

Corporate Governance

First Resources Limited (the "Company") is committed to maintaining high standards of corporate governance through transparency and effective disclosures.

This report sets out the Company's corporate governance practices for the financial year ended 31 December 2023, with specific reference to the Code of Corporate Governance 2018 issued by the Monetary Authority of Singapore on 6 August 2018 (the "2018 CG Code"). The Board is pleased to inform that the Company is substantially in compliance with the principles and provisions of the 2018 CG Code and reasons for any deviation are explained below.

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

The Board sets the strategic direction of the Company and its subsidiaries (the "Group") and is primarily responsible for the protection and enhancement of long-term shareholder value and returns. The Board also sets the tone for the Group in respect of ethics, values and organisational culture. The Board, supported by Management, establishes and maintains a sound risk management framework to effectively monitor and manage key risks and ensures necessary resources are in place to meet the Group's strategic objectives. It also oversees Management to ensure transparency and accountability to key stakeholder groups.

Board Approval

In addition to its statutory responsibilities, matters which specifically require the Board's approval are:

- (a) appointments/re-appointments of the Board of Directors, taking into consideration succession planning;
- (b) remuneration packages of the Executive Directors, Chief Executive Officer ("CEO") and Key Management Personnel ("KMP");
- (c) corporate strategies and business plans;
- (d) annual budgets, major funding proposals and investment or divestment plans;
- (e) material acquisition and disposal of assets;
- (f) the Group's financial results announcements;
- (g) adequacy of internal controls, risk management, financial reporting and compliance;
- (h) the assumption of corporate governance responsibilities;
- (i) shares issuances, dividends and any other returns to shareholders; and
- (j) matters involving a conflict of interest for the Directors and substantial shareholders.

The Board has delegated to Management the authority to approve transactions in the ordinary course of business within a set of approval matrix. Transactions falling outside this set of approval matrix would then be approved by the Board.

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Conflicts of Interest

Each Director is required to promptly disclose any conflict or potential conflict of interest, whether direct or indirect, in relation to a transaction or proposed transaction with the Company or its subsidiaries, as soon as practicable after the relevant facts have come to his/her knowledge. Where a Director has a conflict or potential conflict of interest in relation to any matter, he/she is required to immediately declare his/her interest, recuse himself/herself and refrain from participating in any Board discussion on the matter, unless the Board is of the opinion that his/her presence and participation is necessary to enhance the efficacy of such discussion. Nonetheless, he/she would abstain from voting in relation to the conflict-related matter.

Board and Board Committees

The Board discharges its responsibilities either directly or indirectly through various committees comprising members of the Board. The Board has established three committees: (i) Audit Committee ("AC"); (ii) Nominating Committee ("NC"); and (iii) Remuneration Committee ("RC"). The duties, authorities and accountabilities of each Board Committee are set out in their respective terms of reference. The various Board Committees report their activities regularly to the Board. The effectiveness of each Board Committee is also constantly monitored to ensure their continued relevance. Further information on the roles and responsibilities as well as a summary of the activities of each of the AC, NC and RC are set out in this Corporate Governance Report.

As at the date of this report, the Board and the various Board Committees comprise the following members:

Name	Board	Audit Committee	Nominating Committee	Remuneration Committee
	Chairman and			
Chang See Hiang	Independent Director	–	Chairman	Member
Ciliandra Fangiono	Executive Director	–	Member	–
Fang Zhixiang	Executive Director	–	–	–
Peter Ho Kok Wai	Independent Director	Chairman	–	–
Wong Su Yen	Independent Director	–	Member	Chairman
Luo Dan ⁽¹⁾	Independent Director	–	–	Member
Yeo Chor Gek ⁽²⁾	Independent Director	Member	–	–
	Non-Executive			
Tan Seow Kheng	Non-Independent Director	Member	–	–

Notes:

⁽¹⁾ Ms Luo Dan was appointed as Independent Director and as a member of the RC on 1 January 2024.

⁽²⁾ Ms Yeo Chor Gek was appointed as Independent Director and as a member of the AC on 1 January 2024.

Board Meetings

Following the amendments to the SGX-ST Listing Rule 705(2) which took effect from 7 February 2020, the Company is no longer required to release the Group's unaudited financial statements on a quarterly basis. Notwithstanding this, the Company has decided to provide key financial and operational updates for the first and third quarters to supplement the release of its half year and full year financial reports. Correspondingly, the Board continues to conduct regular scheduled meetings on a quarterly basis to review and approve the information to be released, as well as receive other updates on the business activities of the Group. In addition to the quarterly scheduled meetings, ad-hoc meetings may also be convened as and when warranted by matters requiring the Board's attention. If necessary, Board meetings may be conducted by way of telephone or video conferencing

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as permitted under the Company's Constitution. Time is also set aside after Board meetings, for any discussion amongst the Non-Executive Directors (including Independent Directors) without the presence of Management.

In addition to the formal Board meetings, the Board also organises Board strategy meetings periodically for in-depth discussions on strategic issues and direction of the Group, wherein due consideration is also given to key material environmental, social and governance factors identified for the Group. Such Board strategy meetings, which may be held off-site, include presentations by key executives on the Group's key business focus and growth plans going forward, as well as strategic issues relating to specific business areas. From time to time, the Company also organises site visits for the Directors to better apprise them of the Group's business. Such visits also provide the Non-Executive Directors with an opportunity to interact and engage with the key executives of the Group.

The Directors' attendance at Board, Board Committee and general meetings during the financial year ended 31 December 2023 is set out as follows:

Name	Board Meeting		Audit Committee Meeting		Nominating Committee Meeting		Remuneration Committee Meeting		General Meeting	
	Number of Meetings									
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Chang See Hiang	4	4	–	–	1	1	1	1	1	1
Ciliandra Fangiono	4	4	–	–	1	1	–	–	1	1
Fang Zhixiang	4	4	–	–	–	–	–	–	1	1
Peter Ho Kok Wai	4	4	4	4	–	–	–	–	1	1
Wong Su Yen	4	4	–	–	1	1	1	1	1	1
Ong Beng Kee ⁽¹⁾	4	3	4	3	–	–	1	1	1	1
Tan Seow Kheng	4	4	4	4	–	–	–	–	1	1

Note:

⁽¹⁾ Mr Ong Beng Kee resigned as an Independent Director on 31 December 2023.

Directors' Induction, Training and Development

A formal letter of appointment, which sets out the Director's duties and obligations, is provided to each Director upon appointment. Orientation programmes such as briefings by Management and site visits are also organised for newly appointed Directors.

For newly appointed Directors who do not have prior experience as a director of a public listed company in Singapore, they will also attend the mandatory training courses organised by the Singapore Institute of Directors ("SID"). Where appropriate, Directors may also attend training courses conducted by other training institutions in areas such as accounting, legal or industry-specific knowledge, in connection with their duties. Both Ms Luo Dan and Ms Yeo Chor Gek, who were appointed subsequent to the financial year end, have prior experience as directors of public listed companies in Singapore. The new directors were provided with a letter of appointment and attended the orientation programme organised by the Company subsequent to their appointment.

