



FIRST
RESOURCES

SUSTAINABILITY REPORT 2020



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FIRST RESOURCES LIMITED

ABOUT THIS REPORT

01
SUSTAINABILITY REPORT 2020

We are pleased to present First Resources' 2020 Sustainability Report. This report provides a transparent account of our commitments, achievements and challenges in integrating sustainable practices across our operations and supply chain. It should be read in conjunction with First Resources' Annual Report and our website, as some information will be accessible through those channels. The reporting exercise not only aims to demonstrate our commitment to transparency and accountability to stakeholders, it also allows us to reflect on the progress we have made and the areas for improvement.

SCOPE OF THE REPORT [102-1, 102-45, 102-50, 102-52]

This report covers the operations of First Resources Limited (First Resources) in Indonesia and Singapore. It excludes our rubber plantations in Indonesia, which contributes to a very small proportion of our business. We produce a sustainability report on an annual basis and the content of this report focuses on activities carried out within the financial year ended 31 December 2020. Where applicable, data from previous financial years have been included for comparison.

REPORTING FRAMEWORK [102-54]

This report is prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. The GRI content index can be found at the end of this report, on pages [56-66](#). The GRI disclosure numbers have also been included below the titles throughout

the report where the relevant information is covered.

We have defined the content of this report using the GRI principles of stakeholder inclusiveness, sustainability context, materiality and completeness. To ensure the quality of our content, we have applied the GRI principles of accuracy, balance, clarity, comparability, reliability and timeliness.

This report also adheres to the Singapore Exchange (SGX) Listing Rule 711A on preparing an annual sustainability report and describes our sustainability practices with reference to the primary components set out in the SGX Listing Rule 711B.

DATA AND ASSURANCE [102-56]

We did not engage a third party in the assurance of our sustainability report this year. In-depth assessments have been undertaken in material areas

such as High Carbon Stock (HCS), High Conservation Value (HCV) and Free, Prior and Informed Consent (FPIC), which provide strong independent verification of our performance. Furthermore, all of the data included in this report has been subjected to rigorous reviews as part of our internal processes.

CONTACT [102-53]

We welcome feedback from all our stakeholders. If you have questions or comments on this report, or on our sustainability performance in general, please contact us:

FIRST RESOURCES LIMITED

8 Temasek Boulevard
#36-02 Suntec Tower Three
Singapore 038988

T +65 6602 0200
E sustainability@first-resources.com



FIRST RESOURCES LIMITED

CEO'S MESSAGE

[102-14]



Dear Stakeholders,

I am pleased to present First Resources' Sustainability Report 2020, communicating our sustainability commitments, approach and progress.

MANAGING THE COVID-19 PANDEMIC

The ongoing COVID-19 pandemic has resulted in unprecedented impacts across the world in 2020. While early signs of recovery are under way, the pandemic has reinforced the importance of integrating sustainable practices within our business strategy and operations to ensure resilience and support in our ability to create long-term value for stakeholders.

With over 20,000 employees supporting our operations, we have a responsibility to ensure their livelihoods and wellbeing continue to be protected during the pandemic. The safety and wellbeing of our

workforce, as well as the surrounding communities where we operate, became our priority from the onset of the pandemic. To minimise the risk of transmission among our employees, we put in place safe working measures aligned with the latest regulations and provided equipment to facilitate working from home wherever possible. Given the onsite nature of much of our labour force, we also provided face masks, hand sanitisers and ensured safe-distancing measures and self-isolation protocol are observed.

Furthermore, we have been very cognisant of the impact that the pandemic also had on the livelihoods of communities. As a result, we worked closely with local authorities to provide our local community stakeholders with food staples, such as rice, cooking oil and sugar, as well as contributed personal protective equipment (PPE), including face masks and suits for the local medical teams.

PROGRESS IN 2020

Through our swift response and collective action of our employees, our business has remained resilient through the events of 2020, and the pandemic has had minimal impact to our operations. This is partly due to our digitalisation efforts, which had begun before the pandemic, that allowed us to quickly adapt and switch to web-based communication channels and intensify the usage of digital tools to manage the business. As a key cog in the global food supply network, the palm plantation sector has also been deemed an essential sector and has been allowed to continue operations subject to suitable safety protocols being established. However, there has been operational challenges brought about by the pandemic. The impediment to movements has hindered our ability to recruit workers, the flexibility for workers to travel home for their annual *mudik*



FIRST RESOURCES LIMITED

CEO'S MESSAGE

exercise during the *Hari Raya Idul Fitri* celebration, and implementation of on-site audits for certifications of our mills and plantations.

Despite these challenges, we are pleased that we have continued to make meaningful progress in a number of areas. Having achieved a 100% traceability to mills since 2017, we are also proud to announce that we have met our 2020 target of 100% traceability to plantations for fresh fruit bunches (FFB) processed at our mills.

Through our oil palm breeding programmes, we are currently developing a second generation of higher-yielding oil palm planting materials and studying the potential of the interspecific hybrid of different oil palm species *Elaeis oleifera* x *Elaeis guineensis* to be one of our own planting materials. We aim to produce oil palm trees with better oil quality, slower trunk height increment

plus shorter frond length, which will help with harvesting and increase the oil palm density per hectare.

On the environmental front, we successfully phased out the use of paraquat, a herbicide with high toxicity levels, replacing it with more environmentally-friendly alternatives. We also achieved an improved water consumption intensity of 0.94 cubic metres per tonne of FFB processed, meeting our target of 1.0 cubic metres per tonne of FFB processed.

Two new methane capture facilities were installed in 2020. One has begun its operations in the fourth quarter of 2020 and another is being commissioned right now. The new methane capture facilities are expected to avoid greenhouse gas emissions by approximately 50,000 tonnes of carbon dioxide equivalent per year which is comparable to 10,802¹ passenger vehicles driven for one year.

For employees, during the past year we introduced a new leadership training programme called the Executive Development Programme to identify and develop future leaders. Candidates will be trained in topics ranging from labour laws to leadership and financial management. We also continued to train our wider employee base on a variety of topics through virtual channels.

LOOKING AHEAD

Our Board regularly reviews the material Environmental, Social and Governance factors facing the business and consider them as part of our strategy formulation, making sure they are properly managed and monitored, and that we continue to strive for continuous improvement going forward.

2020 served as a checkpoint for the palm oil sector as it reviews



¹ <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>

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CEO'S MESSAGE



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SUSTAINABILITY REPORT 2020

the achievements made against No Deforestation, No Peat, No Exploitation (NDPE) commitments. While the palm oil industry has made progress on the deforestation and peat front, there is still work to be done to limit deforestation and promote sustainable agricultural practices. We remain committed to our NDPE Policy and to influencing others in our value chain to do the same.

The next step is to increase our focus on the social aspects of our business, particularly our labour practices and how we respect and protect human rights. As a human centric business, we see the impact we have on people as both a critical responsibility and an important factor to our own success. We will need to carefully consider our impact on people when developing and implementing our sustainability policies and practices.

As we recover from the pandemic and resume our audit and certification processes, I am hopeful that we will

see more progress in 2021 as we continue our certification programme. In particular, we have set ourselves a target to execute the Roundtable on Sustainable Palm Oil audits for six of our mills within the year, if conditions allow us to do so safely.

Finally, let me thank our employees and all our stakeholders for staying with us on our sustainability journey, particularly in these difficult times. I do hope that the sustainability achievements and positive impacts made by the industry thus far are recognised, as it has not yet received its due credit. This will encourage more producers to come onboard this journey as we transform the industry together. Our commitment to sustainability is unwavering and I believe that with this focus, we will emerge stronger from this pandemic.

CILIANDRA FANGIONO

Executive Director and
Chief Executive Officer

FIRST RESOURCES LIMITED

ABOUT FIRST RESOURCES

[102-5]

Established in 1992 and listed on the Singapore Exchange (SGX) since 2007, First Resources is one of the leading palm oil producers in the region and has grown into an integrated player with its own processing capabilities. As of 12th March 2021, Eight Capital Inc. holds 66% of our company shares (excluding treasury shares), a further 18% are held by three other substantial shareholders, while the rest are held by the public.



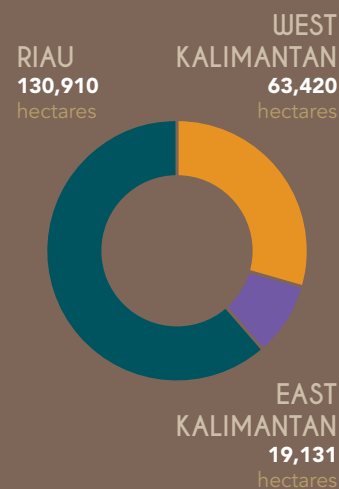
OPERATIONAL PROFILE [102-2, 102-4, 102-7, 102-10]

Supported by a workforce of 21,169 employees, we manage a total of 213,461 hectares of both nucleus and plasma planted area across the Indonesian provinces of Riau, West Kalimantan and East Kalimantan. Of the total, 182,029 hectares are our oil palm plantations while another 31,432 hectares belong to smallholder plasma schemes.

Almost half of our plantations are of prime age and approximately 6% are in their immature age. Our largest planted area is located in Riau, which contributes to 69% of our fresh fruit bunches (FFB) production, while the remaining 31% are provided by our plantations in West and East Kalimantan. In 2020, First Resources produced more than 3.2 million tonnes of FFB (from both nucleus and plasma estates).

Apart from our plantations, we also operate 18 palm oil mills, one of which was commissioned in 2020, one kernel crushing plant and two processing plants in Indonesia. Our total crude palm oil production in 2020 was 855,668 tonnes.

Oil Palm Planted Area by Location in 2020 (hectares)



Notes:
The figures include both nucleus and plasma planted area.

Fresh Fruit Bunches Production (million tonnes)



Crude Palm Oil Production (tonnes)



For more information on our business flow chart and operational review, please refer to pages 4-5 and 14-15 of our 2020 [Annual Report](#).

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OUR PRESENCE

213,461
hectares of
oil palm plantations

18
Palm oil mills

2
processing
plants

1
kernel
crushing
plant

SINGAPORE
Corporate Office



PONTIANAK
Regional Office



PEKANBARU
Regional Office



JAKARTA
Corporate Office



BALIKPAPAN
Regional Office



- Oil Palm Plantation
- Oil Palm Plantation with Mill
- Processing Plant
- Rubber Plantation

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SUSTAINABILITY REPORT 2020

OUR APPROACH TO SUSTAINABILITY

[102-16]

As an agribusiness, our success depends on the health of the environment and our ability to create long-term value for our stakeholders. Sustainability is therefore implicit within our values, which guide our behaviours, actions and decisions. Our values, described on our [website](#), are Loyalty, Integrity, Diligence, Persistence and Care.

Our approach to sustainability is also informed by the interests and concerns of key stakeholders whom we engage with regularly. We take an inclusive approach and work constructively with them to ensure that we maintain an open dialogue. A summary of our main stakeholder engagement efforts in 2020 can be found in the [Materiality and Stakeholder Engagement](#) section of this report.

OUR POLICY ON SUSTAINABLE PALM OIL

In 2015, we launched our [Policy on Sustainable Palm Oil](#), which sets out our commitments

to “No Deforestation, No Peat and No Exploitation”, also referred to as our NDPE Policy. Our commitments guide us towards our goal of ensuring that the establishment and management of our oil palm plantations provide genuine long-term economic and social benefits for the local communities where we operate and beyond, while protecting the environment. It communicates the environmental and social standards that we expect to be upheld across our operations, including our subsidiaries and associated companies, as well as by our third-party suppliers.

We engage and train all relevant employees on our Policy. We also socialise our Policy with all our suppliers, through our supplier onboarding process, one-on-one meetings or group sessions to help them understand our commitments and the importance of aligning their practices with our requirements. For more details on our engagement with our suppliers, see the section on [Supply Chain](#).

Our Policy encompasses commitments around four main areas:



ENVIRONMENTAL MANAGEMENT

Ensuring zero burning and no development on High Carbon Stock (HCS) forests, High Conservation Value (HCV) areas and peat areas, as well as increasing yield, reducing our greenhouse gas emissions (GHG) progressively and adopting agronomic best practices to minimise our environmental impact



COMMUNITY ENGAGEMENT AND DEVELOPMENT

Respecting the rights of indigenous and local communities, resolving conflicts and driving positive socio-economic impact where we operate



EMPLOYEE RELATIONS AND WORKPLACE

Respecting labour standards and human rights of all our employees, including contract and temporary workers

SUPPLY CHAIN



Working towards a traceable and transparent supply chain, with an aim to build a network of suppliers that upholds our sustainability goals and practices, as set out in our Policy



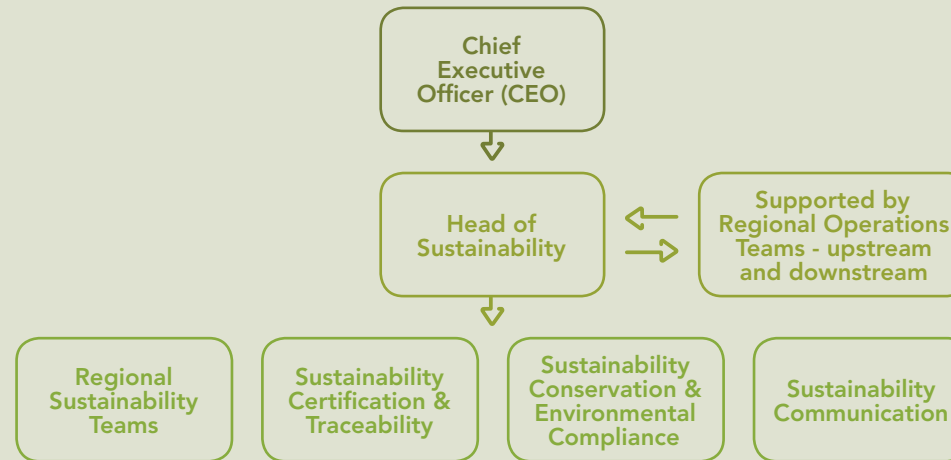
FIRST RESOURCES LIMITED

OUR APPROACH TO SUSTAINABILITY

GOVERNANCE OF SUSTAINABILITY [102-18, 102-19, 102-20, 102-21, 102-26, 102-32, 103-3]

We are committed to maintaining the highest standards of corporate governance at First Resources. This is crucial for the effective implementation of our policies and ensuring that we improve our performance on an ongoing basis. The Board, led by the Chairman, has oversight of sustainability matters and receives regular updates on important sustainability issues. Sustainability topics are further discussed and addressed in quarterly management meetings, where representatives from all key areas of our operations are present.

Responsibility for the day-to-day implementation of our sustainability policy is delegated to our Head of Sustainability, who reports directly to the CEO, and is supported by a team of skilled experts from across our business. We have integrated sustainability throughout our management systems,



SUSTAINABILITY GOVERNANCE STRUCTURE

including the key performance indicators of relevant senior executives and other employees with functional responsibility at an operational level. Operational teams are required to provide regular cross-departmental updates on key issues – including hotspots and fire incidents, the status of land clearing, and any incidents of conflict with local communities – to the regional and corporate sustainability teams.

BUSINESS CONDUCT AND ETHICS [103-1, 103-2, 103-3, 205-2]

Our Code of Conduct, developed in line with the Group's vision and mission, outlines the corporate values and ethical standards which we expect our employees to uphold. Areas covered under the Code of Conduct include

professionalism and work ethics, conflicts of interest, political impartiality, anti-corruption and zero tolerance to fraud. All our employees are required to comply with all applicable country laws, regulations and legal requirements. Any breach of the Code of Conduct can result in disciplinary action and termination of employment.

We socialise the Code of Conduct with all new employees as part of their onboarding process. An email reminder on compliance with the Code of Conduct as well as any relevant updates is sent to all employees on an annual basis. We also disseminate the Code of Conduct to all our suppliers and other business partners.

In addition, we have put in place procedures to prevent conflict of interest in relation to procurement as well as to ensure that only authorised persons can approve business processes and transactions.

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OUR APPROACH TO SUSTAINABILITY

MONITORING AND GRIEVANCE PROCEDURE [102-17, 103-3]

To ensure that our commitments are implemented, we have set up a robust system where practices and performance related to our policies can be monitored and reported. We have two distinct mechanisms for reporting concerns or complaints: our whistleblowing procedure and our grievance procedure. Both mechanisms are open to external and internal stakeholders.

WHISTLEBLOWING PROCEDURE

Our whistleblowing procedure is designed to ensure that employees and business partners have a safe, anonymous and straightforward channel to alert us to concerns, non-compliances or grievances. The system makes use of channels such as anonymous complaint boxes in estates, short message service, phone and email, to ensure easy access. Complaints raised through these channels are generally handled locally but can be escalated to the Audit Committee when necessary.

First Resources does not tolerate or condone any retaliatory actions taken against any employee for raising a compliance or integrity issue. The Company may take disciplinary action against any party found to have taken such retaliatory actions against whistleblowers. Anyone wishing to make a whistleblowing report may refer to the details on our [website](#).

GRIEVANCE PROCEDURE

Our grievance procedure allows stakeholders to register sustainability-related concerns, particularly with regard to our Policy on Sustainable Palm Oil, such as those related to deforestation, land disputes, human rights or general labour issues.

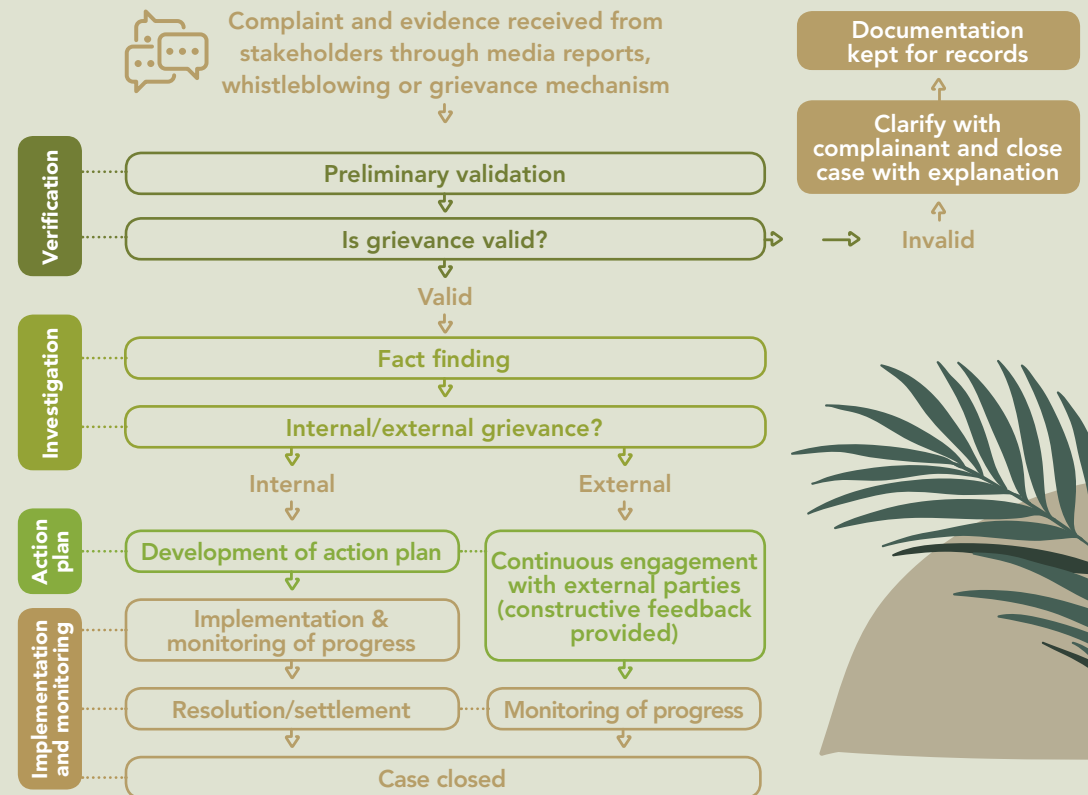
Grievances can be submitted via email to our Grievance Officer or can be posted via mail to our office address as follows:

**8 Temasek Boulevard
#36-02 Suntec Tower Three
Singapore 038988**

Attn: Grievance Officer
(Sustainability Department)

E sustainability@first-resources.com

GRIEVANCE PROCEDURE



Our philosophy is to work collaboratively and constructively with all our stakeholders. We want stakeholders to engage us directly with their concerns so that these can be investigated and addressed through remediation, if necessary, and as quickly

as possible. We appreciate and welcome stakeholders, including non-governmental organisations, to engage positively with us and help us to address any gaps in our operations. Our grievance list is updated regularly and is available on our [website](#).

