to RGE companies. Site visits also revealed that, increasingly, suspected shadow companies have changed business addresses to virtual offices, which appear to serve only as a place to receive official mail, with no sign of any administrative work being carried out. This may potentially be a way of concealing the true location of shared office resources elsewhere.

Greenpeace Indonesia made undercover visits to an office and warehouse in Kalimantan which is the registered office for suspected shadow company Kalimantan Prima Services Indonesia but which is also an address used by acknowledged RGE/Tanoto group company ITCI Hutani Manunggal. The same address was used on the environmental plan for Balikpapan Chip Lestari woodchip mill (another suspected shadow company, see below), and an incoming mail log viewed at the premises showed packages being delivered and forwarded to various companies from across a number of suspected shadow subgroups. Staff present at the address also said that they understood the companies to be part of one larger group which included an acknowledged RGE/Tanoto (Apical) company. They also reported that they believed the group was run by Sukanto Tanoto and its offices in Jakarta were that of 'RGM' (the older name for RGE).

Also in Balikpapan, where a woodchip mill operated by suspected shadow company Balikpapan Chip Lestari is located on land owned by an RGE/Tanoto (Apical) palm oil refinery, Greenpeace Indonesia investigators were able to ascertain that several staff described both companies as being part of the RGE/Tanoto group. Not only that, but one worker reported that members of the Tanoto family visited the site frequently (usually Anderson Tanoto or one of his sisters, but also infrequently Sukanto Tanoto).

Although supply chain relationships do not by themselves signify common control unless there is proof of exclusive supply contracts, it is nevertheless relevant that as a whole, the suspected shadow companies appear overwhelmingly dependent on RGE/Tanoto as the primary market for their products. Virtually all operational palm oil mills identified within the suspected shadow network supply RGE's trading arm, Apical, and many appear to do so exclusively. The vast majority of pulpwood from the suspected shadow network's forestry concessions appears destined for RGE mills, either APRIL and Toba Pulp Lestari in Indonesia, or Asia Symbol in China via Balikpapan Chip Lestari. Timber from forest clearing, including by major deforester Mayawana Persada, has supplied Asia Forestama Raya, the plywood factory that until recently listed Sukanto Tanoto as its registered owner. Security and fertiliser companies within the suspected shadow network also count RGE companies among their principal clients. This commercial interdependency is indicative of a single, integrated corporate group, barring shared branding.

Taking into account the evidence collected from all these different avenues of research, the report concludes that there is a very high risk that all companies investigated are operating as shadow companies under common control with the RGE/Tanoto group. Indeed, no other scenario would seem to plausibly account for the number and variety of links found, and the fact that they appear to have continued for a long period of time.

It is impossible to be certain whether the motive for this complex and opaque group structure was a desire to dodge accountability for deforestation, but the report presents a compelling argument that this could indeed be the case. Several of the companies featured as case studies in the report are shown to have changed ownership structure after being called out by NGOs for deforestation, or prior to commencing deforestation. This may be a way to ensure that their former sister companies

continue to enjoy access to supply chains with NDPE commitments, especially those of Apical, APRIL and Asia Symbol. An analysis of changes in the ownership and board composition of suspected shadow companies which took place following publication of NGO research between 2008 and 2023 appears to support this hypothesis.

## Responses

For its part, while RGE responded to an opportunity to comment ahead of the report by issuing a general denial of a 'shadow supply chain', and has denied control over specific investigated companies like Mayawana Persada or Phoenix Resources International, these denials are made without detailed rebuttals of the specific evidence presented. (RGE's full response is attached to the report).

The ball is now in the court of the companies, brands and financial institutions who do business with RGE to show how they respond to the sheer diversity and weight of evidence presented in the 'Under the Eagle's Shadow' report. To anticipate possible future changes, especially to online sources, all evidence cited in the report has been screenshotted and linked, allowing them to evaluate our research for themselves.

As long as offshore secrecy jurisdictions and other forms of concealing control exist, it may never be possible to determine with absolute certainty who is behind each problematic company. Nevertheless, this must not be a loophole allowing unscrupulous groups to continue deforestation and other environmental and social harm. That is why Greenpeace strongly argues that it is no longer acceptable to wait for formal documentation of legal control – instead, a precautionary approach should be employed. Where compelling evidence suggests a company engaging in harmful practices might be controlled by a larger group with sustainability commitments, the burden of proof should shift. In such cases, brands, banks and certifiers must act on a presumption of common control and demand transparency from the group to explain the evidence before resuming engagement.

This is not an unrealistic demand, a similar approach has been proposed for many years by the Financial Action Task Force to counter money laundering and terrorist finance, whose guidance on due diligence and beneficial ownership transparency is increasingly accepted by governments and financial institutions around the world.

The report should also be read as an urgent reminder to incorporate the principle of corporate-group level accountability into all initiatives aimed at reducing deforestation. For example, the EU Deforestation Regulation is aimed at preventing the import of products into the EU from deforestation carried out after 2020, not closing market access for the corporate groups which produce them. It would therefore be ineffective in tackling much of the deforestation highlighted in this report.

Questions are also raised for certification schemes which aim to provide consumer confidence through the use of eco-labels. An RGE company, APRIL, is trying to rejoin the FSC, which disassociated the company in 2013 for non-compliance with its criteria. New FSC rules mean that this is possible if it complies with stringent remedy measures for any deforestation or community grievances from 1994 to 2020. But if the FSC accepts that companies which have cleared forest since 2020 (such as PT Mayawana Persada and PT Industrial Forest Plantation) are under common control with APRIL, it will have to suspend the process. The Roundtable on Sustainable Palm Oil, which certifies RGE palm oil as sustainable, will also need to take a hard look at this investigation.