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During the financial year:

- (a) The external auditor, Ernst & Young LLP, regularly briefs the AC members on changes in accounting standards that affects the Group; and
- (b) The CEO regularly updates the Board on the business activities and strategies of the Group during Board meetings. Such updates would also include any significant developments and matters relating to environmental, social or other sustainability issues and risks affecting the Group.

The Directors may also attend other courses and seminars relevant to their Board duties at the Company's expense. These include programmes conducted by the SID, of which the Company is a corporate member.

Access to Information

Management has an on-going obligation to supply the Board with complete, adequate information in a timely manner. The Board is informed of all material events and transactions as and when they occur. The information that is provided by Management to the Board includes background or explanatory information relating to matters to be brought before the Board, including budgets, forecasts and financial statements. In respect of budgets, any material variances between the projections and actual results are also disclosed and explained. In addition, the Board has separate and independent access to the Company's Management at all times. Requests for information from the Board are dealt with promptly by Management.

As a general rule, Board papers are sent to Board members at least five working days before the Board meeting to afford the Directors sufficient time to review the Board papers prior to the meetings. For matters which require the Board's decision outside such meetings, Board papers will be circulated for the Board's consideration, with discussions and clarifications taking place between members of the Board and Management directly, before approval is granted.

Directors have separate and independent access to the Company Secretary. The Company Secretary (or her authorised nominee) attends all Board and Board Committee meetings and is responsible for ensuring that established procedures and all relevant statutes and regulations that are applicable to the Company are complied with. The Company Secretary assists the Chairman of the Board and the Chairman of each of the Board Committees and Management in the development of agendas for the various Board and Board Committee meetings. The appointment and removal of the Company Secretary are subject to the Board's approval.

Should Directors, whether as a group or individually, need independent professional advice to fulfil their duties, such advice may be obtained from external advisers and the cost of which will be borne by the Company.

Principle 2: Board Composition and Guidance

As at the date of this report, the Board comprises eight Directors of whom five are Independent Directors. Accordingly, majority of the Board is made up of Independent Directors. In relation to gender diversity, three out of the eight Directors are females. There were no alternate Directors appointed during the year.

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Board Independence

The NC has assessed the independence of the Board members and took into consideration the relevant provisions of the 2018 CG Code and SGX-ST Listing Rule 210(5)(d)(i), (ii) and (iv).

The Board, through the NC, has assessed the independence of each of the Directors for the financial year under review. Based on the declarations of independence provided by each of the Independent Directors and taking into account the guidance under Provision 2.1 of the 2018 CG Code, Mr Tan Seow Kheng was determined as non-independent. Mr Tan Seow Kheng is considered non-independent as he is a candidate recommended by Infinite Capital Fund Limited ("Infinite Capital"), a substantial shareholder of the Company. The Board also took into consideration (1) Mr Tan Seow Kheng's past and present employment with Infinite Capital's affiliates; and that (2) Infinite Capital's affiliates have palm oil business and operate in the same industry as the Group. As CEO and Deputy CEO of the Company, both Mr Ciliandra Fangiono and Mr Fang Zhixiang are also considered non-independent by virtue of their employment with the Company. The NC has also assessed the independence of Mr Chang See Hiang, Mr Peter Ho Kok Wai, Ms Wong Su Yen, Ms Luo Dan and Ms Yeo Chor Gek and is of the view that they do not have any relationships and are not faced with any of the circumstances identified in the 2018 CG Code and SGX-ST Listing Rule 210(5)(d)(i), (ii) and (iv) which may affect their independent judgement and accordingly, they are deemed independent. Each member of the NC and the Board has recused himself or herself from the NC's and the Board's deliberations respectively on his or her own independence.

The Independent Directors make up a majority of the Board even though the Chairman of the Board (i) is an Independent Director; (ii) is not the CEO of the Company (or equivalent); (iii) is not an immediate family member of the CEO; (iv) does not have close family ties with the CEO (i.e. a familial relationship between two parties which extends beyond immediate family members and could influence the impartiality of the Chairman) as determined by the NC; and (v) is not part of the Management team.

As at the date of this report, Non-Executive Directors make up a majority of the Board as the Company has a total of eight Board members, of whom five are Independent Directors, one is a Non-Executive Non-Independent Director and two are Executive Directors.

Board Diversity

The Board has put in place a Board Diversity Policy which sets out the approach in determining the optimal composition of the Board to avoid groupthink and foster constructive debate. All Board appointments are made based on merit, in the context of the skills, experience, gender, independence and knowledge which the Board as a whole requires to be effective.

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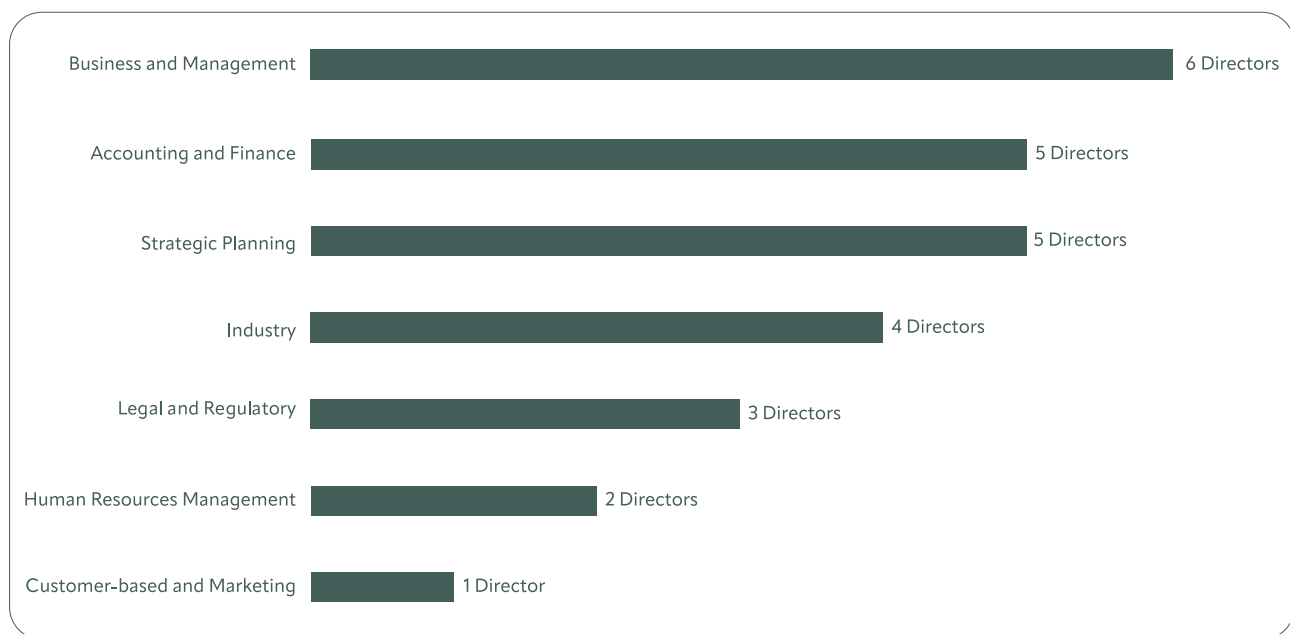
The NC noted the recommendation of the Council for Board Diversity (“CBD”) for listed companies to have 25% female representation on their boards by 2025 and 30% by 2030. As at the date of this report, the Board has achieved 37.5% female representation, ahead of CBD’s recommendation of 25% by 2025 and 30% by 2030.

