

Fangiono Agro Plantations Group (FAP Agri)

FAP Agri is an existing supplier to First Resources Limited.

In January 2018, Mighty Earth (“Mighty”) alerted us to deforestation activities that could have taken place at FAP Agri’s concessions. Mighty’s satellite analysis showed forest degradation at two concessions belong to FAP Agri’s subsidiaries - PT Setia Agro Utama (“SAU”) and PT Marsam Citra Adiperkasa (“MCA”).

We have engaged FAP Agri and obtained the following clarifications:

Issue 1	Forest degradation at SAU’s concession
Clarification	<p>The concession area analysed by Mighty was incorrect. SAU’s concession area had been revised in 2015 and as part of the revision, the area at the north of the original concession boundary was retained by the government for their development purposes, and is no longer part of SAU’s existing concession area.</p> <p>After FAP Agri’s commitment to adopt the HCS policy at the end of 2016, SAU has conducted a HCS assessment and carved out the identified HCS areas from its development plans. The forest degradation was likely carried out by the community on community-owned land, for subsistence farming purposes.</p>
Action taken / Status	<p>FR has received the map of SAU’s existing concession area and checked that it is indeed different from that used in Mighty’s analysis.</p> <p>FR has also obtained SAU’s HCS map and verified (via desktop analysis) that they have not cleared their HCS areas.</p>

Issue 2	Forest degradation at MCA’s concession
Clarification	<p>The concession area analysed by Mighty was incorrect. In 2001, FAP Agri was indeed given permit to the land indicated in Mighty’s report. However, FAP did not develop the land and the permit expired in 2006, and the land is no longer part of MCA’s existing concession area.</p> <p>MCA’s existing concession area is located in Kapupaten Mahakam Hulu of East Kalimantan.</p>
Action taken / Status	<p>FR has received the map of MCA’s existing concession area and checked that it is indeed different from that used in Mighty’s analysis.</p>

Future Updates

The above is updated as at 30 April 2018. This report will be updated on a periodic basis and be made available on our website.