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OUR APPROACH TO SUSTAINABILITY


OUR MATERIAL SUSTAINABILITY TOPICS


[102-15, 102-46, 102-47, 102-49, 103-1]

We regularly review our material sustainability topics to ensure that we are focused on managing and reporting on the issues that matter most to our stakeholders and that are of greatest significance to the long-term performance of our business.

In 2019, we conducted an assessment of our material sustainability topics. This process, which was guided by a robust stakeholder engagement exercise, highlighted new and emerging topics and provided an opportunity for us to review whether we are focusing on the right issues. The topics remain relevant in 2020.

TOPIC	DESCRIPTION	BOUNDARIES
Business conduct and ethics	Ensuring the highest standards of corporate governance, conducting business activities with integrity and free from corruption	 
Climate Change	Reducing greenhouse gas emissions and building resilience against the impacts of climate change	 
Conservation and management of High Conservation Value (HCV) areas	Identifying, conserving and managing areas of land with high biological, ecological, social or cultural value	
Employee attraction, retention, and development	Attracting, developing, and retaining skilled individuals to meet our current and future talent needs	 
Fire prevention and management	Preventing the occurrence and responding swiftly to forest fires within our own and our suppliers' estates	
Labour conditions and human rights	Promoting fair and favourable working conditions, respecting the human rights of employees and preventing child labour	 
Occupational health and safety	Preventing any work-related fatalities, injuries and illnesses by promoting a safe and healthy work environment	 
Peatland management	Conserving, managing and rehabilitating peatland	
Protection of High Carbon Stock (HCS) forests	Identifying and protecting forests that hold large stores of carbon	
Supply chain traceability	Achieving full traceability of the source of crude palm oil and palm kernel to mills, and fresh fruit bunches to plantations	 
Sustainability certification	Obtaining relevant sustainability certifications linked to the sector	 
Yield and extraction improvements	Enhancing productivity through research and development that targets increased yield and extraction rates	 

 Cultivation and planting

 Milling and processing

FIRST RESOURCES LIMITED

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SUSTAINABILITY REPORT 2020

OUR SUSTAINABILITY PROGRESS

OUR SUSTAINABILITY MILESTONES

2008

- Became a member of the Roundtable on Sustainable Palm Oil (RSPO)

2012

- Published first Sustainability Report
- Commenced certification against the International Sustainability & Carbon Certification (ISCC) standard. Received certification for four mills, one refinery and bulking station

2013

- Commenced and received Indonesian Sustainable Palm Oil (ISPO) certification for one mill
- Another two mills and one refinery certified against the ISCC standard (total of six certified mills, two refineries and bulking station)

2014

- Built 1st methane capture facility for a mill
- Obtained ISPO certification for five mills (total of six certified mills)

2015

- Launched Policy on Sustainable Palm Oil
- Obtained ISPO certification for two mills (total of eight certified mills)

2016

- Launched Integrated Fire Management programme
- Built 2nd methane capture facility

2017

- Launched Sustainable Supply Chain Framework
- Achieved 100% traceability to mills
- Built 3rd methane capture facility

2018

- Commenced and received RSPO certification for two mills, two refineries and bulking station
- Obtained ISPO certification for one mill (total of nine certified mills)

2019

- Built 4th and 5th methane capture facilities

2020

- Achieved 100% traceability to plantations for fresh fruit bunches (FFB) processed at our mills
- Phased out use of paraquat
- Built 6th and 7th methane capture facilities
- Obtained RSPO certification for the 3rd mill, and kernel crushing plant



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OUR SUSTAINABILITY PROGRESS

TARGETS AND PROGRESS [103-2]

MATERIAL TOPIC	2020 COMMITMENTS/TARGETS	2020 PROGRESS	FUTURE COMMITMENTS/TARGETS
Business conduct and ethics	<ul style="list-style-type: none"> Continue to conduct our business with integrity and free from corruption through the dissemination of our Code of Conduct 	<ul style="list-style-type: none"> Continued to disseminate our Code of Conduct to employees, suppliers, and other business partners 	<ul style="list-style-type: none"> Continue to conduct our business with integrity and free from corruption through the dissemination of our Code of Conduct (ongoing)
Climate Change	<ul style="list-style-type: none"> Continue to explore opportunities to reduce our greenhouse gas (GHG) emissions (ongoing) Build one additional methane capture facility by 2020 	<ul style="list-style-type: none"> Avoided emissions by approximately 128,000 tonnes of carbon dioxide equivalent with five operating methane capture facilities. Installed new methane capture facilities at two of our mills 	<ul style="list-style-type: none"> Continue to explore opportunities to reduce our GHG emissions (ongoing)
Conservation and management of High Conservation Value (HCV) areas	<ul style="list-style-type: none"> Continue to ensure no development on HCV areas (ongoing) <ul style="list-style-type: none"> Conduct internal training on HCV and HCS for nine of our plantations Conduct training for an additional six villages on HCV and HCS Continue to rehabilitate approximately 26 hectares of HCV area within three of our concessions 	<ul style="list-style-type: none"> Continued to protect HCV areas Conducted internal training on HCV and HCS for 121 employees from 17 estates Conducted HCV and HCS training for six villages with a total of 64 attendees Rehabilitated approximately 27 hectares of HCV area within three of our concessions by planting more than 6,800 trees 	<ul style="list-style-type: none"> Continue to ensure no development on HCV areas (ongoing) <ul style="list-style-type: none"> Conduct internal training on HCV and HCS for nine of our plantations Conduct socialisation/training for six villages on HCV and HCS Continue to rehabilitate approximately 20 hectares of conservation area



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OUR SUSTAINABILITY PROGRESS

MATERIAL TOPIC	2020 COMMITMENTS/TARGETS	2020 PROGRESS	FUTURE COMMITMENTS/TARGETS
Employee attraction, retention, and development	<ul style="list-style-type: none"> Continue to assess needs and provide appropriate training/mentorship for employees to ensure continuous development (ongoing) 	<ul style="list-style-type: none"> Launched the Executive Development Programme to identify and develop future leaders within the Group 	<ul style="list-style-type: none"> Continue to assess needs and provide appropriate training/mentorship for employees to ensure continuous development (ongoing) By 2021, launch a digital application that allows real-time performance feedback and monitoring.
Fire prevention and management	<ul style="list-style-type: none"> Reach out to another nine villages on fire prevention and management in 2020 Reduce the number of fire incidents which occurred in the previous year (ongoing) Reduce the areas within our estates affected by fires Increase our firefighter's training frequency as well as the number of firefighters trained 	<ul style="list-style-type: none"> Provided refresher trainings to 460 firefighters, an increase from 220 firefighters in 2019 No engagement with the communities due to travel restrictions during the COVID-19 pandemic 	<ul style="list-style-type: none"> Reduce the number of fire incidents which occurred in the previous year (ongoing) Increase our firefighter's training frequency as well as the number of firefighters trained
Labour conditions and human rights	<ul style="list-style-type: none"> Continue to improve labour conditions and protect human rights (ongoing) <ul style="list-style-type: none"> Continue to address areas for improvement identified in the internal labour and human rights assessment 	<ul style="list-style-type: none"> Put procedures in place to ensure safety and welfare of workers and families during the COVID-19 pandemic Closed out all action items from the pilot audit of our workers' living and working conditions in Riau 	<ul style="list-style-type: none"> Continue to improve labour conditions and protect human rights (ongoing) Collaborate with the labour union to discuss with the local authorities about improvement to workers' welfare, in particular affordable housing ownership.



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OUR SUSTAINABILITY PROGRESS

MATERIAL TOPIC	2020 COMMITMENTS/TARGETS	2020 PROGRESS	FUTURE COMMITMENTS/TARGETS
Occupational health and safety	<ul style="list-style-type: none"> • Achieve zero fatalities (ongoing) • Achieve zero high consequence injuries (ongoing) 	<ul style="list-style-type: none"> • Four fatalities in 2020 • One permanent work-related injury in 2020 • Provided socialisation/training to harvesters on how to use harvesting tools safely 	<ul style="list-style-type: none"> • Achieve zero fatalities in 2021 (ongoing) • Achieve zero permanent work-related injuries in 2021 (ongoing)
Peatland management	<ul style="list-style-type: none"> • Ensure no development on peatland (ongoing) • Work together with the Ministry of Environment and Forestry to monitor water table (ongoing) 	<ul style="list-style-type: none"> • Continued to set aside peatland from development (since July 2015) • Continued to work with two government agencies in peatland management • Installed data loggers and piezometers in one estate for water level monitoring purposes, completing the installation for all estates with peat • Redesigned canal blocking for one estate in 2020 • Conducted peat drainability assessments for four estates • Installed peat subsidence poles in six estates with peat 	<ul style="list-style-type: none"> • Ensure no development on peatland (ongoing) • Work together with the Ministry of Environment and Forestry to monitor water table (ongoing) • Conduct peat drainability assessments for another three estates. • Install peat subsidence poles in another two estates.
Protection of High Carbon Stock (HCS) forests	<ul style="list-style-type: none"> • Ensure no development on HCS forests (ongoing) <ul style="list-style-type: none"> – Conduct internal training on HCV and HCS for nine of our plantations – Conduct training for an additional six villages on HCV and HCS 	<ul style="list-style-type: none"> • Continued to protect conservation areas identified through the HCSA methodology • Conducted internal training on HCV and HCS for 121 employees from 17 estates • Conducted HCV and HCS training for 6 villages with a total of 64 attendees 	<ul style="list-style-type: none"> • Ensure no development on HCS forests (ongoing) <ul style="list-style-type: none"> – Conduct internal training on HCV and HCS for nine of our plantations – Conduct socialisation/training for six villages on HCV and HCS



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SUSTAINABILITY REPORT 2020

OUR SUSTAINABILITY PROGRESS

MATERIAL TOPIC	2020 COMMITMENTS/TARGETS	2020 PROGRESS	FUTURE COMMITMENTS/TARGETS
Supply chain traceability	<ul style="list-style-type: none"> Maintain 100% traceability to the mills (ongoing) Obtain 100% traceability to plantations for First Resources' owned mills by 2020 Continue to improve the traceability disclosures on our website in 2020 	<ul style="list-style-type: none"> Maintained 100% traceability to the mills (achieved since 2017) Achieved 100% traceability to plantations for FFB processed at our mills Increased traceability reporting frequency from yearly to half-yearly Improved disclosures by including mills' unique universal IDs 	<ul style="list-style-type: none"> Maintain 100% traceability to mills (ongoing) Maintain 100% traceability to plantations for FFB processed at our mills (ongoing) Develop procedures to achieve 100% traceability to plantations for supplying third-party mills
Sustainability certification	<ul style="list-style-type: none"> Achieve 100% RSPO certification by 2024 <ul style="list-style-type: none"> Obtain RSPO certification for another six mills integrated with plantations in 2020 Obtain ISPO certification for another five mills integrated with plantations in 2020 	<ul style="list-style-type: none"> RSPO Certification <ul style="list-style-type: none"> Obtained new RSPO certification for one mill integrated with plantation, and kernel crushing plant No additional mills were certified due to travel restrictions during the COVID-19 pandemic ISPO Certification <ul style="list-style-type: none"> No additional mills were certified as the ISPO certification system was undergoing enhancements 	<ul style="list-style-type: none"> Execute RSPO audits for another six mills in 2021 Review 100% RSPO certification target Obtain ISPO certification for another three mills integrated with plantations by 2021
Yield and extraction improvements	<ul style="list-style-type: none"> Increase nucleus FFB yield in 2020 	<ul style="list-style-type: none"> Our nucleus FFB yield decreased from 18.0 tonnes per hectare in 2019 to 17.2 tonnes per hectare in 2020 Increased crude palm oil (CPO) extraction rate from 23.1% in 2019 to 23.2% in 2020 	<ul style="list-style-type: none"> Increase nucleus FFB yield (ongoing) Increase CPO extraction rate (ongoing)

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ENVIRONMENTAL MANAGEMENT

YIELD AND EXTRACTION IMPROVEMENTS [103-1, 103-2, 103-3]

Palm oil has the highest yield compared to other alternative oil crops, demonstrating efficiency in terms of output harvested per hectare. The versatility of palm oil also allows it to be used in various food and non-food products, thus driving demand but at the same time raising concerns on the environmental impacts of the industry. One of the biggest concerns is the clearing of land for plantations.

To protect the environment and ensure the long-term success of our business, we continue to explore opportunities for more sustainable production through research and development initiatives. A key area of opportunity is the improvement of yield and extraction rates which can support our business growth without the need to develop new land.

YIELD AND EXTRACTION RATES

Palm oil yield and extraction rates are dependent on a combination of complex factors including plantation age profile, weather changes, diseases and pests management, soil type, fertiliser application and harvesting efficiency.

To ensure high yields, we focus on ensuring that the age profile of our oil palm plantations is largely within the prime age of 8-17 years old. Oil palms that exceed their prime age are scheduled for replanting. In addition, we also employ practices to improve productivity such as:

- Replanting with our higher yielding planting materials developed through research which can be harvested in two and a half years instead of three;
- Customised fertilisation by plantation blocks to optimise nutritional uptake by the oil palms;

- Increased mechanisation which reduces our reliance on manual labour. This includes the use of a fertiliser spreader, empty fruit bunch (EFB) spreader and battery-operated herbicide sprayers; and
- Transportation of fresh fruit bunches (FFB) from the field to the main road by motorcycles instead of wheelbarrows.

We observed a lower FFB yield per hectare in 2020 compared to the previous year partly due to replanting efforts which has been ramped up since 2018, particularly in the Riau region. Two years prior to replanting, there will be no more fertiliser application for old plantings as there is no need for further growth of the old plantings. This practice will have a slight impact on yields as the bunch weight of the FFB will be reduced. We expect to see higher FFB

yield as our new plantings reach their prime productive age.

In 2020, we managed to increase our overall crude palm oil (CPO) extraction rate. This is partially attributed to a higher extraction rate from our plantations in Kalimantan which has a larger proportion of oil palms in their prime age.

We continued to provide support for our smallholders to help them increase their productivity. With operational support provided by First Resources, we observed an increase in our plasma smallholder's FFB yield compared to the previous year. For more information on our engagement with smallholder farmers, please see the section on [Supporting Smallholders](#).

FFB YIELD AND EXTRACTION RATES

	2017	2018	2019	2020
Nucleus FFB yield (tonnes per hectare)	18.2	18.9	18.0	17.2
Smallholder FFB yield (tonnes per hectare)	13.6	12.8	11.7	12.0
CPO extraction rate (%)	22.2	22.9	23.1	23.2
Palm kernel extraction rate (%)	5.4	5.2	5.3	5.2

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RESEARCH AND DEVELOPMENT

First Resources operates three dedicated Research and Development (R&D) facilities – the First Resources Research Centre based in Riau and two research stations in West and East Kalimantan. Our research focuses on aspects related to yield improvement and climate change resiliency.

A major part of our research focuses on our oil palm breeding programme. The programme aims to develop planting materials which have better oil quality, slower height increment and shorter frond length which helps with harvesting and increasing oil palm density per hectare, as well as identifying traits that make ripened FFB more easily identifiable to harvesters. The breeding programme also seeks to develop resilient planting materials

that can better cope with diseases such as basal stem rot disease caused by *Ganoderma*, and other impacts from climate change such as weather fluctuations.

In 2020, we replanted approximately 3,000 hectares of our old oil palm trees with our new planting materials. The yield estimate from these enhanced planting materials is 20% higher compared to existing planting materials, allowing us to achieve greater overall productivity. These are our first generation of new planting materials and there are two varieties, the FR-1 and the FR-2. We are currently developing a third variety.

At the same time, we are researching a second generation of high-yielding oil palm planting materials through our breeding programme. We are

also committed to continuously enrich our oil palm tissue or germplasm diversity. To achieve that, we collaborated with the *Konsorsium Plasma Nutfah Kelapa Sawit Indonesia* (Indonesian Oil Palm Germplasm Consortium). Recently, we begun studying our new germplasm from Angola and the interspecific hybrid of different oil palm species, the *Elaeis oleifera* x *Elaeis guineensis* from Ecuador to explore potential valuable novel traits that can be incorporated in future breeding programmes.

We have also been working with oil palm tissue culture to clone oil palms with desired characteristics. In 2020, we began planting trials with our clonal materials. These clonal palms have been successfully transplanted from the nursery to the field with ongoing monitoring of their progress.



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CONSERVATION AND FOREST MANAGEMENT [103-1, 103-2, 103-3]

Indonesia's rainforests are one of the world's largest and are home to a rich biodiversity consisting of various flora and fauna species. We recognise that land clearing for agriculture can result in the loss of such biodiversity as well as the release of stored carbon which contributes to climate change. We are committed to conserving and managing forests through the protection of High Conservation Value (HCV) areas, including riparian zones, as well as High Carbon Stock (HCS) forests and peatland.

IDENTIFYING CONSERVATION AREAS [304-4]

Our Policy on Sustainable Palm Oil sets out our commitment to No Deforestation and No Peat.

We have been following the Roundtable on Sustainable Palm Oil (RSPO) New Planting Procedures (NPP) where all new developments within our plantations

are subjected to third-party HCV assessments conducted by RSPO-approved assessors. Results of these assessments covering topics such as habitat quality, soil conditions, peat presence, river quality and community cultural identity are available on the [RSPO website](#).

Through these HCV assessments, we identified areas for conservation and excluded them from our oil palm plantation development plans. Rare and endangered species were also identified within our concessions and the surrounding areas through this process. See our [website](#) for the full list of identified threatened species under Indonesia's National Law of Protected Species (Indonesian Government Regulation No. 92 of 2018), or under the International Union for Conservation of Nature's Red List (IUCN Red List).

Following the release of our Policy in 2015, we identified additional conservation areas by referencing the HCS Approach (HCSA) methodology and engaging third-party HCS experts.

By 2017, we have identified approximately 20,000 hectares of land as conservation areas. These are areas with potential HCS forests, HCV areas or peat areas.