Recognising that gender is an important aspect of diversity, the NC aims to ensure that the Board continues to have at least 25% female representation by 2025 and 30% female representation by 2030 through the following approach:

- (a) If an existing female Board member resigns or retires, the replacement Board member must also be a female unless the female representation ratio exceeds CBD’s recommended thresholds;
- (b) Any search firm engaged to assist the Board or the NC in identifying candidates for appointment to the Board will be specifically directed to include female candidates;
- (c) When seeking to identify a new Director for appointment to the Board, the NC will request female candidates to be fielded for consideration; and
- (d) At least one female Director continues to be appointed to the NC.

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A core competency matrix is used to help identify the gaps to be filled for the Board. The core competency matrix classifies the skills, knowledge and professional experience of existing Directors into several broad categories such as industry knowledge; financial markets; regulation, compliance and/or government relations; leadership; cybersecurity and technology; environmental, social and governance. The current Board comprises of members with the following core competencies:



In order to maintain or enhance its balance and diversity, the Board would continue to take the following steps:

- annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and relevant to the Group's risk profile, business operations and future business strategies in order to enhance the efficacy of the Board; and
- annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understanding the range of expertise which may be lacking by the Board.

The NC would consider the results of these exercises whilst ensuring that diversity is a key criterion before putting forth its recommendation for the appointment of new Directors and/or the re-appointment of incumbent Directors.

A review of the size and composition of the Board (and Board Committees) was also undertaken by the Company at year-end to ensure alignment with the needs of the Group and the objectives set out in the Board Diversity Policy. The Board, taking into consideration the views of the NC, is satisfied that the current size and composition of the Board (and Board Committees) meets the criteria in the Board Diversity Policy and possesses the necessary competencies, expertise and knowledge to lead the Group effectively. The Company remains committed to implementing the Board Diversity Policy and any further progress made towards the implementation of such policy will be disclosed in future Corporate Governance Reports, as appropriate.

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Board Guidance

The Non-Executive and Independent Directors contribute to the board process by monitoring and reviewing Management's performance. For the financial year under review, the Non-Executive and Independent Directors have constructively challenged Management's proposals and decisions and reviewed Management's performance. They have unrestricted access to Management for any information that they may require to discharge their oversight function effectively. As Non-Executive and Independent Directors constitute a majority of the Board, objectivity on such deliberations is assured.

Meeting of Directors without Management

The Non-Executive Directors (including Independent Directors) are free to meet without the presence of Management or Executive Directors at Board meetings. The Chairman of the Board, who is also a Non-Executive Director, would provide feedback to the CEO on any concerns or feedback raised by the Non-Executive Directors during such meetings.

Principle 3: Chairman and Chief Executive Officer

The Company has a separate Chairman and CEO to ensure that there is an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The division of roles and responsibilities between the Chairman and CEO has been set out in writing by the Board.

The Chairman of the Company is Mr Chang See Hiang. Mr Chang, who is a Non-Executive Independent Director, is not related to the CEO. As the Chairman, he bears primary responsibility for leading the Board to ensure its effectiveness on all aspects of its role including setting the agenda for Board meetings with input from Management. The Chairman also exercises control over the quality, quantity and timeliness of information flow between the Board and Management to encourage constructive relations within the Board and between the Board and Management. To promote a culture of openness and debate at the Board, he ensures that adequate time is available for discussion of all agenda items, in particular, strategic issues, and also facilitates the effective contribution of the Non-Executive Directors. At the AGM and other shareholder meetings, he plays a pivotal role in fostering constructive dialogue between shareholders, the Board and Management. The Chairman also promotes high standards of corporate governance for the Company, with the support of the Board, Company Secretary and Management.

The CEO, Mr Ciliandra Fangiono, drives the business strategies of the Company as set by the Board and manages the day-to-day business operations together with the other executive officers of the Company.

Provision 3.3 of the 2018 CG Code requires a lead independent director to be appointed in situations where the Chairman is conflicted and especially when the Chairman is not independent. Given that the roles of the Chairman and CEO are held by separate individuals and the Board Chairman is independent, no lead independent director is required to be appointed.

Principle 4: Board Membership

As at the date of this report, the NC comprises Mr Chang See Hiang as Chairman, Mr Ciliandra Fangiono and Ms Wong Su Yen as members. The majority of the NC, including the Chairman, is independent. The NC met once during the financial year under review.

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The NC is guided by its terms of reference which sets out its responsibilities and is in line with the 2018 CG Code. These include:

- (a) reviewing the structure, size and composition of the Board and Board Committees;
- (b) identifying candidates and reviewing all nominations for the appointment or re-appointment of the Directors and CEO, and determining the selection criteria;
- (c) reviewing succession plans for the Chairman, Directors, CEO and KMP;
- (d) evaluating the performance of the Board, its Board Committees and each individual Director and proposing objective performance criteria for Board's approval;
- (e) reviewing annually if a Director is independent pursuant to the guidelines set forth in the 2018 CG Code and SGX-ST Listing Rules;
- (f) evaluating if a Director is able to and has been adequately carrying out his or her duties as a Director when the Director concerned holds multiple board representations; and
- (g) reviewing training and professional development programmes for the Board.

Continuous Board Renewal and Succession Planning

The Company has started the progressive renewal of the Board since 2018 to replace some of the Directors who had served on the Board for more than nine years, taking into consideration board diversity in these appointments. In this regard, Mr Ong Beng Kee had stepped down as an Independent Director on 31 December 2023 as part of the board renewal process. The Company also appointed two new Independent Directors subsequent to the financial year end. As at the date of this report, there are no Independent Directors with a tenure of more than nine years.

When considering new appointments, the Board, through the NC, considers core competencies such as legal, accounting, business acumen, executive remuneration expertise, familiarity with regulatory requirements and knowledge of risk management, audit and internal controls, while taking into account the Board Diversity Policy.

All Directors, including the CEO, are required to submit themselves for re-election at regular intervals and at least once every three years. In recommending a Director for re-election to the Board, the NC will consider, amongst other things, the individual's competencies, commitment and contribution to the Board. After assessing the performance and contribution of the retiring Directors, the NC has recommended the re-election of (i) Mr Fang Zhixiang and Mr Tan Seow Kheng who are due to retire pursuant to Regulation 103 of the Company's Constitution; and (ii) Ms Luo Dan and Ms Yeo Chor Gek pursuant to Regulation 109 of the Company's Constitution, at the forthcoming AGM. The Board has accepted these recommendations.

The NC will seek to refresh the Board membership progressively and in an orderly manner, for long-term continuity and stability, taking into account the nine-year rule as set out in the SGX-ST Listing Rule 210(5)(d)(iv).

Nomination and Selection of Directors

The NC is responsible for identifying candidates and reviewing all nominations for the appointment and re-appointment of Directors and Board Committee members. When the need for a new Director arises, either to replace a retiring Director or to enhance the Board's strength, the NC will source for new candidates with the desired competencies. External help may be engaged to source for potential candidates if considered necessary.

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Where required, the NC may also tap on its networking contacts to assist with identifying and shortlisting of candidates. Directors and Management may also make recommendations. The NC will meet shortlisted candidates for an interview before making its recommendation to the Board for consideration and approval. For the recent appointments of Ms Luo Dan and Ms Yeo Chor Gek, the Company has used the Singapore Institute of Directors' portal to advertise the Board opportunities.

When reviewing a nomination for a proposed Board appointment, the NC will consider the following criteria:

- (a) a determination of the candidate's independence;
- (b) the qualifications and expertise required or expected of a new Board member taking into account the current size, structure, composition, skills and competencies of the Board;
- (c) gender and age diversity;
- (d) whether the candidate would have adequate time to discharge his or her duties having regard to his or her other board appointments and principal commitments; and
- (e) other prescribed factors under the Board Diversity Policy.

Review of Directors' Independence

The NC conducts an annual review of each Director's independence and takes into consideration the relevant provisions in the 2018 CG Code and SGX-ST Listing Rules. The NC has ascertained that, save for Mr Ciliandra Fangiono, Mr Fang Zhixiang and Mr Tan Seow Kheng, all Directors are considered independent according to these criteria. Directors must also immediately report any changes in their external appointments which may affect their independence.

Directors' Time Commitment

The NC believes that setting a maximum number of listed company board representations would not be meaningful as the contributions of the Directors should be best assessed through qualitative factors such as their attendance and time commitment to the affairs of the Company. The NC would continue to review from time to time the board representations and other principal commitments of each Director to ensure that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately.

In respect of the financial year under review, the NC was of the view that each Director has given sufficient time and attention to the affairs of the Company and has been able to discharge his or her duties as Director effectively. The NC noted that based on the attendance of Board and Board Committee meetings during the financial year under review, all the Directors were able to participate in such meetings to carry out their duties. The NC is satisfied that all the Directors have been able to and had adequately carried out their duties notwithstanding their other principal commitments and multiple directorships, where applicable.

Key Information on Directors

Profiles and key information of individual Directors, including their directorships in other listed companies and principal commitments, both present and those held over the preceding five years, are disclosed under the "Board of Directors" section of this Annual Report. In addition, additional information on Directors seeking re-election is also included within the Notice of AGM.

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Principle 5: Board Performance

Board Evaluation

The NC undertakes a process to assess the effectiveness of the Board and its Board Committees. Directors are requested to complete Board and Board Committee Evaluation Questionnaires to assess the overall effectiveness of the Board and Board Committees. To ensure confidentiality, the Company Secretary compiles the Directors' responses to the Board Evaluation Questionnaires on a collective basis and presents the results to the NC. The results of the evaluation exercise are considered by the NC which then makes recommendations to the Board aimed at helping the Board and Board Committees to discharge their duties more effectively. The Board Chairman, who is also the Chairman of the NC, will act on the results of the performance evaluation and in consultation with the NC propose, where appropriate, new members to be appointed to the Board or seek the resignation of existing members.

The NC, having reviewed the performance of the Board in terms of its roles and responsibilities and the conduct of its affairs as a whole, is of the view that the Board and Board Committees have operated efficiently, the Board has met its performance objectives and each Director has contributed to the overall effectiveness of the Board in the financial year under review.

No external consultant was involved in the Board and Board Committee Evaluation process for the financial year under review.

Board Performance Criteria

The NC had extracted salient recommendations from the 2018 CG Code and incorporated these recommendations into the Board and Board Committee Evaluation Questionnaires. The performance of the Board was reviewed as a whole, focusing on factors such as board composition, board conduct of affairs, internal controls and risk management, board accountability, communication with top management and standards of conduct. The NC also considered whether the Directors have reasonable understanding of the Group's business and the industry as well as the Directors' working relationship with the other members of the Board. These performance criteria shall not change from year to year, and where circumstances deem it necessary for any of the criteria to be changed, the NC and the Board shall justify its decision for the change.

Individual Director Evaluation

Individual Director self-assessment is also conducted to provide performance feedback which can help individuals to evaluate their own skills and performance as Directors. The Board is cognizant that individual Director evaluations are an important complement to the evaluation of the Board's overall performance. The results of the individual Director self-assessment are compiled by the Company Secretary and discussed by the NC.

The assessment of the CEO's performance is undertaken by the Board and the results are reviewed by the NC and Board. Feedback is provided to the CEO by the NC Chairman who will also report the same to the Board.

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REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies

As at the date of this report, the RC comprises Ms Wong Su Yen as Chairman, Mr Chang See Hiang and Ms Luo Dan as members. All three members are Independent Directors. Ms Luo Dan was appointed subsequent to the financial year end. The Board considers that Ms Wong Su Yen, who has many years of experience in senior management positions and on various boards dealing with remuneration issues, is well qualified to chair the RC.

The RC is guided by its terms of reference which sets out its responsibilities and is in line with the 2018 CG Code. These include:

- (a) recommending to the Board the fee framework for Non-Executive Directors;
- (b) recommending to the Board the framework of remuneration for Executive Directors and KMP (who are not Directors);
- (c) determining and setting specific remuneration packages (such as salaries, bonuses, long-term incentive awards and other incentive awards or benefits-in-kind) for each of the Executive Directors and KMP in accordance with the approved remuneration framework and ensuring that an appropriate proportion of their remuneration is structured so as to link rewards to corporate and individual performance;
- (d) approving the total bonus pool for distribution to employees for each year;
- (e) administering share plans that may be established from time to time for the Directors and KMP;
- (f) reviewing the remuneration packages of employees who are related to any Executive Directors, the CEO and substantial or controlling shareholders; and
- (g) reviewing the Company's obligations to ensure that contracts of service of the Executive Directors and KMP contain fair and reasonable termination clauses which are not overly generous.

The RC, when required, has access to expert advice both within and outside the Company on remuneration of directors.

Principle 7: Level and Mix of Remuneration

Principle 8: Disclosure on Remuneration

Non-Executive Directors' Remuneration

The framework for determining Non-Executive Directors' fees for the financial year ended 31 December 2023 was the same as that for the previous financial year and is set out as follows:

- (a) a single base fee of S\$75,000 for serving as Non-Executive Director;
- (b) additional fee of S\$25,000 for serving as Chairman of the Board of Directors; and

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(c) additional fee for serving as Chairman/Member on the following Board Committees:

Type of Committee	Chairman's Fee	Member's Fee
Audit Committee	S\$20,000	S\$15,000
Nominating Committee	S\$15,000	S\$10,000
Remuneration Committee	S\$15,000	S\$10,000

The Directors' fees are paid wholly in cash. In determining the quantum of Directors' fees, factors such as frequency of meetings, effort and time spent, responsibilities of Directors and the need to pay competitive fees to retain, attract and motivate the Directors, are taken into account. The Non-Executive Directors are not overcompensated to the extent that their independence is compromised. No Director is involved in deciding his or her own remuneration.