Going forward, all new land clearing for oil palm plantation will be preceded by an integrated High Conservation Value – High Carbon Stock Approach (HCV-HCSA) assessment. This is in line with the requirement of criterion 7.12 of the revised RSPO Principles and Criteria which was released in November 2018. In 2020, the assessment was conducted for two of our concessions. The assessments are currently undergoing a quality control process under the HCV Network.

PROTECTING CONSERVATION AREAS [304-1, 304-2, 304-3, 304-4]

Our sustainability team conduct pre and post development checks to ensure that only non-conservation areas are demarcated for new development. We also put in place buffer zones to mitigate the risks of accidental non-

compliance. In addition, our plantation managers have key performance indicators tied to no development on conservation areas.

We maintain a strict policy against the hunting, injuring, possessing and killing of rare and endangered wildlife within our plantations. Any employee who breaches this policy will undergo disciplinary measures, including termination of employment. We also place reminders in the form of signboards at strategic locations and conduct daily monitoring patrols.

For two of our concessions in West Kalimantan where the presence of orangutans have been identified, our conservation taskforce has been working with a local non-governmental organisation (NGO) to undertake HCV monitoring, handling of orangutans and other wildlife species, and use conservation software tools. We installed cameras to provide 24/7 surveillance and organised joint patrols between the taskforce and the NGO to record the presence of orangutans

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and other wildlife species regularly. The results of these patrols are subsequently shared with the NGO to determine areas for improvement. Despite the COVID-19 pandemic, we managed to continue conducting monitoring activities in 2020.

To emphasise the importance of conserving HCV areas and HCS forests, we conducted internal trainings for our employees across Riau, West Kalimantan and East Kalimantan. In 2020, a total of 121 employees in 17 estates were trained.

Many communities in Indonesia are still unaware of the HCV and HCS concept and may choose not to support conservation practices. Education is an important tool in bringing these communities on board. Despite the ongoing COVID-19 pandemic, we were able to conduct HCV and HCS trainings for six villages in West Kalimantan and East Kalimantan with a total of 64

participants. To protect the safety of the participants, trainings were held in smaller groups and safety measures were put in place. Depending on the conditions going forward, we aim to conduct engagements with at least two communities annually.

In East Kalimantan, we continued our partnership with the Research and Technology Development Agency of the Ministry of Environment and Forestry to identify strategies to conserve the Lembonah Forest in East Kalimantan. Through a study conducted by a research agency in 2015, it is recommended that the forest be used to raise awareness on conservation. Together with the agency, we developed modules on the Lembonah Forest and its surrounding environment to educate children from nearby schools on the importance of conservation. However, due to the COVID-19 pandemic, we were unable to carry out the programme in 2020.

REHABILITATING CONSERVATION AREAS [304-3]

Rehabilitation projects are being implemented to restore degraded HCV and HCS areas to their prior conditions. Restoration work commenced in the second half of 2016 in one of the identified HCV areas at PT Limpah Sejahtera, which was damaged by fires in 2015. Between 2016-2019, almost

15,000 forest trees have been planted in three of our concession areas, covering 43 hectares. In 2019, some of these areas were affected by forest fires which originated from outside our concessions, dampening our efforts. In 2020, we rehabilitated 27 hectares of HCV areas spanning three concessions by planting more than 6,800 forest trees, exceeding our target of 26 hectares.



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PEAT MANAGEMENT [103-1, 103-2, 103-3]

Since the introduction of our Policy on Sustainable Palm Oil in 2015, First Resources has not carried out any new plantings on peatland at any depth. For existing plantations on peat, we implement best management practices. Any peat areas which are assessed to be unsuitable for replanting, we will explore options for restoration or environmentally beneficial alternative uses.

Our specialised peat taskforce focuses on conducting detailed peat surveys and peat assessments in our estates. The taskforce is led by our R&D department and supported by our agronomy and sustainability departments. Since 2019, peat surveys in all estates have been completed. Results from the peat surveys inform our land use planning and guide the enhancement of water management plans for our plantations on peat.

Groundwater levels are maintained at optimal levels to minimise peat subsidence and the release of carbon

dioxide. To monitor water tables, we have installed piezometers and automatic data loggers at our plantations to record data every 12 hours. As at end 2020, we have completed the installation of piezometers and data loggers in all estates with peat. We will continue to perform routine measurement of the water table in the field.

To regulate and manage water levels, we have also blocked canals and built water gates at selected estates in accordance with the guidelines of the Indonesian Ministry of Environment and Forestry, and Indonesian Peatland Restoration Agency. Between 2017 and 2019, we revised the canal blocking design for 11 estates due to changes in environmental conditions. Adjustments to the canal blocking at these estates are ongoing, with one completed in 2020. In the same year, we installed peat subsidence poles in six estates, and plan to install these poles in another two estates in 2021.

We have also begun conducting peat drainability assessments. These assessments are required by the RSPO

and are conducted at least five years prior to replanting of existing oil palms on peatlands. The assessment results are used to set the timeframe for future replanting as well as for the phasing out of oil palm cultivation. In 2020, we have conducted these assessments on four of our estates with peatland. The outcome of the assessments indicate that we can continue replanting in these four estates. We will continue with the assessments for another three estates in 2021.

Due to the COVID-19 pandemic, field activities in 2020 that required supervision by the Ministry of Environment and Forestry were postponed. We continued to update the two government agencies regularly on our progress in peatland management. In 2021, we will continue to work with the ministry to comply with the government's policy regarding peatland management.



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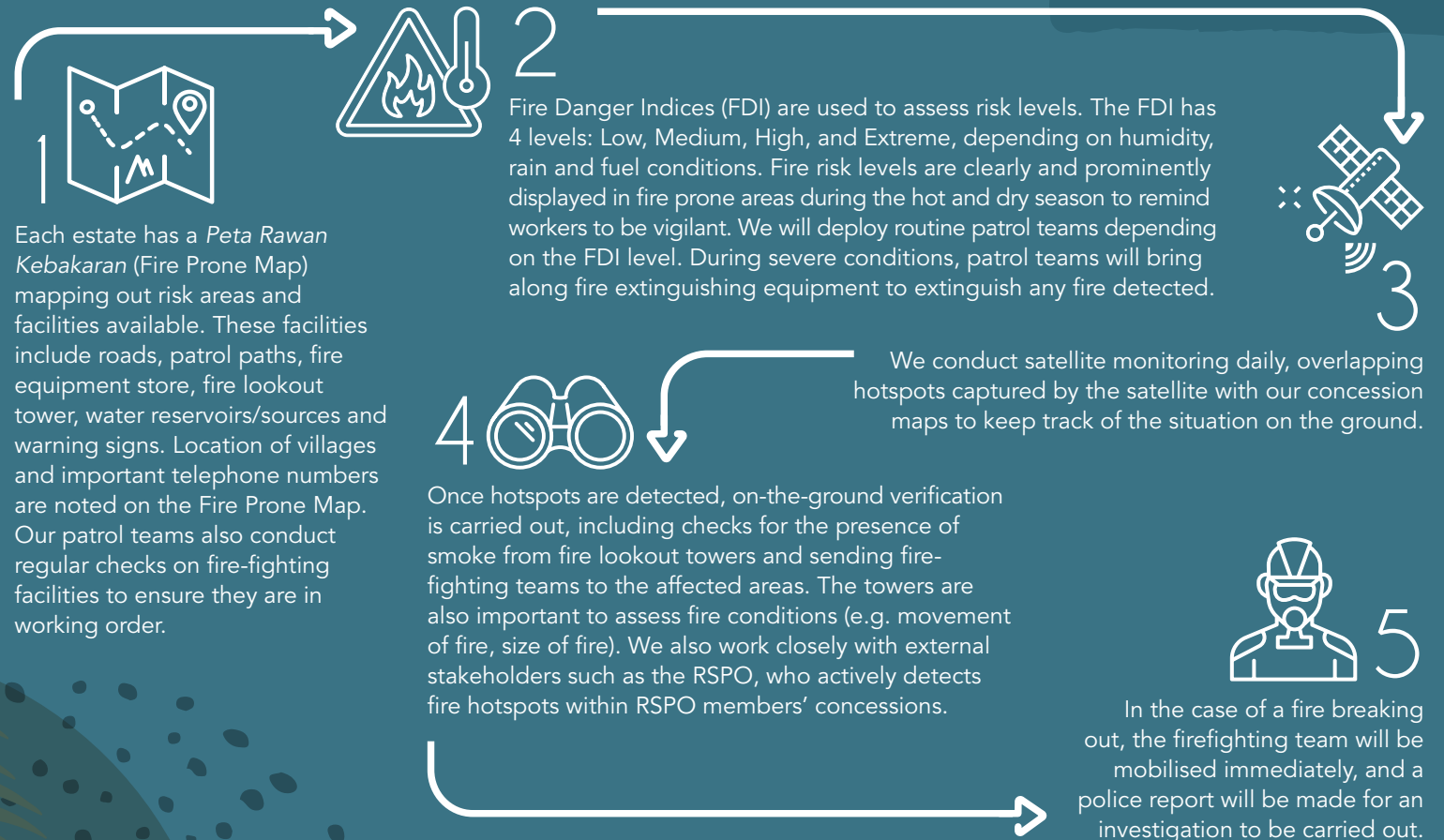
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FIRE PREVENTION [103-1, 103-2, 103-3]

First Resources follows a strict Zero Burning policy for land clearing in all new developments and future replanting. This policy is also socialised with our suppliers who are made aware that any deliberate breach may result in an immediate termination of contract.

Launched in 2016, our Integrated Fire Management (IFM) programme covers an in-depth workplan for fire prevention, preparedness, response and recovery.

OVERVIEW OF OUR APPROACH TO FIRE PREVENTION, MONITORING AND RESPONSE



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In peat areas, we create firebreaks, prepare water reservoirs/sources, build canal blockings and implement water management practices. During the dry season, we take further precautions by increasing the water levels in the peat area to prevent incoming fire and/or prevent fire from spreading.

We have more than 1,500 firefighters assigned within our operations to ensure fires are handled swiftly and adequately. In 2020, we provided refresher trainings to approximately 460 firefighters in 36 estates cross Riau, West Kalimantan and East Kalimantan. These trainings were conducted either in-person or virtually.

Land clearing using fire in Indonesia is prohibited. However, this rule is exempted for communities who abide by their customary practices. This rule dates back to 2009. In 2010, the Ministry of Environment issued a ruling with regards to the prevention of environmental pollution caused by fire. Similar to the rule in 2009, there are exceptions whereby each family is allowed to clear up to two hectares of

land using fire based on customary practices. Exemption for communities using fire for land clearing is also mentioned in the Law of the Republic of Indonesia Number 11 Year 2020, or more commonly known as Indonesia's Omnibus Law.

In 2020, a local government regulation was introduced with regards to land clearing using fire based on customary practices in West Kalimantan. To protect forests and prevent the spread of fire, communities who are permitted to clear land using fire will have to abide by rules such as:

- Clearing of land only for subsistence farming;
- Building of adequate firebreaks to prevent fire from spreading;
- Coordination with owners of neighbouring lands;
- Ensuring fire extinguishing equipment is on standby; and
- No burning on peat.

These regulations have an impact on us as there are communities who live in or within close proximity to our concession areas, as concession rights do not confer

ownership rights. It is therefore challenging to prevent communities from engaging in small-scale burning on areas within our concessions that are owned and controlled by the community. Such burning practices can result in fire events which are difficult to monitor and control as it is not known when and where they will occur.

As we expect fire incidences of such nature to continue, we seek to have closer collaborations with the communities and local authorities in managing fire. This includes raising awareness about fire risks as well as fire management practices.

Due to the ongoing COVID-19 pandemic in 2020, we were not able to engage with communities due to movement restrictions.

In 2020, we saw an increase in the number of fire incidences, particularly in West Kalimantan. However, the affected area per incident is smaller compared to 2019. The increase in incidences may be due to burning practices by the community. There were no fire incidences in our planted area.

NUMBER OF FIRE INCIDENCES BY REGION

	Riau			West Kalimantan			East Kalimantan		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
Number of fires within our concession areas	0	1	0	67	43	132	1	3	10

Note: Data as per reported to RSPO.

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CLIMATE CHANGE [103-1, 103-2, 103-3]

Climate change remains one of the world's most pressing issues. As a palm oil company, we have a role to play in reducing greenhouse gas (GHG) emissions, especially from land use change. We must also continue to build our resilience against climate hazards such as changes in rainfall pattern, drought and extreme weather events which may impact our productivity.

REDUCING OUR GHG EMISSIONS [305-5]

One of the biggest contributors of GHG emissions in the production of palm oil comes from the clearance of peatland and HCS forests for the development of plantations. To avoid the release of stored carbon into the atmosphere, First Resources does not undertake any new developments on HCS forests or peat areas at any depth. For more details on our approach, see the sections on

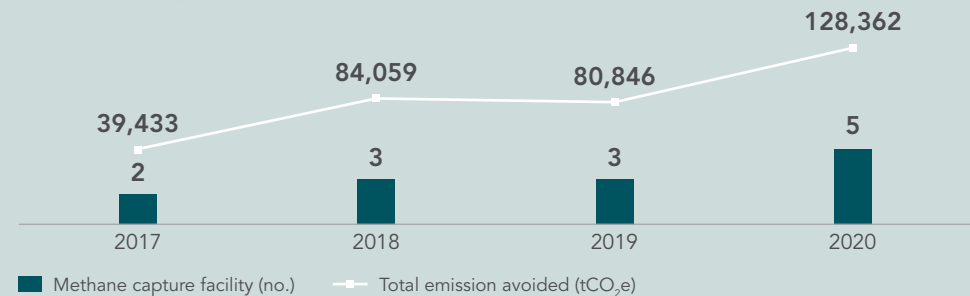
[Conservation and Forest Management](#), and [Peat Management](#).

Palm oil mill effluent (POME), which is wastewater from the processing of FFB, is a significant source of GHG emissions. Since 2014, we have been establishing methane capture facilities which allow POME to be treated in a closed system where methane is captured, compared to open ponds where the gas is released into the atmosphere.

As at end 2020, we have operational methane capture facilities at five of our mills. At four of these mills, the methane captured is used as an alternative fuel source for our milling operation. For the fifth mill, the captured methane is flared, producing water and carbon dioxide which is less potent as a greenhouse gas compared to methane.

Based on the International Sustainability & Carbon Certification (ISCC) calculation methodology, the estimated avoidance in GHG emissions for each facility is

Number of Methane Capture Facilities and Estimated GHG Emissions (tCO₂e) Avoided per year



Note: Number of methane capture facilities is based on the number of operational methane capture facilities per year. While a new methane capture facility may only start operations in the middle of the year, the estimation of total GHG emission reduction is based on the full year CPO production of its mill. The CPO production is then multiplied by 0.51 tCO₂e for each tonne of CPO produced based on the ISCC calculation methodology.

approximately 0.51 tonnes of carbon dioxide equivalent (tCO₂e) for each tonne of CPO produced. In 2020, the five methane capture facilities collectively helped us to avoid approximately 128,000 tCO₂e in GHG emissions. This is equivalent to 27,564¹ passenger vehicles driven for one year.

In 2020, we built additional methane capture facilities at two of our mills, one

in Riau and another in West Kalimantan. The facility in Riau has begun its operations in the fourth quarter of 2020, while the one in West Kalimantan will be commissioned in 2021. We expect both methane capture facilities to help us avoid GHG emissions by approximately 50,000 tCO₂e per year, equivalent to 10,802¹ passenger vehicles driven for one year.

¹ <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>

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OUR OPERATIONAL FOOTPRINT

Since 2020, we started using the latest RSPO PalmGHG calculator (version 4) to calculate our GHG emissions. With the new version, the GHG emissions indicators have been revised. Emissions of nitrous oxide (N₂O) have now been split into emissions from fertiliser use and from peat. Emissions from third-party FFB suppliers has also been extracted as a standalone indicator.

The total GHG emissions of a mill is obtained through the summation of emissions from the mill, supplying

own and group plantations, and third-party FFB suppliers. For third-party FFB suppliers, a reference emission value is used. The reference value can be obtained from research, national value or based on the emission value of another plantation.

The GHG data included in this report represents only our mills integrated with plantations that are RSPO certified. They are PT Arindo Trisejahtera (ATS), PT Meridan Sejati Surya Plantation (MSSP) and PT Subur Arum Makmur 1 (SAM-1). The slight increase in net GHG emissions intensity in 2020 for PT ATS

was due to the mill's temporary ceasing of operation resulting in a significant decrease in CPO production which is the denominator used for the calculation of net GHG emissions intensity.

For PT MSSP, more than 50% reduction in GHG emissions intensity is observed as there was a restructuring of our internal FFB supply chain. A portion of FFB which was previously supplied to PT MSSP has now been redirected to other mills which is located much closer to the FFB source.



NET GHG EMISSIONS INTENSITY (TCO₂E PER TONNE OF CPO PRODUCED) [305-4]

Mill integrated with plantation	2017 (PalmGHG 3.0.1)	2018 (PalmGHG 3.0.1)	2019 (PalmGHG 3.0.1)	2020 (PalmGHG 4)
PT ATS	1.22	1.21	1.07	1.60
PT MSSP	0.59	0.52	9.91	4.56
PT SAM-1	-	-	-	0.48

Note: The emissions intensity ratio figures above include Scope 1 emissions and emissions from third-party FFB suppliers. Scope 1 emissions are direct emissions from sources which are owned or controlled by First Resources. There are no indirect Scope 2 emissions as First Resources does not purchase any electricity from the grid for PT ATS, PT MSSP and PT SAM-1. We begun calculating the emissions intensity for PT SAM-1 since 2020 when it received its RSPO certification.

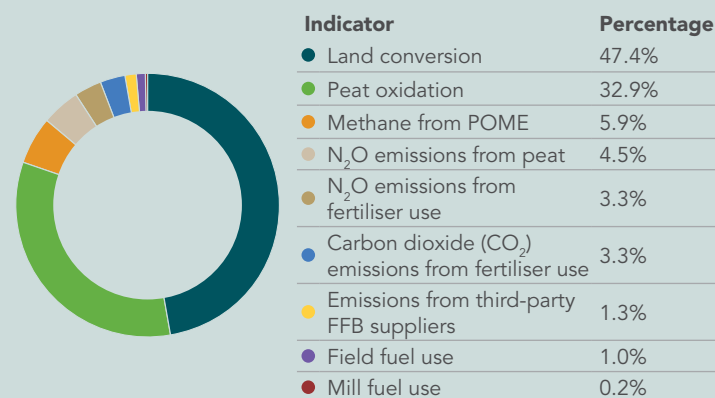


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Percentage of GHG Emission by Source in 2020



Note: The above figures are emissions from PT ATS, PT MSSP and PT SAM-1.

MANAGING PHYSICAL RISKS FROM CLIMATE CHANGE

We conduct ongoing research to strengthen our palm oil crops against the impacts of climate change. Part of our breeding programme includes developing more resilient planting materials that can cope with dry weather conditions and greater weather fluctuations. For more information on our programmes, see the section on [Research and Development](#).

Emission Sources and Sinks in 2020 [305-1, 305-2]



Note: Emission figures above include Scope 1 emissions and emissions from third-party plantations. There are no indirect Scope 2 emissions as First Resources does not purchase any electricity from the grid for PT ATS, PT MSSP and PT SAM-1.