No remuneration consultants were engaged for the financial year under review. The RC may seek professional advice from remuneration consultants on remuneration matters, as and when necessary.

The following table shows the Directors' fees recommended by the Board for the financial year ended 31 December 2023, which will be tabled for shareholders' approval at the forthcoming AGM:

Name	Directors' Fee Proposed
Chang See Hiang	S\$125,000
Peter Ho Kok Wai	S\$95,000
Wong Su Yen	S\$100,000
Ong Beng Kee	S\$100,000
Tan Seow Kheng	S\$90,000
Total	S\$510,000

The following table shows the Directors' fees for the financial year ended 31 December 2022, which were paid in the year ended 31 December 2023:

Name	Directors' Fee Paid
Chang See Hiang	S\$125,000
Peter Ho Kok Wai	S\$95,000
Wong Su Yen	S\$100,000
Ong Beng Kee	S\$100,000
Tan Seow Kheng	S\$90,000
Total	S\$510,000

Executive Directors' and KMP's Remuneration

The CEO and Deputy CEO, both being Executive Directors, do not receive Directors' fees and are on service contracts which are subject to review by the RC and endorsed by the Board. Their contracts do not contain any onerous removal clauses.

The following table shows the remuneration of the Executive Directors (who are also the CEO and Deputy CEO) paid in the year ended 31 December 2023:

Name	Fixed Salary	Variable Cash Bonus	Total Remuneration
Ciliandra Fangiono (CEO)	41%	59%	S\$2,057,000
Fang Zhixiang (Deputy CEO)	41%	59%	S\$1,637,000

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In setting remuneration packages, the RC takes into consideration the prevailing market conditions as well as the relevant comparative remuneration and employment conditions within the industry. The remuneration package for the CEO, Deputy CEO and KMP consists of both fixed and variable components. The variable component in the form of bonus is determined based on the performance of the individual employee and the Group's performance in the relevant financial year. This is to align their interests with those of the shareholders and link rewards to corporate and individual performance. For the purpose of assessing the performance of the Executive Directors and KMP, key performance indicators comprising both quantitative and qualitative factors are set out at the beginning of each year and reviewed at the end of the financial year. The Company does not have any contractual provisions which allow it to reclaim incentive components of remuneration from Executive Directors and KMP as such provisions may have a negative impact on attracting and retaining talent in the Company.

The Company has in place a share option scheme and a share award scheme known as the First Resources Employee Share Option Scheme 2020 ("ESOS") and First Resources Employee Share Award Scheme 2020 ("ESAS") respectively (collectively known as the "Schemes"), details of which are disclosed in the Directors' Statement. The Schemes are administered by the Remuneration Committee.

During the financial year under review, awards comprising 422,700 ordinary shares have been granted under the ESAS to certain employees (who are not Directors) of the Group. One-third of the shares granted during the financial year shall vest in each of the months of April 2024, 2025 and 2026. Upon vesting, the participants have the flexibility to choose to receive the vested shares or the aggregate market price of such vested shares (defined under the ESAS rules to be determined based on the average of the last dealt prices for a share for a period of five consecutive market days immediately prior to the relevant vesting date) in cash in lieu of the allotment of new shares or transfer of existing shares held as treasury shares. Where applicable, the shares vested will be included in the disclosure of the remuneration of the top five KMP based on the open market price of the shares on vesting date or the value of the cash received in lieu of shares. Details of the movement in share awards during the year ended 31 December 2023, together with the vesting schedule for the share awards outstanding, are disclosed in the Directors' Statement.

The following table shows the remuneration of the top five KMP (who are not Directors or the CEO of the Company) paid in the year ended 31 December 2023:

Name	Fixed Salary	Variable Cash Bonus	Share-based Incentive*	Remuneration Band
Executive A	55%	42%	3%	S\$750,000 – S\$1,000,000
Executive B	50%	44%	6%	S\$500,000 – S\$750,000
Executive C	48%	38%	14%	S\$500,000 – S\$750,000
Executive D	71%	29%	–	S\$250,000 – S\$500,000
Executive E	60%	37%	3%	S\$250,000 – S\$500,000

* Relates to ESAS shares that vested on 17 April 2023, based on the open market price of the shares on vesting date or the value of the cash received in lieu of shares.

The total remuneration of the top five KMP (who are not Directors or the CEO of the Company) paid in the year ended 31 December 2023 amounted to S\$2,634,000.

Corporate Governance

The Company believes that it may not be in the best interest of the Company to disclose the remuneration of KMP on an individually named basis as recommended by the 2018 CG Code, as such disclosure may affect its ability to motivate, retain and nurture employees. The Company would like to elaborate on the reasons for not disclosing the names of the individual KMP as follows:

- (a) Given the competitive business environment which the Group operates in, the Company faces significant competition for talent in the plantation sector and it had not disclosed the names of the KMP in order to minimise potential staff movement and undue disruptions to its senior management team and business operations, which would not be in the best interests of shareholders.
- (b) In view of the long-term nature of the plantation business, it is imperative for the Company to ensure the stability and continuity of its business led by a competent and experienced senior management team and disclosure of the remuneration of KMP on an individually named basis would make it difficult to retain and attract talented management staff on a long term basis.

Other than this, the Company has complied with the rest of the disclosure requirements under Provision 8.1 of the 2018 CG Code.

There were no termination, retirement and post-employment benefits paid to Directors and the top five KMP in the year ended 31 December 2023.

Remuneration of Employees who are Immediate Family Members of a Director or the CEO

Mr Ciliandra Fangiono and Mr Fang Zhixiang are brothers and their remuneration is set out in the Executive Directors' remuneration table above. Other than this disclosure, there are no other employees within the Group who are substantial shareholders of the Company, or are immediate family members of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S\$100,000 during the year.

ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls

Risk Management

The Board is responsible for governing risks and ensuring that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets. This includes determining the nature and extent of the significant risks which the Company is willing to undertake in achieving its strategic objectives. Assisted by the AC, the Board reviews the adequacy of the Group's risk management process to ensure that robust risk management and internal control systems are in place to manage risks in a way that is aligned with the Group's risk tolerance. The Company has put in place a Group Risk Management Framework ("GRM Framework") to enhance its risk management process. The GRM Framework lays out the processes for the identification of key risks within the business and assessment of the operating effectiveness of the Company's internal controls. It also outlines the Group's risk tolerance levels for different categories of risk, providing guidance to Management on key risk parameters. As part of the GRM Framework, the Company maintains a risk register which identifies the key risks of the Group as well as the corresponding internal controls and action plans in place to manage or mitigate those risks. These include financial, operational, compliance (including sanctions-related risks) and information technology risks, as well as sustainability risks relating to material environmental and social issues identified for the Group. The risk register is maintained and reviewed by Management on a regular basis taking into account changes in market conditions and the Group's activities. The overall findings and recommendations from the risk assessment exercise are reported to the AC annually.

Corporate Governance

The Company has identified and reviewed its key risks to assess the adequacy and effectiveness of the Company's risk management and internal control systems, specifically on financial, operational, compliance (including sanctions-related risks) and information technology risks. As part of the risk management process, material sustainability issues, including climate-related risks and other concerns relating to environmental and social factors are also taken into consideration in the identification of key operational risks for the Group. Apart from the Group's risk management process, key business risks are thoroughly assessed by Management and each significant transaction is comprehensively analysed so that Management understands the risks involved before the transaction is embarked on. Additionally, internal controls and due diligence processes have been put in place to ensure sanctions compliance by the Company and protect its interests in relation to any sanctions-related risks. The Board, through the AC, will continuously identify, review and monitor the key risks, control measures and management actions as part of the risk management process, which also incorporates sustainability risk management.

Some of these risks are discussed in Note 40 "Financial Risk Management Objectives and Policies" in the Financial Statements of this Annual Report.

Internal Controls

The Company's internal auditors conduct independent reviews of the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls addressing the key risks identified in the overall risk management framework of the Group. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the AC. The AC also reviews the effectiveness of the actions taken by Management on the recommendations made by the internal auditors in this respect.

In the course of the statutory audit, the Company's external auditors will highlight any material internal control weaknesses which have come to their attention in the course of carrying out their audit procedures, which are designed primarily to enable them to express their opinion on the financial statements. Such material internal control weaknesses noted during their audit, and recommendations, if any, by the external auditors are reported to the AC.

The Board has received assurance from the CEO and Vice President of Finance that the financial records have been properly maintained and the financial statements for the year ended 31 December 2023 give a true and fair view of the Company's operations and finances. The Vice President of Finance undertakes the functional duties and responsibilities equivalent to the role of a Chief Financial Officer.

The Board has also received assurance from the CEO and other KMP that the risk management system and internal controls (including financial, operational, compliance and information technology controls) of the Company were adequate and effective as at 31 December 2023.

Based on the internal controls established and maintained by the Company, work performed by the internal and external auditors and reviews performed by Management, as well as the assurances set out above, the Board, with the concurrence of the AC, is of the view that the Company's system of risk management and internal controls (including financial, operational, compliance and information technology controls) were adequate and effective as at 31 December 2023 to address risks which the Company considers relevant and material to its operations.

The system of risk management and internal controls provides reasonable, but not absolute, assurance that the Company will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of risk management and internal controls could provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities. The process of reviewing and

Corporate Governance

strengthening the Company's control environment is an evolving process. When controls should be enhanced, the Board and Management will take action to rectify and strengthen the internal controls and risk management systems. The Board and Management will continue to devote resources and expertise towards improving its internal policies and procedures to maintain a high level of governance and internal controls.

Principle 10: Audit Committee

As at the date of this report, the AC comprises Mr Peter Ho Kok Wai as Chairman, Ms Yeo Chor Gek and Mr Tan Seow Kheng as members, the majority of whom, including the Chairman, are independent. Ms Yeo Chor Gek was appointed subsequent to the financial year end. The Audit Committee met four times during the financial year under review.

The majority of the AC, including the Chairman, has accounting or related financial management expertise or experience. The Board is of the view that the members of the AC are appropriately qualified to discharge their responsibilities. None of the AC members were previous partners or directors of the Company's external auditor, Ernst & Young LLP ("EY"), within the last two years or hold any financial interest in the external auditor.

The AC is guided by its terms of reference which sets out its responsibilities and is in line with the 2018 CG Code. These include:

- assisting the Board of Directors in the discharge of its responsibilities on financial and accounting matters;
- reviewing the audit plans, scope of work, results and quality of audits carried out by the external and internal auditors;
- reviewing the co-operation given by Management to the external and internal auditors;
- reviewing significant financial reporting issues and judgements relating to financial statements for each financial year and the auditor's report before submission to the Board of Directors for approval;
- reviewing the integrity of any financial information presented to shareholders;
- reviewing the risk management framework and providing oversight of the risk management processes and activities to mitigate and manage risks at acceptable levels determined by the Board of Directors;
- reviewing the assurances provided by Management on the financial records and financial statements and regarding the adequacy and effectiveness of the Company's risk management system and internal controls;
- reviewing the adequacy and effectiveness of the Company's system of risk management and internal controls (including financial, operational, compliance and information technology controls) via reviews carried out by the internal auditors, and taking into consideration the external auditors' findings arising from their annual audit;
- reviewing and monitoring the Company's risk of becoming subject to, or violating, any sanctions law, as well as the adequacy and effectiveness of control measures addressing any sanctions-related risks;
- reviewing the nature and extent of non-audit services provided by the external auditors yearly to determine their independence;
- recommending to the Board of Directors the appointment and re-appointment of the external auditors and approving their compensation and terms of engagement;

Corporate Governance

- meeting with the external and internal auditors without the presence of the Company's Management annually;
- reviewing the adequacy, effectiveness and independence of the internal audit function, including ensuring that it is adequately resourced and has the appropriate standing within the Company;
- reviewing the appointment, remuneration and resignation of the Head of Internal Audit;
- reviewing interested person transactions;
- reviewing potential conflicts of interest, if any; and
- investigating any matter within its terms of reference.

During the financial year, the AC has carried out the above duties as provided in their terms of reference.

Apart from the duties listed above, the AC shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on the Company's results of operations and/or financial position. Each member of the AC shall abstain from voting on any resolution in respect of matters in which he/she is interested.

The AC keeps abreast of the changes to accounting standards and issues that may have a direct impact on the financial statements by referring to the best practices and guidance in the Guidebook for Audit Committee in Singapore and the reports issued from time to time in relation to the Financial Reporting Surveillance Programme administered by the Accounting and Corporate Regulatory Authority. During the year under review, the AC was also briefed on the changes in accounting standards that would impact the Group's consolidated financial statements by the external auditors at the AC meetings.

In the review of the financial statements, the AC has considered and reviewed the significant financial reporting issues and judgements relating to financial statements. The following significant matters impacting the financial statements were discussed with Management and the external auditors and were reviewed by the AC:

Significant matters	How the AC reviewed these matters and what decisions were made
Goodwill Impairment	<p>The AC considered the approach and methodology applied in performing the annual goodwill impairment assessment. The AC also reviewed the key assumptions used in the discounted cash flow model such as pre-tax discount rate, projected crude palm oil price and terminal growth rate.</p> <p>Goodwill impairment was also an area of focus for the external auditor, who has included this item as a key audit matter in its audit report for the financial year ended 31 December 2023.</p>
Recoverability of Deferred Tax Assets	<p>The AC considered the appropriateness of the accounting treatment in relation to the recognition of deferred tax assets, which took into consideration the forecast of future profitability in determining recoverability of the deferred tax assets through taxable income in future years.</p> <p>Deferred tax assets was also an area of focus for the external auditor, who has included this item as a key audit matter in its audit report for the financial year ended 31 December 2023.</p>

Corporate Governance

Following the review, the AC recommended to the Board to approve the financial statements for the financial year ended 31 December 2023.

The AC has full access to and co-operation of Management. The AC also has full discretion to invite any Director or executive officer to attend its meetings and has been given adequate resources to discharge its functions. During the year, the AC met with the external and internal auditors without the presence of Management.