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WATER AND WASTE MANAGEMENT [103-1]

Implementing responsible consumption and production practices is crucial to safeguarding the health of our people and the planet, as well as ensuring that resources continue to be available. For First Resources, this includes managing our water use and discharge, and reusing, recovering or recycling the waste generated from our operations where possible.

WATER MANAGEMENT [103-2, 103-3, 303-1]

At our mills, a large proportion of the water we use is for the processing of FFB. All of the water used at our mills is drawn from nearby rivers which is also shared with our employees' houses as well as any of our plantation offices and housing in the vicinity. Water is also drawn for nursery irrigation. So far, there are no known communities or other

companies located near our mills which share the same water source.

Our oil palm plantations are 100% rain-fed. For plantations on marginal land and hilly terrains as well as areas where there is limited rainfall, drains are constructed to capture rainwater.

In 2020, we achieved our water consumption intensity target of 1.0 cubic metres per tonne of FFB processed at our mills. This was attributed to a combination of automating mill processes and increased monitoring to ensure efficient water consumption. We also reuse water where possible, which

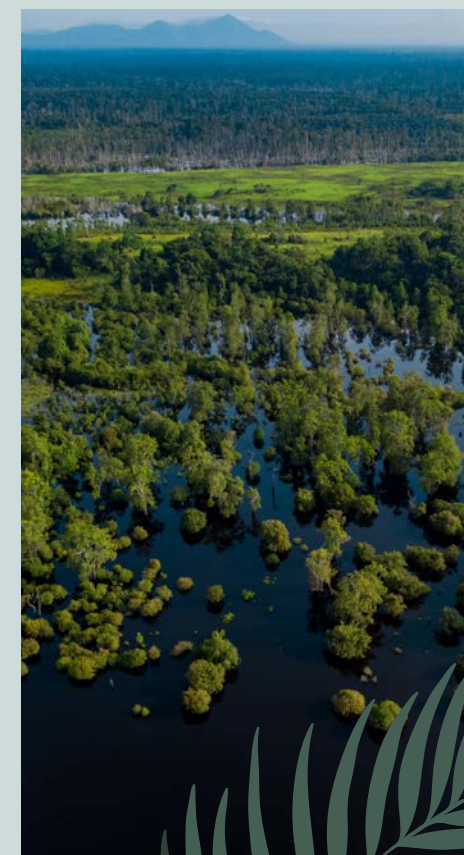
contributed to the achievement of our intensity target. In 2020, we reused a total of 280,832 cubic metres of water. This water comes from the cooling of machinery which powers the mill.

To further minimise water withdrawal, a total of 655,223 cubic meters of steriliser condensate produced during the sterilisation process of FFB is recycled and used in the crude oil dilution process in 2020. Going forward we will continue to monitor the use of water and identify opportunities to reduce the amount of water drawn from rivers.

WATER CONSUMPTION FOR PROCESSING OF FFB [303-5]

	2017	2018	2019	2020
Total water consumption (cubic metres)	2,520,863	3,005,415	3,867,756	3,479,456
Water consumption intensity (cubic metres per tonne of FFB processed)	0.80	0.82	1.09	0.94

Note: 2017 and 2018 data only include water that was drawn from rivers and treated for use. 2019 and 2020 data include all water that was drawn from rivers, whether treated or not treated for use.



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WASTE AND EFFLUENTS MANAGEMENT [103-2, 103-3, 303-4, 306-3]

The main waste products from our milling process include organic waste such as EFB, fibres, palm kernel (PK) shells and POME, which are predominantly reused, recovered and recycled. EFB is applied as mulch in the plantations to conserve moisture in soil, improve soil fertility, and reduce weed growth. Fibres and PK shells are used to generate power in our palm oil mills and refineries. In the plantations, oil palm trunks from replanting and oil palm fronds from field upkeep are left in the plantations to decompose naturally, acting as fertiliser. We will continue to reuse the bulk of our organic waste. Non-hazardous waste generated downstream such as filter bags are collected and disposed by local licensed waste collectors.

We ensure that any effluent discharges comply with the quality

limits for priority substances of concern defined and set by the relevant local authorities.

To minimise effluent discharge, POME generated is repurposed as organic fertiliser which reduces our need for commercial fertilisers. For land application of treated POME, its biological oxygen demand (BOD) level is kept below the legal threshold of 5,000 milligrams per litre.

As our mill in Bangsal Aceh is not integrated with a plantation unlike our other mills, treated POME is discharged to the sea instead. The BOD of treated POME discharged to sea is kept below the legal threshold of 100 milligrams per litre. In 2020, a total of 127,865 cubic metres of treated POME was discharged into the sea. There were no incidents of non-compliance with discharge limits in 2020.

QUANTITY OF ORGANIC WASTES GENERATED BY MILLS AND DISPOSAL METHOD

Type of Waste	Disposal method	2017	2018	2019	2020
EFB (tonnes)	Reused as organic fertiliser or as fuel	499,402	578,571	534,574	542,249
POME (cubic metres)	Treated and reused as organic fertiliser	2,057,817	2,345,497	2,355,326	2,596,156
	Treated and discharged to sea	106,359	112,319	118,016	127,865
PK shells (tonnes)	Reused as fuel	126,376	139,321	124,070	122,871
Fibres (tonnes)	Reused as fuel	393,799	464,132	447,483	471,226

Note: The average Total Suspended Solids of the treated POME discharged to sea in 2020 is 3.25 milligrams per litre.

BIOLOGICAL OXYGEN DEMAND (BOD) LEVELS OF TREATED POME BY DISCHARGE DESTINATION AND REGION (MILLIGRAMS PER LITRE)

	Regulation Standard	2017	2018	2019	2020
Sea discharge					
Riau	100	7.9	5.1	3.6	6.1
Land application (treated POME that is reused as organic fertiliser)					
Riau	5,000	910	791	1,107	855
West Kalimantan	5,000	1,854	1,772	1,600	1,890
East Kalimantan	5,000	-	1,084	1,659	2,157

CHEMICAL OXYGEN DEMAND LEVELS OF TREATED POME BY DISCHARGE DESTINATION AND REGION (MILLIGRAMS PER LITRE)

	Regulation Standard	2017	2018	2019	2020
Sea discharge					
Riau	350	28.7	49.8	24.2	26.8
Land application (treated POME that is reused as organic fertiliser)					
Riau	10,000	2,643	2,544	3,305	2,807
West Kalimantan	None	5,531	7,207	7,636	6,533
East Kalimantan	None	-	2,084	3,541	4,590



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Hazardous Waste

Hazardous waste generated from our operations include pesticide packaging, expired pesticides, used batteries, used lubricants and filters, empty paint cans, printer cartridges, and needles from health clinics. We also have power plants at our palm oil processing complexes which supplies electricity to our factories and facilities. Coal and EFB fibre are used as fuel in our power plants which produces waste including Fly Ash and Bottom Ash (FABA). Spent bleaching earth (SBE) is another solid waste generated from our refineries.

All hazardous waste is segregated, labelled and stored within secure, fire resistant temporary storage facilities that are equipped with spillage containment kits, alarms, firefighting equipment and first aid kits. We also put in place operational procedures which covers leakage handling. These facilities are inspected weekly. Hazardous waste is then collected by licensed third-parties for proper disposal in accordance with national legislations.

PROGRAMME FOR POLLUTION CONTROL, EVALUATION AND RATING (PROPER)

First Resources participates annually in the Programme for Pollution Control, Evaluation and Rating (PROPER), a national public environmental reporting initiative by the Indonesian Ministry of Environment. The objective is to promote industrial compliance with pollution control regulations, facilitate and enforce the adoption of practices contributing to cleaner technologies, and ensure a better environmental management system.

The programme uses a colour-coded rating to determine performance, as per the rating categories below. Areas assessed include: air and water pollution control, hazardous waste management, environmental management system, implementation of Environmental Impact Assessment, community development and, conservation of resources.

Between 2019-2020, five of our mills received the Blue rating, while three of our mills received the Red rating. For one of our mills, a Red rating was unexpected as the result of an initial assessment has been positive. As for the other two mills, challenges in communication during the COVID-19 pandemic resulted in reporting errors which affected the audits. We are clarifying with the authorities to rectify the matter and these mills are being re-evaluated.

RATING CATEGORIES

GOLD	EXCELLENT: For businesses/activities that have successfully displayed environmental management effort and achieved excellent results.
GREEN	GOOD: For businesses/activities that have displayed environmental management effort and achieved results better than those required by regulation.
BLUE	ADEQUATE: For businesses/activities that have displayed environmental management effort, and have achieved the minimum standard required by regulation.
RED	POOR: For businesses/activities that have displayed environmental management effort, but have achieved only parts of the minimum standard required by regulation.
BLACK	VERY POOR: For businesses/activities that do not display significant environmental management effort.



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ENVIRONMENTAL MANAGEMENT

PEST MANAGEMENT AND CHEMICAL USAGE [103-1,103-2, 103-3]

The protection of our crops from pests and diseases and the use of fertilisers are essential to maintaining high yields and land use efficiency. Where possible, we use biological pest control methods and organic fertilisers derived from our waste products. Depending on the situation, these methods may be insufficient and unsuitable. For example, the use of organic fertilisers is insufficient to meet the nutritional requirements of oil palms, thus requiring the addition of inorganic fertilisers. Without proper management, the use of such chemicals may pose a risk to workers and the environment. We are therefore committed to managing these risks through the adoption of agronomic best practices.

INTEGRATED PEST MANAGEMENT

Our integrated pest management strategy includes a combination of biological controls as well as good agricultural practices such as selecting the right pesticides and controlling dosage. Barn owls (*Tyto alba*) are used in our plantations to control the rat population. To increase the population

of barn owls in our young estates, we have implemented breeding projects in Riau and Kalimantan. We also plant crops such as *Cassia cobanensis*, *Antigonon leptopus*, and *Turnera subulata*, which attract predators of oil palm leaf-eating pests such as bagworms and nettle caterpillars. Other biological agents such as *Cordyceps* fungus is also used during outbreaks of nettle caterpillars. We also use *Trichoderma*, which we cultivate ourselves, as a bio-fungicide to control *Ganoderma*.

Where pesticides are required, we monitor their usage and ensure they are permitted by the Ministry of Agriculture in Indonesia. These pesticides are available in either solid or liquid form. Some pesticides are also used in the form of pre-formulated mixtures and their classification is set by the manufacturer as per the World Health Organisation's (WHO) guidelines.

We are currently exploring ways to reduce herbicide waste and usage by increasing herbicide efficacy on weeds. In 2020, through our research trials, we were able to reduce the usual amount of glyphosate application, one of the herbicides used in our plantation by 50% through mixing it with catalysts and adjuvants to optimise its absorption. Such reductions ensure that less chemicals are introduced into the environment and at the same time reduce the chemical exposure to our workers. In addition, through our

research process, we were also able to reduce the frequency of overall herbicide application from every three months to every 4-6 months.

A common pest during the replanting stage is the rhinoceros beetle, which eats the soft young shoots of immature oil palms. To reduce its population, we employ a three-pronged approach: the spraying of insecticides on young palm; using of sex pheromones to

attract and trap the beetles; and the use of fungus to kill the beetle's larvae.

We only use the WHO's Class 1A or 1B pesticides in specific and urgent situations such as during a bagworm outbreak as biological methods will not be effective. Adequate safety measures such as the use of personal protective equipment (PPE) are put in place to prevent any long-term health issues for our workers when using Class 1 chemicals.

AMOUNT OF PESTICIDES APPLIED (KILOGRAMMES OR LITRES PER HECTARE) [102-48]

Pesticides	Kilogrammes/hectare				Litres/hectare			
	2017	2018	2019	2020	2017	2018	2019	2020
Fungicide	0.001	0.004	0.004	0.003	-	0.000	0.000	0.000
Herbicide	0.100	0.207	0.257	0.395	2.010	2.284	2.252	2.086
Insecticide	0.225	0.099	0.268	0.466	0.030	0.037	0.039	0.067
Rodenticide	0.149	0.269	0.300	0.274	-	-	-	-
Total	0.475	0.579	0.829	1.138	2.040	2.321	2.291	2.153

Note: Pesticides in solid form are recorded in kilogrammes per hectare, while pesticides in liquid form are recorded in litres per hectare. Figures for pesticides in liquid form for 2018-2019 have been restated due to data corrections.

Paraquat Phase-out

In 2020, we achieved our goal of phasing out the use of paraquat, a chemical herbicide with concerns on its high toxicity levels and the potential of misuse. Prior to phasing out paraquat, we needed to conduct research trials to identify suitable alternative herbicides. Not only do the research trials required months of testing, we needed to test different herbicides on different weeds in different conditions. We identified suitable alternatives but found that they came with an increased cost of more than 50% as opposed to using paraquat. However, we recognise that this is a necessary step to take to protect the environment as well as the health and safety of our employees. The decision was thus taken to phase out the use of paraquat.

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ENVIRONMENTAL MANAGEMENT

FERTILISER USAGE

The use of fertilisers in the field depends on total new plantings as well as the total hectareage of mature plantations, with oil palm plantings in their prime-yielding age requiring a higher input of nutrients. We aim to use organic fertilisers derived from waste products to the maximum extent possible. In 2020, 95% of our POME and EFB were reused as organic fertilisers in the field.

To protect the environment, we have put in place procedures and guidelines to allow adequate intervals between fertiliser applications and to avoid applying fertilisers during periods of heavy rain to minimise waste and runoff. For riparian buffer zones, we have developed internal standard operating procedures which prevent fertilisers and chemicals to be applied in these areas.

We continued to conduct research and trials to increase the accuracy of fertiliser application for our plantations, ensuring their optimal use. This also includes fine-tuning dosage recommendations for different areas which may have different requirements due to terrain and soil type, as well as zones with microclimates.

USAGE OF ORGANIC FERTILISERS

	2017	2018	2019	2020
EFB (tonnes)	449,497	507,669	494,034	498,820
POME (cubic metres)	2,057,817	2,345,497	2,355,326	2,576,963

Note: The figures include organic fertilisers applied in our nucleus plantations only

USAGE OF INORGANIC FERTILISERS

	2017	2018	2019	2020
Inorganic fertiliser (tonnes)	156,119	174,825	148,337	155,903
Inorganic fertiliser (tonnes per hectare)	0.80	0.90	0.70	0.80

Note: The figures include inorganic fertilisers applied in both nucleus and plasma plantations.

A challenge faced in the use of urea as nitrogen fertilisers in the industry is its volatility after application, reducing the amount available for uptake. In 2020, we commenced a trial in Riau using urease inhibitors, which reduces the volatility of urea. The trial can take up to two years and if successful, can increase the efficacy of fertilisation as well as reduce GHG emissions.

Workers who handle chemicals within our operations are required to undergo regular trainings which are conducted by field, R&D staff, learning centres and by the chemical vendors. The training includes handling of packaging, mixing chemicals solutions from concentrate, using chemical application tools and evaluating the success rate

of application. We also ensure that adequate PPEs are provided and used on site. First Resources does not use chemicals listed under the Stockholm or Rotterdam Conventions.

While there is a higher proportion of inorganic fertiliser application on our younger plantings, an overall reduction in proportion is observed for plantations with a more mature profile. There will be a decrease in inorganic fertiliser application as our younger plantations reach maturity.

Going forward, we will continue to optimise our fertiliser use with further research on fertiliser application at specific sites and encourage the implementation of the "4 Rights" in

manuring (right source, right dosage, right time, and right place).



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COMMUNITY ENGAGEMENT AND DEVELOPMENT

RIGHTS OF INDIGENOUS AND LOCAL COMMUNITIES [103-1, 103-2, 103-3]

We recognise that if the acquisition of land for the development of new plantations is not handled properly, it may undermine the rights of local indigenous communities and negatively impact their livelihoods. To maintain positive relations with the communities where we operate, we are committed to upholding the rights of indigenous and local populations through constructive engagements.

COMMUNITY ENGAGEMENT [413-1]

We conduct social impact assessments in all new areas that we plan to develop. The results of these assessments help guide our engagement with communities. The assessments also provide inputs in the planning and implementation of programmes to help mitigate the negative impacts that may result from our operations as well as support positive outcomes.

In line with our Policy on Sustainable Palm Oil, we are committed to respecting the rights of indigenous and local communities to give or withhold their Free, Prior and Informed Consent (FPIC) for the utilisation of land to which they hold legal or customary rights.

Where there are conflicts with or grievances raised by local communities, we ensure that these are resolved through an open, transparent and consultative manner.

Land Compensation and Conflict Resolution [411-1, 413-2]

The processes to settle land rights and compensation are extremely complex in Indonesia, guided by multi-layered national and provincial laws and procedures. Customary and indigenous land claims may be undefined and conflicting with the current legal context. The identification of land ownership can also be a challenge due to the common practice of shifting cultivations.

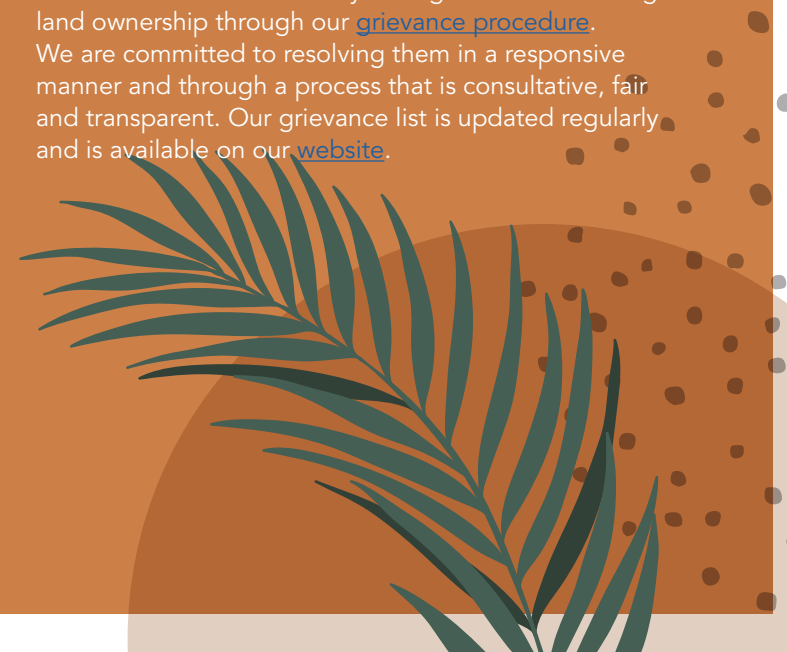
Upon being granted a location permit (*Ijin lokasi*) for a new development, we will first identify the land that belongs to individuals within the local community. This is followed by a socialisation process which usually covers various key aspects designed to inform the communities about:

- The company's permit granted by the government;
- The government's and company's land compensation policies;
- The development plans;

- The approach for land measurement;
- Land valuation approaches; and
- The process for verifying land ownership and the requirements for proof of ownership.

Following socialisation and the completion of due diligence, compensation is made to communities who have accepted the company's offer for their land. All land transfers are documented and witnessed by members of the local government and community leaders.

Disputes involving rightful land ownership are amongst the most common conflicts that we encounter. Stakeholders may raise grievances involving land ownership through our [grievance procedure](#). We are committed to resolving them in a responsive manner and through a process that is consultative, fair and transparent. Our grievance list is updated regularly and is available on our [website](#).