In line with the SGX-ST Listing Rule 1207(6), the AC has undertaken a review of the nature and extent of all non-audit services provided by the external auditors during the financial year and is satisfied that such services have not, in the AC's opinion, compromised the independence of the external auditors. It was noted that the fees for non-audit services did not exceed 50% of the aggregate amount of audit fees paid/payable to EY in 2023. The aggregate amount and breakdown of the audit and non-audit fees paid/payable to the external auditors is found in Note 7 "General and Administrative Expenses" in the Financial Statements of this Annual Report.

In reviewing the performance of the external auditors and formulating its recommendation on the re-appointment of EY for the financial year ending 31 December 2024, the AC had considered the overall adequacy and quality of the firm's resources, the experience and expertise of the audit partners and other senior members of the engagement team, and the efficiency and effectiveness of the engagement team in carrying out its work. The AC had also considered the quality of audit services rendered, scope of audit plan and audit findings presented during the year, as well as the information provided by EY under the Audit Quality Indicators Disclosure Framework. On this basis, the AC recommended the re-appointment of EY at the upcoming AGM.

The Company is in compliance with the requirements under SGX-ST Listing Manual Rules 712 and 715(1) on the appointment of the same auditing firm in Singapore to audit its accounts and the accounts of its Singapore incorporated subsidiaries and Rule 715(2) of the SGX-ST Listing Manual on the appointment of a suitable auditing firm for its significant foreign incorporated subsidiaries. The Company does not have any significant associated companies.

The Company has put in place a whistle-blowing policy, endorsed by the AC, which provides for a mechanism by which employees and any external stakeholders of the Group may, in confidence, raise concerns about possible unethical conduct and improprieties in financial reporting or other matters. The objective of this policy is to encourage the reporting of such matters in good faith, with the confidence that employees and other persons making such reports will be treated fairly and, to the extent possible, protected from reprisal. All information received is treated with confidentiality and anonymous reporting is accepted for protecting the identity and interest of all whistle-blowers. The AC is responsible for the oversight and monitoring of the whistle-blowing policy and ensuring that it is properly administered with the assistance of the Head of IA.

The Company neither tolerates nor condones any actions taken against any employee or other person in retaliation for raising a compliance or integrity issue, and may institute disciplinary action against any party found to have taken such retaliatory action against whistle-blowers.

Whistle-blowing reports may be received by the Internal Audit function on behalf of the AC. The Internal Audit function will conduct an initial review of the reports received and recommend for remedial, disciplinary or other corrective actions to be taken by the Company. A summary of the investigations conducted is reported to the AC for its attention on a monthly basis. Whistle-blowing matters, where substantiated and material, are reported to the AC immediately.

The AC ensures that independent investigations and appropriate follow-up actions are carried out, where applicable. Details of the Group's whistle-blowing policy, including the different avenues for reporting, have been made available to all employees and on the Company's website.

Corporate Governance

External stakeholders wishing to report or raise any such concerns about the Company may do so via audit.comm@first-resources.com.

Any complaint that relates to or concerns a Director or senior management of the Company may also be reported directly to the AC Chairman via audit.comm.chairman@first-resources.com.

Internal Audit

The Company has established an in-house Internal Audit ("IA") function that is independent of the activities that it audits. The Head of IA reports directly to the Audit Committee and administratively to the CEO. The Head of IA is a Certified Internal Auditor and Indonesia Internal Audit Practitioner under the Institute of Internal Auditors ("IIA") and has more than 20 years of working experience in internal audit, accounting, finance and external audit.

The IA function adopts the International Standards for the Professional Practice of Internal Auditing (the IIA Standards) issued by the Institute of Internal Auditors.

To ensure that audits are performed effectively, the Company employs suitably qualified professional staff with the relevant experience. The AC is satisfied that the in-house IA function is adequately resourced and has the appropriate standing within the Company. On an annual basis, the AC has also reviewed and is satisfied with the adequacy and effectiveness of the IA function and that the IA function has maintained its independence from the activities that they audit.

The IA function adopts a risk-based approach in formulating the annual audit plan which aligns its activities to the key risks across the Group's business. The reviews performed by the internal auditors are aimed at assisting the Board in evaluating the adequacy and effectiveness of risk management, internal controls and governance processes.

During the year, the IA function conducted its audit reviews based on the annual audit plan which was approved by the AC. The annual audit plan also incorporates the audit of key risk areas identified under the GRM Framework. Each quarter, the IA function would submit a report to the AC on the key audit findings and actions to be taken by Management on such findings. Key findings are also highlighted at AC meetings for discussion and follow-up actions. The AC monitors the timely and proper implementation of the required corrective, preventive or improvement measures to be undertaken by Management.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11: Shareholder Rights and Conduct of General Meetings

Principle 12: Engagement with Shareholders

Principle 13: Engagement with Stakeholders

Disclosure of Information on a Timely Basis

The Company is committed to treat all shareholders fairly and equitably, through open and non-discriminatory communication. The Company keeps its shareholders adequately informed of the changes in its business performance and prospects which may materially affect the price or value of the Company's shares.

Corporate Governance

The Company ensures that all material and price sensitive information which may affect the price or value of the Company's shares is disseminated to the public on a comprehensive, accurate and timely basis via SGXNet and not selectively disclosed.

Following the amendments to the SGX-ST Listing Rule 705(2), which took effect from 7 February 2020, the Company is no longer required to release the Group's unaudited financial statements on a quarterly basis. The Board had, after due deliberation, decided not to continue with quarterly reporting of the Group's financial results and instead, release financial reports on a half-yearly basis with effect from the financial year ended 31 December 2020.

To supplement the half year and full year financial reports which will continue in the format prescribed by the SGX-ST Listing Manual, the Company has been providing key financial and operational updates for the Group's first and third quarter performance.

The Board provides shareholders with a comprehensive and balanced assessment of the Group's performance, position and prospects on a half year and full year basis when it releases its results through the SGXNet and the Company's website.

Financial results for the first half of the year are released no later than 45 days from the end of the period. Annual financial results for the full year are released within 60 days from the financial year-end.

Other price-sensitive information is disseminated to shareholders through announcements via SGXNet, press releases and the Company's website.

The Company also observes obligations of continuing disclosure under the SGX-ST Listing Manual. The Company has received signed undertakings from all its Directors and executive officers pursuant to Rule 720(1) of the SGX-ST Listing Manual.

Conduct of General Meetings

The Company's AGM for the financial year ended 31 December 2023 will be conducted in physical mode.

At each AGM, the CEO delivers a presentation to update shareholders on the Group's performance over the past year. Shareholders are given the opportunity to submit questions and concerns to the Directors, Management and external auditors in advance of the AGM. All substantial and relevant questions received from shareholders by the question submission deadline will be addressed by the Company via SGXNet and on our corporate website. At each general meeting, each distinct issue is proposed as a separate resolution.

The Company's Constitution allows a shareholder to appoint up to two proxies to attend and vote in the shareholder's place at the general meetings of shareholders. Pursuant to the introduction of the multiple proxies regime under the Singapore Companies (Amendment) Act 2014, indirect investors who hold the Company's shares through a nominee company or custodian bank or through a CPF agent bank may attend and vote at each general meeting of shareholders. Voting in absentia by mail, facsimile or email is currently not permitted to ensure proper authentication of the identity of shareholders and their voting intent.