FIRST RESOURCES LIMITED

COMMUNITY ENGAGEMENT AND DEVELOPMENT

COMMUNITY INVESTMENT [103-1, 103-2, 103-3, 203-1, 203-2]

The palm oil sector plays an important role in the Indonesian economy, lifting rural communities out of poverty through the creation of jobs and the provision of infrastructure. First Resources employs a large proportion of our workforce from local communities, which are often located in isolated areas that lack basic infrastructure and services. To help drive positive socio-economic impact where we operate, we implement community development programmes centred on education, healthcare, infrastructure and alternative livelihoods.

Our Community Development Officers (CDOs) are the main liaison between our Company and community members. CDOs engage with local residents on a regular basis to build relationships and understand community members' concerns and needs. A CDO's typical task includes collecting data on living conditions and population numbers, brainstorming new development ideas with community members, designing and proposing new programmes to regional managers and sustainability coordinators, and implementing local projects. CDOs also act as ambassadors, engaging with local government agencies to present and explain First Resources' operational activities, environmental initiatives and social programmes.

SUPPORTING LOCAL COMMUNITIES DURING THE COVID-19 PANDEMIC

With the ongoing COVID-19 pandemic impacting livelihoods in Indonesia, First Resources is committed to doing its part to support local communities during this difficult period. In 2020, we made monetary contributions to civil society organisations including Indonesian Rupiah (IDR) three billion to Tzu Chi Foundation Indonesia and IDR two billion to Yayasan *Setiabudi Dharma Setia*, a social services organisation. The money was used for the purchase of personal protective equipment (PPE), medical equipment, food and other necessities.

We also provided in-kind contributions in the form of PPE including face masks and suits as well as disinfectant tools such as spraying equipment for medical teams. At the regency level where we operate in, PPE and food staples including rice, cooking oil and sugar were provided directly to communities located near our plantations or in collaboration

with the local authority or government for areas which are further away from our operations.



IDR 6.27
billion
CONTRIBUTED
TOTAL OF MONETARY
AND IN-KIND SUPPORT



FIRST RESOURCES LIMITED

COMMUNITY ENGAGEMENT AND DEVELOPMENT

EDUCATION

Access to quality education enables social mobility and reduces inequalities. To support community growth, First Resources is working to increase such access for both the current and future generations of children. We currently support 38 schools where the children of our employees go to, all of which are located within or near our oil palm estates. These include two preschools, 14 kindergartens, 19 elementary schools and three junior high schools. These institutions employ more than 400 teachers and educate more than 5,900 students. The curriculum adopted is similar to those at schools managed by the local government. We contribute to the schools' facilities and teaching aids, such as furniture, electricity generators and books. In 2020, we built two new school buildings and rehabilitated one school. The rehabilitation includes repairing of roof and ceiling as well as painting of a study room.

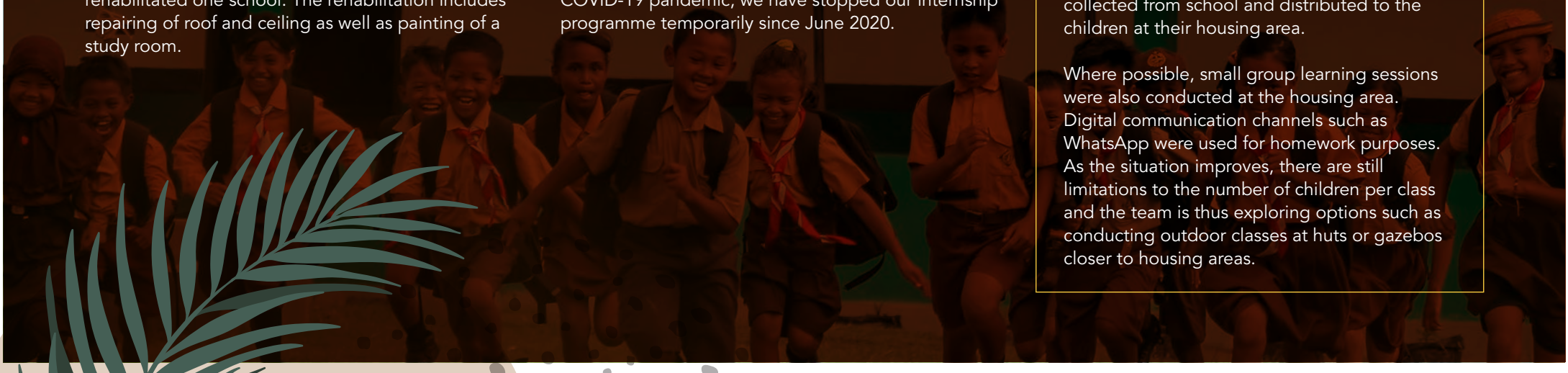
All children of employees working in our estates are provided with free education at our schools. Scholarships are awarded to high-scoring children from less privileged families, selected by local education authorities. In 2020, we allocated and invested more than IDR 3.5 billion to support the education of children.

First Resources has also established an internship programme that is run in collaboration with more than 30 Indonesian universities. The programme offers students an opportunity to apply what they have learned in university, expand their knowledge and benefit from valuable on-the-job experience. In 2020, we recruited about 50 interns from Riau and West Kalimantan, consisting of students from various universities and high schools. Unfortunately, due to the COVID-19 pandemic, we have stopped our internship programme temporarily since June 2020.

ENSURING CONTINUED ACCESS TO EDUCATION DURING THE COVID-19 PANDEMIC

The year was also particularly challenging for children. To curb the spread of the COVID-19 virus, normal classroom sessions were not able to continue as usual, and poor internet connectivity made it difficult to implement online learning. To ensure that children were able to continue with lessons, we arranged for the children of our plantation workers to be brought to schools according to a weekly schedule to collect their lesson materials and homework. In some plantations, we arranged for lesson materials and homework to be collected from school and distributed to the children at their housing area.

Where possible, small group learning sessions were also conducted at the housing area. Digital communication channels such as WhatsApp were used for homework purposes. As the situation improves, there are still limitations to the number of children per class and the team is thus exploring options such as conducting outdoor classes at huts or gazebo closer to housing areas.



FIRST RESOURCES LIMITED

COMMUNITY ENGAGEMENT AND DEVELOPMENT

HEALTHCARE

We have a total of 11 health clinics staffed with qualified medical professionals, including at least one doctor and two nurses in each facility. The primary purpose of the clinics is to serve our employees and their families, but they are also open to local community members. The operating hours of our clinics are longer than those of the health posts managed by the local government. We also have 24 first-aid centres which are set up for emergencies.

Medical services such as immunisations for polio, measles and tuberculosis are available to communities upon request. We have also established health-related community programmes to improve the wellbeing of local residents and increase their awareness about the benefits of healthy living. Carried out in collaboration with local health authorities, the "Be Healthy with First Resources" programme includes health treatments and advice for children, pregnant women and the elderly, as well



as the coordination of blood donation drives. These programmes are currently put on hold due to the COVID-19 pandemic and will resume when conditions allow.

INFRASTRUCTURE

A better infrastructure system helps us not only to run our operations more efficiently, but also increases the mobility of local communities, improving access to healthcare, educational facilities and markets.



Before undertaking any infrastructure project, First Resources will consult with local village leaders to better understand the needs of the community. The roads servicing our operating areas, which we share with local communities, are kept in good condition to minimise disruptions to our operations as well as to maintain strong links to the main transport network. In 2020, we repaired 20 kilometres of roads which connects a village to a town in Riau. In East Kalimantan, 1.3 kilometres of roads which connects two villages were

repaired. We also purchased a plot of land near our plantations but outside of our concession for the construction of a meeting hall. This request was put forth by the village head, school head and communities during one of our engagement sessions.

ALTERNATIVE LIVELIHOODS

We often receive requests for support from community members, especially mothers and young adults who would like to start their home businesses such as selling food items like cassava crackers. Since 2015, First Resources has been providing start-up capital as well as raw materials to help these community members start their business, providing an alternative income source to improve their livelihoods.



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SUSTAINABILITY REPORT 2020

EMPLOYEE RELATIONS AND WORKPLACE

EMPLOYEE ATTRACTION, RETENTION AND DEVELOPMENT [103-1,103-2, 103-3]

As we face increasing competition for labour resources, we must adopt different ways of attracting and retaining talent, which is key to the long-term success of the business. This includes ensuring that we provide rewarding career and growth opportunities. Digitalisation and the incorporation of technology aimed at optimising work processes will also be crucial to attract a new generation of

employees, meet our manpower needs and improve efficiency. We also continue to promote a fair and favourable working environment.

EMPLOYEE PROFILE [102-8, 401-1]

We directly employ 21,169 employees across our offices,

plantations, mills and processing plants, 18,022 of whom are permanent employees and 3,147 are temporary employees.

To support our operations, some of our workers are sourced through third-party contractors, including seasonal workers, security guards and those needed for special

construction projects. Other seasonal workers are contracted during peak harvesting seasons. Some of these workers are the spouses of our existing employees or they may be located near our operations and prefer not to be bound to a company as it provides them with the flexibility to engage in other work.

NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT AND GENDER

	2017		2018		2019		2020	
	Permanent	Temporary	Permanent	Temporary	Permanent	Temporary	Permanent	Temporary
Male	13,540	3,417	16,588	3,616	15,039	2,455	14,593	2,983
Female	1,229	232	2,992	415	3,283	136	3,429	164

NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT AND REGION

	2017		2018		2019		2020	
	Permanent	Temporary	Permanent	Temporary	Permanent	Temporary	Permanent	Temporary
Jakarta	176	0	194	0	182	0	176	0
Riau	7,350	2,717	7,841	2,646	7,355	2,370	6,688	2,963
West Kalimantan	5,695	566	8,048	1,091	7,677	4	7,590	0
East Kalimantan	1,520	366	3,472	294	3,082	217	3,543	184
Singapore	28	0	25	0	26	0	25	0



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SUSTAINABILITY REPORT 2020

EMPLOYEE RELATIONS AND WORKPLACE

Our new hire and turnover rates are attributed mainly to harvesters, who tend to prefer plantations with younger oil palm trees which are shorter, as the work is less strenuous and risky. Due to the COVID-19 pandemic, there were less new hires and less job positions which were replaced. Another contribution to the lower turnover rate which also affects new hires is the annual *mudik*,

when migrant workers return to their hometown during the *Hari Raya Idul Fitri* celebration, a major holiday in Indonesia. Quite often, these workers do not return to work after going back to their hometown. Travel restrictions due to the COVID-19 pandemic prevented them from returning home, which therefore resulted in a drop in the turnover rate as well as new hire rate in 2020.

NEW HIRES AND TURNOVER NUMBER AND RATE [401-1]

	2017	2018	2019	2020
New Hires	4,818	11,349	4,455	3,002
New Hire Rate	35%	64%	23%	17%
Turnover	3,318	6,547	5,762	3,065
Turnover rate	24%	37%	30%	17%

Note: Data provided only includes permanent employees, temporary employees are not included.

EMPLOYEE BENEFITS [401-2]

Our permanent employees receive benefits which include life and health insurance coverage and an annual bonus which is determined by the Group and individual's performance. We also provide housing for all our plantation and mill employees. Through our programme called "17 *Kehidupan Pondok*", we identified 17 areas of needs for workers living in the estates, including access to provisions as well as facilities and amenities that meet their needs.

In addition to housing and sanitation, employees also have access to running water, electricity, medical care, sports and recreational facilities, and places of worship. Access to education for employees' children, such as kindergartens and schools, day care centres, and school buses are also provided. More information on how we support education for our employees' children can be found in the section on [Education](#).



As locations of mills and plantations are often far from towns, transportation is provided for workers to go to town over the weekends. However, due to the COVID-19 pandemic, we have suspended all unnecessary travel to prevent transmission of the virus. We ensure that cooperatives or shops within the plantations are sufficiently stocked, and peddlers can continue to sell fresh goods in a safe and controlled manner, so that our employees continue to have access to food and groceries.

FIRST RESOURCES LIMITED

EMPLOYEE RELATIONS AND WORKPLACE

TRAINING AND DEVELOPMENT [404-2]

Our Learning Centre runs five graduate training programmes for field assistants, palm oil mill assistants and administrative assistants. Spanning five to six months, these programmes cover the technical, managerial and interactive skills required to work in First Resources' estates and palm oil mills. As these programmes take up to six months, the Learning Centre also provides accommodation facilities for the trainees. A plot of oil palm plantation is made available for the trainees to experience the operational activities in a plantation.

Every year, through our People Development Review, we assess the training needs of our employees which is prioritised in line with the Group's business and operational requirements. We also conduct regular trainings for field assistants, mill assistants, administration assistants and foremen to ensure that they are able to carry out their jobs effectively and safely. We provide trainings on topics such as harvesting management, fertiliser management, e-plantation systems, problem solving, decision-making

and other soft skills on an as-needed basis. All trainings are conducted by First Resources coaches and specialist vendors, while continual on-the-job training and mentorships are provided by managers and supervisors.

With the ongoing COVID-19 pandemic, we have had to conduct our trainings virtually due to travel restriction and safe-distancing measures. While it is more efficient in terms of time and resources required, it is difficult to assess the effectiveness of the online training sessions compared to a classroom setting which allows for more interaction. There were also certain trainings that could not be conducted, especially those which require social interaction and field work. We will continue to review our training programmes to determine the most suitable format of delivery and how to best conduct virtual trainings.

As part of our recruitment drive, we formed partnerships with universities in Java and Sumatra to provide internships for undergraduates and vocational school students. Our internship programme exposes students to administrative duties, plantation

AVERAGE TRAINING HOURS PER PERMANENT EMPLOYEE, BY EMPLOYEE CATEGORY [404-1]

	2017	2018	2019	2020
Senior Management	13.3	8.9	1.5	1.9
Middle Management	19.0	33.2	18.2	17.7
Staff and workers	31.2	19.3	24.7	10.2

Note: Staff and workers include assistant managers, clerks, foremen, officers and other workers.

activities and palm oil mill operations. Apart from allowing students to gain experience with the Company, the internship programme also provides an opportunity for us to identify potential candidates for a permanent role in the future.

To retain and develop high potential employees as future leaders of the Company, First Resources has established a career path system to offer different progression tracks. This is to ensure that all employees have the opportunity to develop at a pace that is suitable for them and employees with higher ambitions and better performance can progress faster. The People Development Review is also used to assess each employee's performance annually, monitor their progress and facilitate their career development.

In 2020, we introduced a training programme for managers with leadership potential. Called the Executive Development Programme, candidates will be trained in topics ranging from labour laws to leadership and financial management. Candidates are selected for the training programme based on the annual People Development Review. More than 30 candidates were selected for the programme in 2020.

To further improve the assessments of our employees and provide a more accurate review, we are developing a digital application that enables real-time performance feedback and monitoring. This application will be rolled out in 2021.



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EMPLOYEE RELATIONS AND WORKPLACE

GENDER EQUALITY AND INCLUSION

[103-1, 103-2, 103-3,
405-1]

Women play a critical role in agricultural growth in developing countries but continue to face constraints that limit their inclusion in the sector. Employment in plantations continues to be male-dominated, stemming from deep-rooted cultural norms that men are the breadwinners while women are homemakers. As a result of these norms, women have had less access than men to resources and opportunities, including land, financial services and education.

At First Resources, we are committed to providing job opportunities based

on competence, skills and experience, regardless of gender, ethnicity, race or religion. Due to the manual nature of oil palm cultivation and processing, most of our plantation and mill workers are men. Men are typically assigned heavier physical tasks, for example, harvesting and carrying fresh fruit bunches to trucks for transportation. Women are typically assigned tasks such as weeding, fertilising and the collection of oil palm loose fruits that have fallen to the ground.

To support our female workers, we have implemented several measures. These include the reassignment of tasks if they are pregnant to ensure their health is protected. All of our

female permanent workers are also entitled to maternity and menstrual leave. To protect their safety, women are also assigned work that do not require them to

be alone. Employees can raise complaints related to discrimination or harassment anonymously through our [whistleblowing procedure](#).

PERCENTAGE OF THE BOARD AND EMPLOYEES BY GENDER

	2017		2018		2019		2020	
	Male	Female	Male	Female	Male	Female	Male	Female
Board	87.5	12.5	85.7	14.3	88.9	11.1	88.9	11.1
Senior Management	92.9	7.1	92.7	7.3	92.1	7.9	92.9	7.1
Middle Management	89.7	10.3	87.2	12.8	90.2	9.8	89.8	10.2
Staff and workers	91.7	8.3	84.7	15.3	82.0	18.0	80.9	19.1

Note: Staff and workers include assistant managers, clerks, foremen, officers and other workers.

PERCENTAGE OF THE BOARD AND EMPLOYEES BY AGE GROUP IN 2020

	<30 years old	30-50 years old	>50 years old
Board	0	33.3	66.7
Senior Management	0	52.4	47.6
Middle Management	0.6	74.4	25.0
Staff and workers	32.4	63.0	4.6

Note: Staff and workers includes assistant managers, clerks, foremen, officers and other workers.

FIRST RESOURCES LIMITED

EMPLOYEE RELATIONS AND WORKPLACE

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LABOUR CONDITIONS AND HUMAN RIGHTS [103-1,103-2, 103-3]

Labour and human rights issues in the palm oil industry, especially in supply chains, remain a complex challenge which needs to be addressed. At First Resources, we prohibit the use of forced, trafficked or child labour and respect the workplace rights of all our employees, including temporary workers. This is also expected of the suppliers we work with.

All action items from the pilot audit of our workers' living and working conditions in Riau conducted by Neste in December 2017 are now closed. Some items will require active monitoring as well as time for cultural change. The audit was useful as we were able to gather external feedback in a constructive environment.

FORCED OR COMPULSORY LABOUR AND CHILD LABOUR [408-1, 409-1]

In accordance with national labour laws and regulations, the Group does not tolerate forced or bonded labour, or the employment of under-aged workers.

We ensure that employees at our plantation and mill operations are never subject to the unlawful withholding of wages, identification cards, passports or other travel documents without their consent. Where we have outsourced our manpower needs to external agencies, we have briefed these middlemen of our policies and practices. We will cease working with those who breach our policies.

These external agencies will assist to identify and coordinate the recruitment of potential workers including ensuring the candidates are above 18 years of age. We will then meet and select the candidates. During this meeting, the Company will socialise and explain to the candidates the job requirements as well as the terms and conditions of the job such as wages, type of work, benefits, housing, and insurance. In line with our recruitment policies, work practices and procedures, we ensure that all employees understand their rights and obligations.

As our workers may have families with them in the estates, we actively monitor to ensure that their children do not assist in the estate work, a common practice in many parts of Indonesia. We also display signboards to remind parents not to bring their children to the plantations, socialise the importance of education and provide educational facilities such as child-care centres and access to schools. Constant reminders are sent to all workers and warnings are issued to those who violate our policies.

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SUSTAINABILITY REPORT 2020

EMPLOYEE RELATIONS AND WORKPLACE

FAIR WAGES

First Resources complies with the minimum wage regulated by the respective province or district where we operate. Wages are regularly updated based on new guidelines or revisions to the relevant existing agreements according to the Regulation (*Peraturan Pemerintah*) No. 78 year 2015.

We acknowledge that groundwork conditions vary depending on the environment. For example, hilly terrains will require more time to reach the same work target compared to an environment with flat terrains. Such working conditions are taken into account to ensure fair compensation. It is also not uncommon for our workers to take home more than their minimum wage due to volume-based incentive pay.

THE RATIO OF LOWEST MONTHLY WAGE TO LEGAL MINIMUM WAGE BY REGION IN 2020 [202-1]

	Monthly legal minimum wage (IDR)	First Resources lowest monthly wage (IDR)	Ratio of the lowest level wage to minimum wage (for males and females)
Riau	3,178,430	3,178,430	1:1
West Kalimantan	2,687,793	2,687,793	1:1
East Kalimantan	3,310,000	3,310,000	1:1

Note: The wage data provided is based on an average of different regencies within each region.

We keep records of all salaries paid to our employees and contractors, and we do not withhold payment of wages. These records are acknowledged by the payees and we provide clarification to ensure that they understand how the payments have been calculated. We also ensure that payslips provided to workers are standardised and contain the necessary information that is easy to understand. Overtime work undertaken by the workers is voluntary and they will be compensated accordingly.

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING [102-41]

We support the freedom of all our employees to form unions as a channel to communicate their expectations and aspirations. We also provide office space where they can conduct their

meetings. Our labour union is part of the *Konfederasi Serikat Pekerja Seluruh Indonesia* (Confederation of All Indonesian Workers' Union).

Each subsidiary and its labour union representatives have agreed on a Collective Labour Agreement that aims to protect employees' and employer's rights and obligations. All our employees are protected by the Collective Labour Agreement, which covers industrial relations, working hours, remuneration, out-of-post assignments and transfers, social security and welfare, occupational health and safety, and employment termination. These agreements will be renewed every two years. Prior to renewal, the Group will conduct a discussion with the labour union to identify improvements required.

We hold focus group discussions and meetings together with labour unions periodically. These dialogues enable us to take into consideration the aspirations of our employees and solicit their suggestions, inputs and criticisms. Employees are also able to convey their aspirations through the human resources department. The Group communicates all changes related to employment via emails, circulars, or our internal portal.

In 2021, we plan to have a discussion with the labour union and local authorities to improve workers' welfare. In particular, we aim to help ensure that our workers are able to have access and options to affordable house ownership in town.

FIRST RESOURCES LIMITED

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SUSTAINABILITY REPORT 2020

EMPLOYEE RELATIONS AND WORKPLACE

OCCUPATIONAL HEALTH AND SAFETY [103-1, 103-2, 103-3, 403-1]

Protecting human life and providing a safe working environment that upholds high standards of occupational health and safety is a fundamental responsibility of any company. It is also important to ensure that operations are not disrupted, and employees can perform at their best.

To reduce the risks of health and safety incidents within our operations, we have implemented an Occupational Health and Safety (OHS) Management System across our estates, covering all our employees. Workers are consulted on the development of the management system which is based on the Occupational Health and Safety Assessment Series standard (OHSAS 18001), and complies with local regulatory requirements.

PROTECTING OUR PEOPLE [403-2, 403-3, 403-4, 403-5, 403-6, 403-7]

Our Health & Safety Committees meet at least once every three months and comprise management and staff representatives. The committee is responsible for identifying and evaluating potential hazards, recommending corrective actions, following up on implemented recommendations, providing employees with education and training, and addressing safety issues raised by employees.

The quality of our risk assessments is validated during external audits conducted by the Roundtable on

Sustainable Palm Oil and Indonesian Sustainable Palm Oil. We have also developed OHS manuals and procedures and working instructions to guide employees to work safely and prevent injuries. Reminders on health and safety are covered during morning briefings. We also conduct emergency response drills and other activities to ensure preparedness.

OHS considerations are also incorporated into the Collective Labour Agreement with the workers' union. These include provisions for equipping plantation and mill workers with personal protective equipment (PPE) and the establishment of Health & Safety Committees. We also maintain an Emergency Response Team on standby to attend to any immediate health and safety-related crisis.

Hazards and Incident Management

At our plantations, the main hazards are falling sharp fronds and bunches during the harvesting process, and

sharp fronds which are left on the ground to decompose and act as fertilisers. These are associated with relatively minor injuries such as cuts and thorn-pricks, so our severity rate remains consistently low. To minimise the risk of injury, all harvesters are required to put on PPE such as safety helmets, gloves and boots which are provided by First Resources. At our palm oil mills, safety hazards include overhead sling conveyors, slippery floors, hot steam and loud noises. Workers are regularly reminded to be vigilant and are briefed during daily shift meetings on any potential health and safety issues.

When a work-related accident occurs, first aid would be administered to the injured. If necessary, the injured party would be sent to the nearest clinic or hospital for treatment and monitored for progress. We will then investigate and prepare an accident report within 48 hours. Following evaluation of the accident, corrective actions and preventive measures will be implemented to prevent a recurrence. These actions and measures will be socialised with the workers on site.

Promoting Worker's Health

To support the health of our employees and their families, we have established medical teams in every operational area. Our medical teams conduct routine check-ups and deliver various health programmes that aim to increase awareness about the benefits of a healthy lifestyle. These include healthy living tips, health education, and counselling related to chronic diseases.



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SUSTAINABILITY REPORT 2020

EMPLOYEE RELATIONS AND WORKPLACE

KEEPING OUR EMPLOYEES SAFE DURING COVID-19

With the ongoing COVID-19 pandemic, we implemented measures aligned with the latest applicable regulations to protect the health of our employees. For example, office employees are allowed to work from home and manpower in the offices are maintained in accordance with the latest guidelines. To facilitate our employees working from home, we provided relevant technology hardware and software to facilitate teleconferencing and telecommuting. We also provide face masks, hand sanitisers as well as ensuring safe distancing measures are observed if employees have to be on-site or at the office.

In the Group's plantations, mills and processing plants in Indonesia, safety protocols and procedures according to Indonesia's large scale social restrictions (the *Pembatasan Sosial Berskala Besar* or PSBB) were executed. Aside from educating employees on personal hygiene, and implementing safe distancing measures, movements in and out of mills, plantations and refinery sites were imposed to further prevent the spread of COVID-19.

To promote mental wellbeing, we encourage our employees to exercise if they are working from home. Should any of our employees report that they are experiencing health issues, we will provide support such as recommendations to doctors.

In mid-2020, we launched a new application which provides a self-assessment questionnaire, at our Indonesia Corporate and Regional Offices. This will facilitate the monitoring of each employee's health condition and tracing should someone be infected with the virus. The assessment is to be carried out on a daily-basis and will provide an evaluation if it is suitable for the employee to go into the office.



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SUSTAINABILITY REPORT 2020

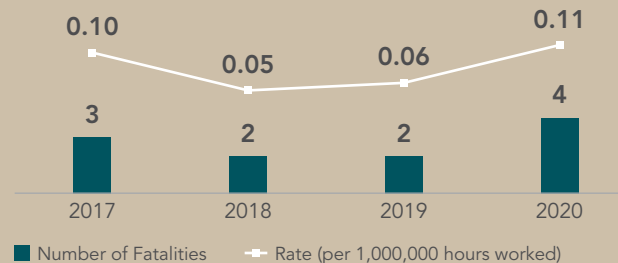
EMPLOYEE RELATIONS AND WORKPLACE

HEALTH AND SAFETY PERFORMANCE [102-48, 403-9]

First Resources is committed to eliminating fatalities and reducing accidents and injuries in our operations. All work-related accidents are recorded and evaluated. Recommendations are then implemented to prevent or reduce the reoccurrence of similar incidents. Our existing [whistleblowing procedure](#) allows workers to report any work-related hazards and hazardous situations. To protect workers from reprisals, workers can make an anonymous report through a hotline number displayed in the office. The hotline is managed by our internal audit team, who will investigate the issues reported. Workers are also allowed to stop work if they do not feel safe.

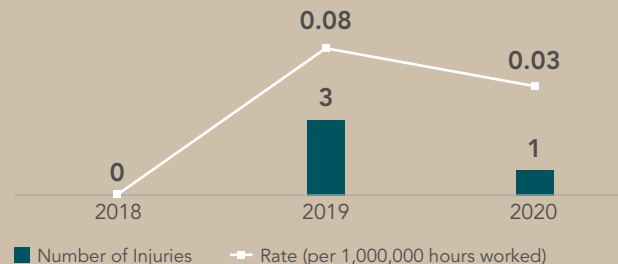
We strive to ensure the safety of our employees. However we regret to report that there were four fatalities in our operations in 2020. The nature of these accidents includes slips, trips and falls, getting caught in-between hazards and electrocution. In the same year, a total of one permanent injury was recorded where an employee's hand was caught in a machinery. While the nature of our work involves a level of risk and uncertainties, the avoidance of such accidents is crucial and we will continue to ramp up our efforts to prevent recurrence in the future.

Work-related Fatalities



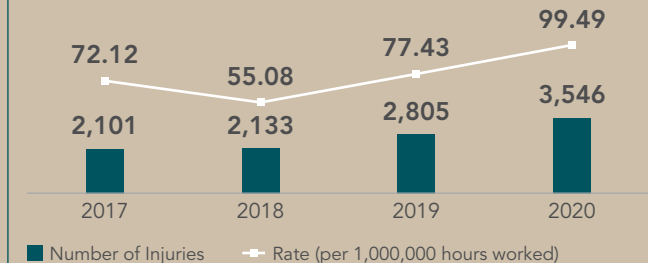
Note: Data covers permanent employees. 2017 and 2019 rates have been restated due to data corrections.

Permanent Work-related Injuries



Note: A Permanent Work-related Injury is defined as a work-related injury which has a permanent effect on the employee's ability to work or causes permanent disability. Data covers permanent employees. 2019 rate has been restated due to data corrections.

Recordable Work-related Injuries



Note: Data covers permanent employees. The rates for 2017 and 2019 as well as the number of injuries reported for 2019 have been restated due to data corrections. Improvements to data collection was made in 2019.

FIRST RESOURCES LIMITED

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SUSTAINABILITY REPORT 2020

SUPPLY CHAIN

MANAGING OUR SUPPLY CHAIN [102-9, 103-1]

Developing a supply chain that is aligned with our sustainability policy is essential to the realisation of our commitment to producing sustainable palm oil. We are working towards achieving a fully traceable and transparent supply chain and engaging with our suppliers to bring them onboard our sustainability journey.

Fresh fruit bunches (FFB), the feedstock for our mills, are supplied by our own nucleus estates, third-party estates, thousands of individual smallholders (plasma and independent), as well as FFB dealers who buy from smallholders. Crude palm oil (CPO) and palm kernel (PK), which are raw materials for our processing plants, are either provided by First Resources-owned mills or sourced from third-party suppliers in Indonesia.

Developed in 2017, our Sustainable Supply Chain Framework provides a structure which helps us to identify and manage risks in our supply chain and support our FFB, CPO and PK suppliers to adopt more sustainable practices.

We also procure other products and services to run our business. Of our non-palm procurement, our most significant spend for our operations is on fertilisers which is sourced locally. Other spend categories for our operations include fuel, chemicals (methanol, bleaching earth and phosphoric acid), spare parts and other materials.

FIRST RESOURCES SUSTAINABLE SUPPLY CHAIN FRAMEWORK



SUPPLY CHAIN TRACEABILITY

Encourage accountability of suppliers by developing a traceable and transparent supply chain



SUPPLIER ENGAGEMENT

Educate and support suppliers by engaging key suppliers to convey our sustainable goals, developments and expectations



SUPPLIER ASSESSMENT

Influence behaviours of suppliers by including sustainability criteria in supplier assessments

STAKEHOLDER COLLABORATION



Detect risks in our supply chain by working with stakeholders through an established grievance procedure

FIRST RESOURCES LIMITED

SUPPLY CHAIN

SUPPLY CHAIN TRACEABILITY [103-1, 103-2, 103-3]

A key commitment in our Policy on Sustainable Palm Oil is to ensure that our oil and refined products can be traced to their origin. Traceability presents a complex but essential first step towards our ultimate goal in providing the level of transparency and confidence to our customers that our products come from sustainable sources.

Our sustainability team works closely with our commercial team to achieve our Group's traceability targets through active engagement with suppliers.

Traceability to Mills

For CPO and PK to be considered as fully traceable to mills, suppliers are required to provide the company name, parent company name, mill name, mill address and geographical coordinates. Where

information is missing or incomplete, CPO and PK volumes from that particular supplier is treated as "untraceable", even if we know the source.

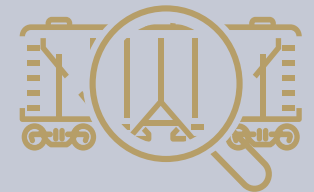
In 2020, approximately 5% of our CPO feedstock are purchased from external suppliers. A list of our CPO and PK suppliers, together with their coordinates and address, are available on our website. Starting from 2020, we have also included the unique universal IDs based on the Universal Mill List (UML) as required by the Roundtable on Sustainable Palm Oil for each mill listed in our traceability report available on our [website](#). These unique UML IDs help to ensure that the mills listed reference a common dataset for the palm oil industry.

Traceability to Plantations

Approximately 87% of the FFB processed in our mills came from our own plantations and plasma schemes, while

the remaining 13% was sourced from third-party FFB suppliers. These include neighbouring plantation companies and independent smallholders. FFB is also purchased from local dealers who collect FFB from the surrounding area.

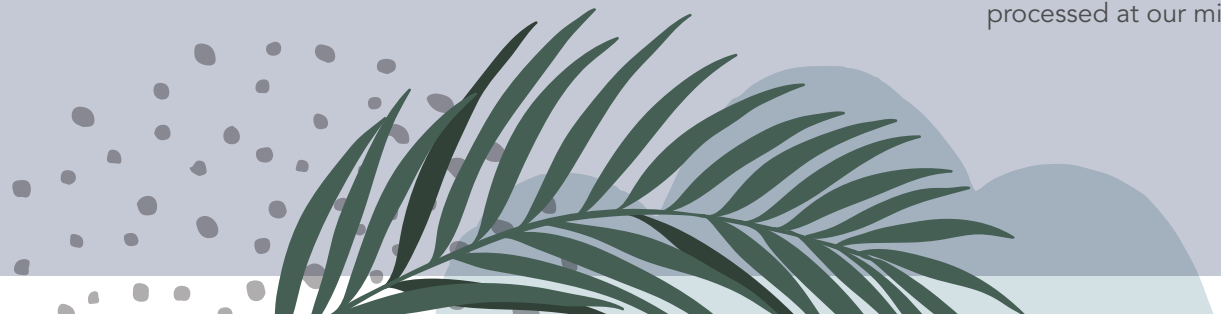
Quite often, third parties may be concerned about the sharing of data due to supplier confidentiality. Part of our socialisation process involves explaining our intention and that we will respect the confidentiality of the information shared. This has helped us obtain the details we require to achieve our target of 100% traceability to plantations for FFB processed at our mills by 2020. Going forward, we aim to achieve 100% traceability to plantations of the third-party CPO and PK suppliers we source from. In 2021, we will be developing procedures and testing them before conducting socialisation and rolling out to the third-party suppliers.



100%
traceability to mills
since 2017



100%
traceability to plantations
achieved in 2020 for FFB
processed at our mills



FIRST RESOURCES LIMITED

SUPPLY CHAIN

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SUSTAINABILITY REPORT 2020

SUPPLIER ENGAGEMENT

Once we have traced the source of our raw materials, we are then able to focus on our engagements with key suppliers. These engagements include one-on-one meetings and group sessions to communicate our Policy on Sustainable Palm Oil and expectations, as well as help suppliers understand the importance of these requirements.

Through constant dialogue with our suppliers, especially smallholders, we hope to build and maintain a relationship of mutual trust for them to feel confident in sharing information about the challenges they face in meeting new sustainability standards.

In 2020, we engaged two FFB dealers who supply to one of our newer mills to socialise our Policy and our requirements. We also engaged with another FFB supplier to get updates on an outstanding grievance as well as to discuss traceability requirements.

SUPPLIER ASSESSMENT [308-1,308-2,414-1, 414-2]

Given that most of our raw materials are supplied by our own mills and plantations, and we only purchase a small volume on an ad-hoc basis from third parties, our influence on external supplier practices may be limited. To minimise the risk of sourcing from non-compliant suppliers, we keep a watch list on high-risk companies which is updated monthly.

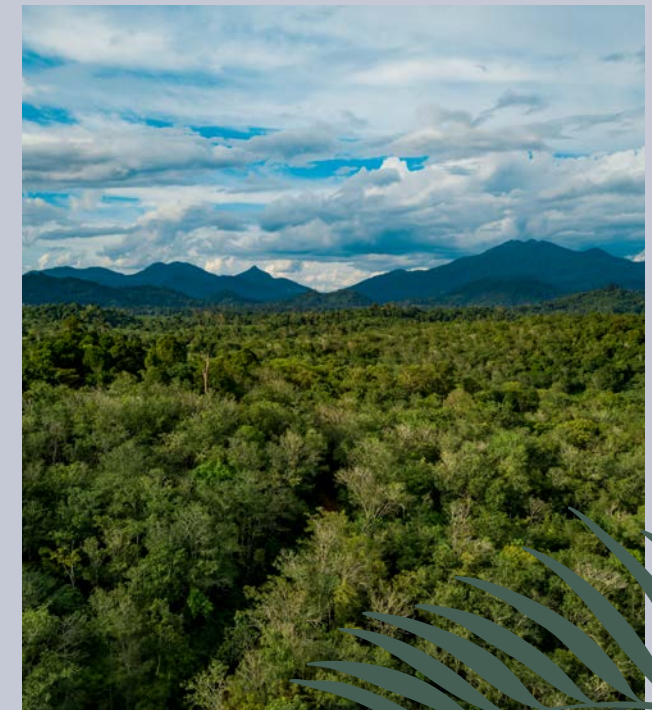
All our new suppliers are screened using social and environmental criteria during our supplier onboarding process. This process involves the signing of an onboarding form to acknowledge that they will comply with our Policy requirements, as well as providing their mill or estate information to fulfil our traceability requirements. We will verify the information provided, and companies who cannot meet our requirements will not be onboarded as a new supplier.

Our existing suppliers are continuously monitored to ensure that their practices are in line with our Policy on Sustainable Palm Oil. Suppliers found to be non-compliant are required to undertake corrective actions within a certain timeline. In line with our Policy, we will suspend sourcing from non-compliant suppliers who do not take immediate remedial actions.

STAKEHOLDER COLLABORATION

Getting suppliers to adopt more sustainable practices is not a task we can undertake on our own and we rely heavily on stakeholder collaboration. Thus, in addition to our own assessments, we leverage on external parties to help us identify suppliers that we should further assess and engage with. External stakeholders such as non-governmental organisations (NGOs) and customers may hold better monitoring tools and intelligence to detect potential errant or non-compliant suppliers. For example, an NGO that works

to protect the environment sends us monthly reports of their deforestation detection. We look through these to see if any of the highlighted companies are in our supply chain which requires us to undertake follow-up actions.



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SUPPLY CHAIN

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SUSTAINABILITY REPORT 2020

SUPPORTING SMALLHOLDERS [103-1, 103-2, 103-3]

Approximately 40% of Indonesia's palm oil plantation area are managed by smallholders, making them a key player in the transformation of the industry to a truly sustainable one. First Resources manages 182,029 hectares of nucleus plantations. This puts us in a unique position to share our experience on best agricultural practices with the smallholders we work with and facilitate their inclusion into our supply chain.