Voting at general meetings of shareholders are conducted by poll thereby allowing all shareholders present or represented at the meeting to vote on a one share, one vote basis.

Corporate Governance

The Company conducts electronic poll voting for all the resolutions to be passed at general meetings for greater transparency in the voting process. An independent scrutineer firm is also present to validate the votes for each general meeting. The results of all votes for and against each resolution are tallied and instantaneously displayed at the meeting. The voting results are announced via SGXNet and on the Company's website following each general meeting.

The Company Secretary prepares minutes of general meetings which include the Company's responses to the questions received from shareholders. These minutes are made available to shareholders via SGXNet and on the Company's website.

Stakeholders Engagement

The Company has a dedicated Investor Relations ("IR") team which focuses on maintaining frequent interactions with the investment community in the form of meetings, investor roadshows, conference calls and results briefings. During the financial year under review, the IR team engaged more than 60 Singapore and foreign investors via conference calls and/or meetings.

In addition, our IR team attends to queries or concerns from the investment community in a timely manner. Feedback and views received from them are also conveyed to Management by the IR team. The IR team is contactable at investor@first-resources.com.

The Company conducts quarterly briefings with analysts by making reference to the half-yearly financial reports and/or operational and financial updates which are released via the SGXNet and posted on our corporate website. At such briefings, Management, together with the IR team, openly communicates the Group's financial and operational performances, business growth strategies as well as developments and initiatives on the sustainability front. The IR team also provides regular updates to the Board and Management on analysts' consensus estimates.

Apart from the SGXNet, the investment community can also access announcements, half-yearly financial reports, annual reports, investor presentations, operational and financial updates and other corporate information on the dedicated Investor Relations section of our corporate website at www.first-resources.com. Our announcements are also disseminated by electronic mail to our subscribers in the form of news alerts, allowing investors to keep abreast of our latest performance and developments.

In recent years, sustainability-related topics have generated much interest from the investment community. The IR team works closely with the Group's Sustainability team to communicate the implementation progress of our Policy on Sustainable Palm Oil, as well as related developments and new initiatives, to our stakeholders. In keeping with our commitment to keep our shareholders and the market abreast of the Group's progress on the sustainability front, we have concurrently published on our corporate website our sustainability report for the financial year ended 31 December 2023, which is to be read in conjunction with this Annual Report.

Dividend Policy

The Company strives to provide sustainable dividend payments to our shareholders, while remaining committed to an optimal capital structure and maintaining flexibility to pursue growth. In considering the level of dividend payments, the Board takes into consideration the Company's cash flow, capital expenditure plan, working capital requirements, general financial condition and other factors deemed relevant by the Board. Whilst interim dividends are declared and approved by the Board at each half year, final dividends are recommended by the Board at each year-end for shareholders' approval at the AGM. For the financial year ended 31 December 2023, the Board has proposed a final dividend of 3.70 Singapore cents per share, which brings the full year ordinary dividend to 6.20 Singapore cents per share, translating to an annual dividend payout ratio of 50% of the Group's underlying net profit.

Corporate Governance

First Resources' dividend policy is to distribute up to 50% of the Group's underlying net profit annually. The Board will review the dividend policy from time to time and reserves the right to modify, amend and update the policy.

ADDITIONAL INFORMATION

Code of Conduct

The Company has a Code of Conduct which serves as a general guideline for Management and employees in conducting their duties and responsibilities ethically. It outlines corporate values and ethical standards which are in line with the Group's vision and mission. Areas covered under the Code of Conduct include professionalism and work ethics, conflict of interest, political impartiality, anti-corruption and zero tolerance on fraud. All our employees will also have to comply with applicable country laws, regulations and legal requirements. Any breach of the Code of Conduct can result in disciplinary action in accordance with the prevailing laws and regulations as well as termination of employment. The Code of Conduct is disseminated to our employees, suppliers and other business partners.

Dealing in Securities

The Company has adopted and issued an internal compliance code on securities transactions, which provides guidance and internal regulations pertaining to dealings in the Company's securities by the Company, its Directors and officers of the Group.

According to the Company's internal compliance code, the Company, its Directors and officers of the Group are prohibited from dealing in the Company's securities during the "closed period", which is defined as follows:

- the period commencing two weeks before the announcement of the Company's operational and financial updates for the first and third quarters of its financial year and ending immediately after the release of the announcement of the relevant operational and financial updates; and
- the period commencing one month before the announcement of the Company's half year and full year financial statements (in the format per Appendix 7.2 of the SGX-ST Listing Manual) and ending immediately after the announcement of the relevant financial statements.

Directors and officers are also advised to adhere to the following at all times:

- (a) observe insider trading laws and not to deal in the Company's securities while in possession of any unpublished material price-sensitive information; and
- (b) not to deal in the Company's securities on short-term considerations.

In addition, Directors are required to report to the Company Secretary within two business days whenever they deal in the Company's securities and the latter will make the necessary announcements in accordance with the requirements of the SGX-ST Listing Manual.

Interested Person Transactions

To ensure that interested person transactions are conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders, the Company has adopted internal guidelines and procedures for the review and approval of transactions with interested persons. All transactions with interested persons are monitored closely and reported in a timely manner to the AC for its review.

Corporate Governance

Shareholders have approved the renewal of the interested person transactions mandate ("IPT Mandate") at the AGM on 27 April 2023. The IPT Mandate defines the threshold limits and review procedures for the transactions with interested persons carried out by the Group. Pursuant to the IPT Mandate, the Company also maintains a register of all such interested person transactions, which includes information pertinent to the evaluation of the interested person transactions.

Details of interested person transactions for the financial year ended 31 December 2023 as required under Rule 907 of the SGX-ST Listing Manual are set out as follows:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
		US\$'000	US\$'000
Eight Capital Advisors Pte. Ltd.	Associate of Eight Capital Inc.	–	477
PT Surya Dumai Industri	Associate of Ciliandra Fangiono & Fang Zhixiang	–	303
PT Riau Agung Karya Abadi	Associate of Ciliandra Fangiono & Fang Zhixiang	428	10,343
PT Marsam Citra Adi Perkasa	Associate of Ciliandra Fangiono & Fang Zhixiang	–	27,367
PT Ketapang Hijau Lestari	Associate of Ciliandra Fangiono & Fang Zhixiang	–	15,819
PT Borneo Bhakti Sejahtera	Associate of Ciliandra Fangiono & Fang Zhixiang	–	46,261
PT Fajar Niaga Berjaya	Associate of Ciliandra Fangiono & Fang Zhixiang	14,026	–

The AC has reviewed, and is satisfied that the transactions are conducted at arm's length and on terms that are fair and reasonable. The AC and the Board of Directors are satisfied that the terms of the above transactions are not prejudicial to the interests of the Company or its minority shareholders.

Corporate Governance

Material Contracts

Save as disclosed, there are no other material contracts entered into by the Company and its subsidiaries involving the interests of the CEO, any Director or controlling shareholder, which are either subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year ended 31 December 2022.