We identify communities that are interested in partnering with us to develop plantations through the Free, Prior, and Informed Consent (FPIC) process, which is carried out before any new development. We work with these indigenous and local communities through various plasma scheme partnerships. In some of these schemes, the Company assists the smallholders to develop and manage their plots until the oil palm trees reach a productive age, and after which the plots are handed back to the smallholders for management. In other partnership schemes, the Company assumes

responsibility for developing and managing the plantation plots on behalf of these smallholders, even after maturity. Plasma smallholders profit by selling their FFB harvests to the Company at government-determined prices. These partnerships provide a sustainable income for thousands of smallholders, and this in turn contributes to local economic growth and improve livelihoods.

We work with our schemed smallholders to improve their yields. Without adequate support programmes in place, smallholders may not be able to cope with risks of price volatility. Our field officers provide technical assistance, practical training and advice on fertiliser and pesticide procurement and usage. We also share new farming technologies including our high yielding oil palm seeds, offer assistance with land titling and coordinate transportation of FFB to palm oil mills. All of our plasma smallholders are involved in our smallholder programmes.

As at end 2020, we manage 31,432 hectares of schemed smallholders covering 15% of the total plantation area managed by First Resources, and 8% of the FFB we processed.

We also have more than 2,300 independent smallholders supplying to us as of end 2020. FFB is also supplied by independent smallholders through dealers. For independent smallholders, we socialise our Policy on Sustainable Palm Oil and ensure that they adhere to our standards via workshops. During the workshops, we also take the opportunity to ask new independent smallholders to fill in our supplier onboarding form, in which they acknowledge they have received and understood our Policy requirements. Due to the ongoing COVID-19 pandemic, we were unable to carry out engagements with independent smallholders during 2020.



FIRST RESOURCES LIMITED

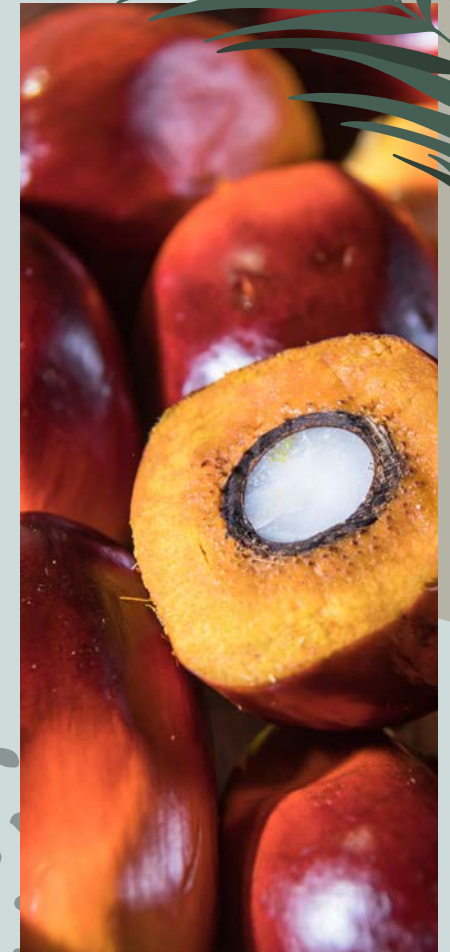
CONSUMERS AND CUSTOMERS

[103-1]

PROTECTING CONSUMER HEALTH [102-6, 102-9, 416-2]

Our customers are primarily traders, palm oil refiners, and renewable energy producers. We sell our products in both local and export markets. For our export sales, we mainly sell them on Free on Board basis to our customers who then ship the products globally, with the biggest markets being China, India and Europe. We work closely with our customers to meet their needs and respond to the growing market demand for traceable and sustainable palm oil.

Although First Resources does not produce consumer brands, we remain committed to safeguarding consumer health. We have put in place relevant certification systems to ensure that our processing plants achieve and adhere to best practices for product quality and safety standards. Since 2013, our kernel crushing plant has been certified to the Hazard Analysis and Critical Control Points (HACCP), and good manufacturing practices GMP+ B2 standards. One of our processing units, PT Adhitya Serayakorita is HACCP certified. We did not continue the HACCP certification for the other processing unit (PT Ciliandra Perkasa) as it is mainly used to supply biodiesel domestically, for which HACCP certification is not required. In 2020, there were no incidents of non-compliance relating to the health and safety of our products and services.



FIRST RESOURCES LIMITED

CONSUMERS AND CUSTOMERS

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SUSTAINABILITY REPORT 2020

SUSTAINABILITY CERTIFICATIONS [102-12, 102-13, 103-1, 103-2, 103-3]

Certification of palm oil is a common industry practice to demonstrate that products are sourced and produced sustainably. To meet the growing demand for sustainable palm oil, we continue to actively participate in various industry schemes and work towards obtaining relevant industry certifications. These include the Roundtable on Sustainable Palm Oil, the Indonesian Sustainable Palm Oil and the International Sustainability & Carbon Certification.

ROUNDTABLE ON SUSTAINABLE PALM OIL (RSPO)

First Resources has been a member of the RSPO since 2008. Since 2018, two of our mills with plantations in Riau have been RSPO certified. In 2020, we had planned to certify another six mills integrated with plantations. Although we managed to certify one mill integrated with plantation in Riau in the first quarter of 2020, we were not able to meet our target due to the ongoing COVID-19 pandemic resulting in travel restrictions which affected on-site RSPO audits. As at end 2020, a total of three of our mills integrated with plantations are RSPO certified.

This has further affected our progress to meet our target to certify all of First Resources mills and

plantations by 2024. We will continue to monitor the situation and review our 100% RSPO certification target. Nonetheless, we are committed to progressing in our certification process and have set ourselves a goal to execute RSPO audits for six of our mills in 2021, if conditions allow.

In addition, our bulking station, kernel crushing plant and one of our processing units (PT Adhitya Serayakorita) are certified against the RSPO Supply Chain Certification Standard. We did not continue the RSPO Supply Chain Certification Standard for our other processing unit (PT Ciliandra Perkasa) as it is mainly used to supply biodiesel domestically, for which RSPO certification is not required.

INDONESIAN SUSTAINABLE PALM OIL (ISPO)

With the ISPO certification system being enhanced in 2020 following the issuance of Presidential Regulation No.44/2020, all new certifications were put on hold. We have thus maintained our ISPO certification for one of our plantations and nine of our mills which are integrated with plantations. To date, 49% of our plantations are ISPO certified.

In November 2020, the enhanced ISPO certification system released under the Ministry of Agriculture means that we can now continue with our certification

process. We target to certify another three mills integrated with plantation in 2021.

INTERNATIONAL SUSTAINABILITY & CARBON CERTIFICATION (ISCC)

We successfully renewed all our ISCC certifications in 2020. As at end 2020, 51,020 hectares of our nucleus plantations are certified under the ISCC scheme, which is approximately 28% of our total nucleus area. In addition, six of First Resources' 18 palm oil mills, both our processing units and one bulking unit are also ISCC certified. We are thus able to provide customers with a fully traceable product under the ISCC scheme.

CERTIFICATION STATUS OF RSPO AND ISPO

	2017	2018	2019	2020
Percentage of certified plantation area				
RSPO	-	10%	10%	15%
ISPO	43%	49%	49%	49%
Number of certified mills				
RSPO	-	2	2	3
ISPO	8	9	9	9

Note: The percentages reflect First Resources' certified nucleus area.

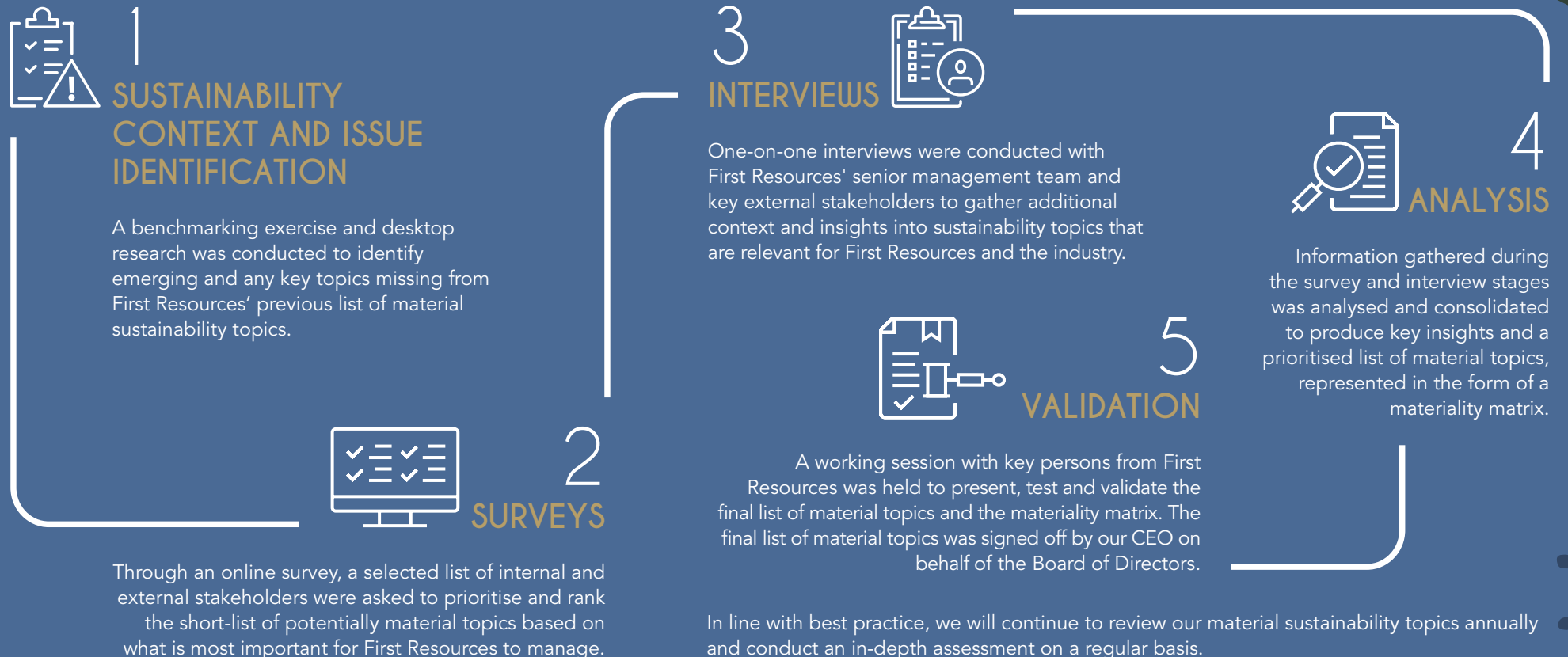
FIRST RESOURCES LIMITED

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SUSTAINABILITY REPORT 2020

MATERIALITY AND STAKEHOLDER ENGAGEMENT

MATERIALITY ASSESSMENT [102-15, 102-32, 102-46, 102-47]

In 2019, we conducted an assessment of our material sustainability topics which follows a five-stage process:

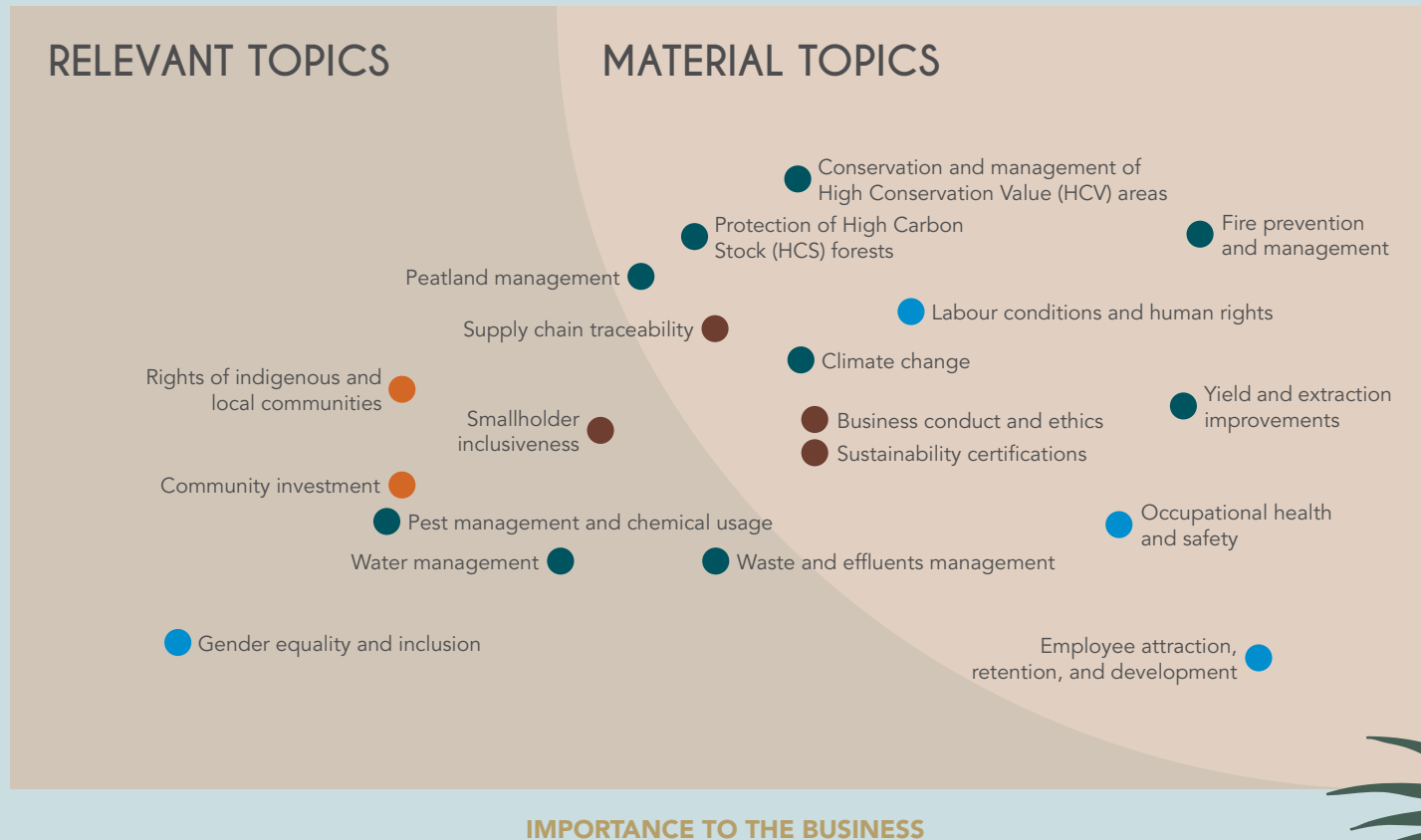


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MATERIALITY AND STAKEHOLDER ENGAGEMENT

IMPORTANCE TO EXTERNAL STAKEHOLDERS



Key:

MATERIAL TOPICS:

Topics that are most important to internal and external stakeholders. These will form the focus of First Resources' sustainability strategy and reporting. We will ensure that adequate resources are allocated to the management of these topics and sufficient public disclosure is provided.

RELEVANT TOPICS:

Topics that are less critical and of lower relative importance to internal and external stakeholders. However, these topics will still form part of First Resources' responsible business practices, and will be managed as part of the Group's general sustainability approach. These will be reported on as relevant, based on sustainability context and stakeholder interest.

- Environmental Management
- Community Engagement and Development
- Employee Relations and Workplace
- Supply Chain and Others

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SUSTAINABILITY REPORT 2020


MATERIALITY AND STAKEHOLDER ENGAGEMENT

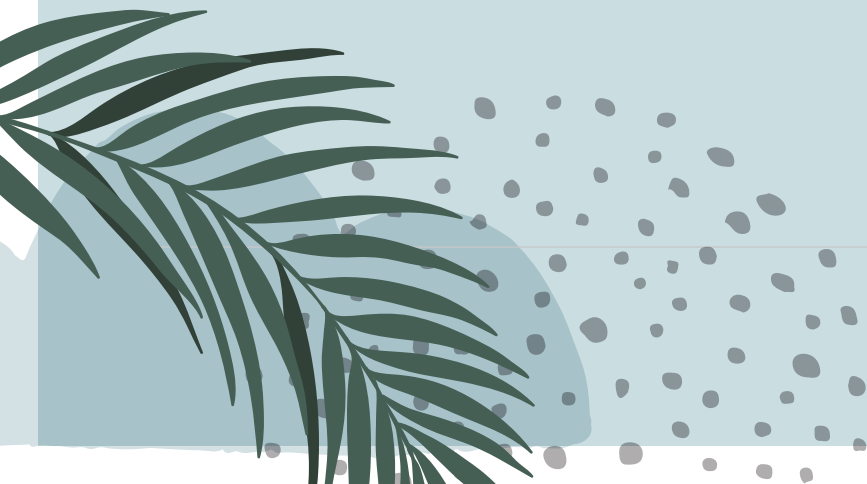
STAKEHOLDER ENGAGEMENT [102-21, 102-40, 102-42, 102-43, 102-44]

A fundamental part of our approach to sustainability is engaging our stakeholders to better understand their interests and concerns. We seek to maintain an open dialogue with our stakeholders so that we can receive constructive feedback.

We have identified our key stakeholder groups through an internal mapping exercise based on our impacts on them and their importance to the success and continuity of our business. We then tailored our method of engagement for each of these groups.

We regularly review and enhance our engagement approach to ensure that it remains effective. The table below summarises our stakeholder engagement efforts in 2020.




STAKEHOLDER GROUPS	ENGAGEMENT METHOD AND FREQUENCY	TOPICS AND CONCERNS RAISED	FIRST RESOURCES' RESPONSE TO THOSE TOPICS/CONCERNS
Banks and financial institutions 	<ul style="list-style-type: none"> • Website (regularly) • SGXNET (periodic) • Annual Report (yearly) • Sustainability Report (yearly) • One-on-one communication (as required) 	<ul style="list-style-type: none"> • First Resources' financial performance • First Resources' sustainability commitments, initiatives and progress • Sustainability certifications • Fire prevention and management • Yield improvements • Impacts of climate change • Health and safety of employees during the COVID-19 pandemic 	<ul style="list-style-type: none"> • Provide updates on Company's performance and plans • Provide updates on our sustainability policy and its implementation progress • Provide progress updates on our sustainability certifications • Provide information on our fire prevention and management initiatives • Research and development initiatives that focus on innovation in yield improvements and the mitigation of environmental impact • Provide updates on our operations and practices during COVID-19 pandemic



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SUSTAINABILITY REPORT 2020

MATERIALITY AND STAKEHOLDER ENGAGEMENT





STAKEHOLDER GROUPS	ENGAGEMENT METHOD AND FREQUENCY	TOPICS AND CONCERNS RAISED	FIRST RESOURCES' RESPONSE TO THOSE TOPICS/CONCERNS
Communities 	<ul style="list-style-type: none"> Engagements via our public relation officers and Community Development Officers (periodic) 	<ul style="list-style-type: none"> Better village infrastructure Access to employment opportunities Participation in plasma programme Social conflict, and Free, Prior and Informed Consent (FPIC) concerns 	<ul style="list-style-type: none"> Increase investment to support community infrastructure Prioritise employment opportunities to local communities Ensure appropriate plasma allocation for plantation development Conduct Social and Environment Impact Assessments and ensure better communication during FPIC process Engagement with local communities to raise awareness about forest protection
Customers 	<ul style="list-style-type: none"> One-on-one communication (as required) Website (regularly) Annual Report (yearly) Sustainability Report (yearly) 	<ul style="list-style-type: none"> First Resources' sustainability commitments, initiatives and progress Customers' traceability requirements Grievances lodged by stakeholders on First Resources' operations or suppliers such as deforestation and labour issues 	<ul style="list-style-type: none"> Provide regular updates on our sustainability policy and its implementation progress Provide traceability data of our supplying mills Investigate, address and clarify grievances lodged as per our grievance mechanism
Employees 	<ul style="list-style-type: none"> E-mails and notice boards (regularly) Internal company meetings (regularly) Performance review (twice a year) 	<ul style="list-style-type: none"> First Resources' operational and financial performance Personal and career development Health and safety 	<ul style="list-style-type: none"> Keep employees updated on company news, performance and policies Ensure health and safety procedures, and equipment are adequate Increase amount and adequacy of training, and development opportunities



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SUSTAINABILITY REPORT 2020

MATERIALITY AND STAKEHOLDER ENGAGEMENT

STAKEHOLDER GROUPS	ENGAGEMENT METHOD AND FREQUENCY	TOPICS AND CONCERNS RAISED	FIRST RESOURCES' RESPONSE TO THOSE TOPICS/CONCERNS
Non-governmental organisations (NGOs) 	<ul style="list-style-type: none"> One-on-one communication (as required) Website (regularly) Annual Report (yearly) Sustainability Report (yearly) 	<ul style="list-style-type: none"> First Resources' sustainability commitments, initiatives and progress Grievance lodged by stakeholders on First Resources' operations or suppliers such as deforestation and labour issues 	<ul style="list-style-type: none"> Provide updates on our sustainability policy and its implementation progress Investigate and respond to grievances as per our grievance mechanism
Regulatory bodies (including government) 	<ul style="list-style-type: none"> One-on-one communication (as required) Reporting mechanisms (as required) Multi-stakeholder forums (as required) 	<ul style="list-style-type: none"> Company's compliance with applicable regulation/ legislation Collaboration to provide assistance to communities during COVID-19 pandemic 	<ul style="list-style-type: none"> Ensure documentation of Company's compliance Collaborate with local authority or government to support local communities during the COVID-19 pandemic by contributing personal protective equipment (PPE), disinfectant tools and food staples
Shareholders 	<ul style="list-style-type: none"> Annual General Meeting (yearly) Website (regularly) SGXNET (periodic) Annual Report (yearly) Sustainability Report (yearly) One-on-one communication (as required) Conferences / Non-deal Roadshows (periodic) 	<ul style="list-style-type: none"> First Resources' operational and financial performance First Resources' sustainability commitments, initiatives and progress Sustainability certifications 	<ul style="list-style-type: none"> Provide updates on Company's performance and plans Provide updates on our sustainability policy and its implementation progress Provide updates on our sustainability certifications
Suppliers 	<ul style="list-style-type: none"> One-on-one communication (as required) Group sessions (periodic) 	<ul style="list-style-type: none"> Compliance with First Resources' sustainability standards including our traceability requirements Clarification to grievances lodged on suppliers' operations 	<ul style="list-style-type: none"> Explain First Resources' sustainability policy and our expectations of supplier compliance Verify clarifications made and respond to grievances as per our grievance mechanism

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SUSTAINABILITY REPORT 2020

MATERIALITY AND STAKEHOLDER ENGAGEMENT

MEMBERSHIP OF ASSOCIATIONS AND EXTERNAL INITIATIVES [102-12, 102-13]

Industry collaborations and partnerships are essential for First Resources to deliver on our commitments. We also actively contribute to the sustainable transformation of the palm oil industry through our memberships in various associations and participation in external initiatives.

A list of our memberships and external initiatives which we subscribe to are provided below:

- Association of Indonesian Biodiesel Producers (APROBI)
- High Carbon Stock Approach (HCSA)
- Indonesian Palm Oil Association (GAPKI)
- Indonesian Sustainable Palm Oil Certification (ISPO)
- International Sustainability & Carbon Certification (ISCC)
- Roundtable on Sustainable Palm Oil (RSPO)
- United Nations Guiding Principles on Business and Human Rights



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SUSTAINABILITY REPORT 2020

GRI CONTENT INDEX

[102-55]

GRI STANDARD DISCLOSURE	GRI DISCLOSURE NUMBER AND TITLE	PAGE REFERENCES/REASONS FOR OMISSION
GENERAL DISCLOSURES		
GRI 102: General Disclosures 2016	Organisational Profile	
	102-1 Name of the organization	1
	102-2 Activities, brands, products, and services	5; Annual Report 2020: 1-5
	102-3 Location of headquarters	8 Temasek Boulevard #36-02 Suntec Tower Three Singapore 038988
	102-4 Location of operations	5-6
	102-5 Ownership and legal form	5
	102-6 Markets served	48
	102-7 Scale of the organization	5-6; Annual Report 2020: 6-9, 14-17
	102-8 Information on employees and other workers	35
	102-9 Supply chain	44, 48
	102-10 Significant changes to the organisation and its supply chain	5
	102-11 Precautionary Principle or approach	First Resources does not explicitly refer to the precautionary principle or approach in its risk management principles. Please see our approach to materiality on page 50-51 and risk management on page 38 of the Annual Report.
	102-12 External initiatives	55
	102-13 Membership of associations	55

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GRI STANDARD DISCLOSURE	GRI DISCLOSURE NUMBER AND TITLE	PAGE REFERENCES/REASONS FOR OMISSION
GENERAL DISCLOSURES		
GRI 102: General Disclosures 2016	Strategy	
	102-14 Statement from senior decision-maker	2-4
	102-15 Key impacts, risks, and opportunities	10
	Ethics and Integrity	
	102-16 Values, principles, standards, and norms of behaviour	7
	102-17 Mechanisms for advice and concerns about ethics	9
	Governance	
	102-18 Governance structure	8; Annual Report 2020: 26
	102-19 Delegating authority	8
	102-20 Executive-level responsibility for economic, environmental, and social topics	8
	102-21 Consulting stakeholders on economic, environmental, and social topics	8, 52
	102-22 Composition of the highest governance body and its committees	Annual Report 2020: 26
	102-23 Chair of the highest governance body	Annual Report 2020: 26
	102-24 Nominating and selecting the highest governance body	Annual Report 2020: 32
	102-26 Role of highest governance body in setting purpose, values, and strategy	8
	102-28 Evaluating the highest governance body's performance	Annual Report 2020: 33-34
	102-32 Highest governance body's role in sustainability reporting	8, 50
	102-35 Remuneration policies	Annual Report 2020: 34-37

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GRI STANDARD DISCLOSURE	GRI DISCLOSURE NUMBER AND TITLE	PAGE REFERENCES/REASONS FOR OMISSION
GENERAL DISCLOSURES		
GRI 102: General Disclosures 2016	Governance	
	102-36 Process for determining remuneration	Annual Report 2020: 34-37
	102-37 Stakeholders' involvement in remuneration	Annual Report 2020: 34-37
	Stakeholder Engagement	
	102-40 List of stakeholder groups engaged	52-54
	102-41 Collective bargaining agreements	40
	102-42 Identifying and selecting stakeholders	52
	102-43 Approach to stakeholder engagement	52-54
	102-44 Key topics and concerns raised	52-54
	Reporting Practice	
	102-45 Entities included in the consolidated financial statements	1; Annual Report 2020: 69-73
	102-46 Defining report content and topic Boundaries	10, 50-51
	102-47 List of material topics	10
	102-48 Restatements of information	29, 43
	102-49 Changes in reporting	No significant changes.
	102-50 Reporting period	1
	102-51 Date of most recent report	15 April 2020
	102-52 Reporting cycle	1
	102-53 Contact point for questions regarding the report	1
	102-54 Claims of reporting in accordance with the GRI Standards	1
	102-55 GRI content index	56-66
	102-56 External assurance	1

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GRI STANDARD DISCLOSURE	GRI DISCLOSURE NUMBER AND TITLE		PAGE REFERENCES/REASONS FOR OMISSION
TOPIC SPECIFIC DISCLOSURES			
ENVIRONMENTAL MANAGEMENT			
Climate Change (Material topic)			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	10, 23
	103-2	The management approach and its components	12, 23-25
	103-3	Evaluation of the management approach	8, 23-25
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	25
	305-2	Energy indirect (Scope 2) GHG emissions	25
	305-4	GHG emissions intensity	24
	305-5	Reduction of GHG emissions	23
Conservation and Management of High Conversation Value (HCV) areas (Material topic)			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	10, 18
	103-2	The management approach and its components	12, 18-19
	103-3	Evaluation of the management approach	8, 18-19
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	18
	304-2	Significant impacts of activities, products, and services on biodiversity	18-19
	304-3	Habitats protected or restored	18-19
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	18

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GRI STANDARD DISCLOSURE	GRI DISCLOSURE NUMBER AND TITLE		PAGE REFERENCES/REASONS FOR OMISSION
TOPIC SPECIFIC DISCLOSURES			
ENVIRONMENTAL MANAGEMENT			
Fire Prevention and Management <i>(Material topic)</i>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	10, 21
	103-2	The management approach and its components	13, 21-22
	103-3	Evaluation of the management approach	8, 21-22
Peatland Management <i>(Material topic)</i>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	10, 20
	103-2	The management approach and its components	14, 20
	103-3	Evaluation of the management approach	8, 20
Pest and Chemical Usage <i>(Relevant topic)</i>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	29
	103-2	The management approach and its components	29-30
	103-3	Evaluation of the management approach	8, 29-30
Protection of High Carbon Stock (HCS) forests <i>(Material topic)</i>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	10, 18
	103-2	The management approach and its components	14, 18-19
	103-3	Evaluation of the management approach	8, 18-19



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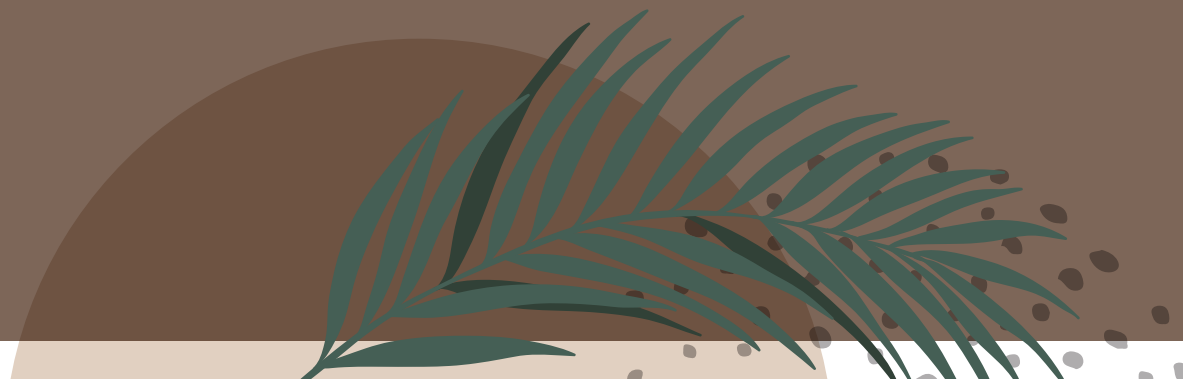
GRI STANDARD DISCLOSURE		GRI DISCLOSURE NUMBER AND TITLE	PAGE REFERENCES/REASONS FOR OMISSION
TOPIC SPECIFIC DISCLOSURES			
ENVIRONMENTAL MANAGEMENT			
Waste and Effluents Management <i>(Relevant topic)</i>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	26
	103-2	The management approach and its components	26-28
	103-3	Evaluation of the management approach	8, 26-28
GRI 303: Water and Effluents 2018	303-4	Water Discharge	27
GRI 306: Waste 2020	306-3	Waste Generated	27-28
Water Management <i>(Relevant topic)</i>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	26
	103-2	The management approach and its components	26
	103-3	Evaluation of the management approach	8, 26
GRI 303: Water and Effluents 2018	303-5	Water Consumption	26
Yield and Extraction Improvements <i>(Material topic)</i>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	10, 16
	103-2	The management approach and its components	15, 16-17
	103-3	Evaluation of the management approach	8, 16-17

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GRI STANDARD DISCLOSURE		GRI DISCLOSURE NUMBER AND TITLE	PAGE REFERENCES/REASONS FOR OMISSION
TOPIC SPECIFIC DISCLOSURES			
COMMUNITY ENGAGEMENT AND DEVELOPMENT			
Community Investment <i>(Relevant topic)</i>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	32
	103-2	The management approach and its components	32-34
	103-3	Evaluation of the management approach	8, 32-34
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	32-34
	203-2	Significant indirect economic impacts	32-34
Rights of Indigenous and Local Communities <i>(Relevant topic)</i>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	31
	103-2	The management approach and its components	31
	103-3	Evaluation of the management approach	8, 31
GRI 411: Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples	31
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	31
	413-2	Operations with significant actual and potential negative impacts on local communities	31



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GRI STANDARD DISCLOSURE		GRI DISCLOSURE NUMBER AND TITLE	PAGE REFERENCES/REASONS FOR OMISSION
TOPIC SPECIFIC DISCLOSURES			
EMPLOYEE RELATIONS AND WORKPLACE			
Employee Attraction, Retention, and Development (<i>Material topic</i>)			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	10, 35
	103-2	The management approach and its components	13, 35-37
	103-3	Evaluation of the management approach	8, 35-37
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	36
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	36
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	37
	404-2	Programs for upgrading employee skills and transition assistance programs	37
Gender Equality and Inclusion (<i>Relevant topic</i>)			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	38
	103-2	The management approach and its components	38
	103-3	Evaluation of the management approach	8,38
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	38
Labour Conditions and Human Rights (<i>Material topic</i>)			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	10, 39
	103-2	The management approach and its components	13, 39-40
	103-3	Evaluation of the management approach	8, 39-40

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GRI STANDARD DISCLOSURE		GRI DISCLOSURE NUMBER AND TITLE	PAGE REFERENCES/REASONS FOR OMISSION
TOPIC SPECIFIC DISCLOSURES			
EMPLOYEE RELATIONS AND WORKPLACE			
Labour Conditions and Human Rights (<i>Material topic</i>)			
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	40
	408-1	Operations and suppliers at significant risk for incidents of child labour	39
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	39
Occupational Health and Safety (<i>Material topic</i>)			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	10, 41
	103-2	The management approach and its components	7, 41-43
	103-3	Evaluation of the management approach	8, 41-43
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	41
	403-2	Hazard identification, risk assessment, and incident investigation	41
	403-3	Occupational health services	41
	403-4	Worker participation, consultation, and communication on occupational health and safety	41
	403-5	Worker training on occupational health and safety	41
	403-6	Promotion of worker health	41
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	41
	403-9	Work-related injuries	43

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GRI STANDARD DISCLOSURE	GRI DISCLOSURE NUMBER AND TITLE		PAGE REFERENCES/REASONS FOR OMISSION
TOPIC SPECIFIC DISCLOSURES			
SUPPLY CHAIN AND OTHERS			
Business Conduct and Ethics (Material topic)			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	8, 10
	103-2	The management approach and its components	8
	103-3	Evaluation of the management approach	8, 9
GRI 205: Anti-Corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	8
Smallholder Inclusiveness (Relevant topic)			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	47
	103-2	The management approach and its components	47
	103-3	Evaluation of the management approach	8, 47
Supply Chain Traceability (Material topic)			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	10, 45
	103-2	The management approach and its components	45
	103-3	Evaluation of the management approach	8, 45
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	46
	308-2	Negative environmental impacts in the supply chain and actions taken	46
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	46
	414-2	Negative social impacts in the supply chain and actions taken	46

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GRI STANDARD DISCLOSURE		GRI DISCLOSURE NUMBER AND TITLE	PAGE REFERENCES/REASONS FOR OMISSION
TOPIC SPECIFIC DISCLOSURES			
SUPPLY CHAIN AND OTHERS			
Sustainability Certification (<i>Material topic</i>)			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	10, 49
	103-2	The management approach and its components	49
	103-3	Evaluation of the management approach	8, 49
Other Topics Reported On			
GRI 416: Customer Health and Safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	48



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GLOSSARY OF TERMS

Biodiversity	The diversity (number and variety of species) of plant and animal life within a region.
Biological Oxygen Demand (BOD)	The amount of oxygen consumed by bacteria and other microorganisms when decomposing organic matter under aerobic conditions (i.e., when oxygen is present) at a specified temperature.
Carbon Dioxide Equivalents (CO₂e)	A standard unit for measuring carbon footprints. It is to express the impact of each different greenhouse gas in terms of the amount of carbon dioxide that would create the same amount of warming. That way, a carbon footprint consisting of different types of greenhouse gases can be expressed as a single number.
Chemical Oxygen Demand (COD)	Another indicator of contamination that shows the amount of dissolved matter in water susceptible to being oxidised. While BOD uses bacteria and other microorganisms to test, COD uses chemicals to test.
Crude Palm Oil (CPO)	The oil extracted from the pulp of the FFB.
Effluents	Waste water discharged from a source (such as mill) into a separate body of water.
Extraction rate	The amount of oil recovered from FFB (in percentage) at a mill. CPO is extracted from the flesh of the FFB's fruitlets; Palm kernel oil from the kernel of the FFB's fruitlets.
Empty fruit bunch (EFB)	The remains of the FFB after it has been processed and its fruitlets removed at the mill.
Fire Danger Indices (FDI)	An internal index for fire risk assessment which has four levels: Low, Medium, High and Extreme, depending on humidity, rain and fuel conditions.
Fresh Fruit Bunch (FFB)	The ripe fruit bunch harvested from the oil palm tree. The weight of the FFB ranges between 10 kg to 40 kg depending on the size and age.
Free, Prior and Informed Consent (FPIC)	The principle that a community or indigenous people has a right to give or withhold its consent to projects that are proposed, which may affect them or their lands they customarily own, occupy or use.
Greenhouse gas (GHG)	A gas that has the property of absorbing and emitting infrared radiation, creating a greenhouse effect.
Global Reporting Initiative (GRI)	A multi-stakeholder standard for sustainability reporting, providing guidance on determining report content and indicators.
High Conservation Value (HCV)	Areas with biological, ecological, social or cultural values of outstanding significance at the national, regional or global level or of critical importance at the local level.

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GLOSSARY OF TERMS

High Carbon Stock (HCS) Approach	A practical methodology for distinguishing forest areas that should be protected from degraded lands that may be developed. It is a sequence of processes and assessments undertaken within two overarching modules: a social requirements module, which focuses on respecting communities' rights to their lands; and an integration module, which includes the FPIC and HCV processes.
Indonesian Sustainable Palm Oil (ISPO)	A mandatory certification requirement for all oil palm growers and millers operating in Indonesia imposed by the government in an effort to preserve the environment, promote economic and social activities, and enforcement of Indonesian statutory laws in the palm oil sector.
Integrated Fire Management (IFM)	An in-depth workplan for fire prevention, preparedness, response and recovery.
Integrated High Conservation Value - High Carbon Stock Approach (HCV-HCSA) assessments	An integration of both the HCV and HCSA assessment to allow for greater efficiencies in team deployment, reduction of costs and avoidance of stakeholder confusion. As per the revised RSPO Principles and Criteria released in November 2018, any new land clearing (in existing plantations or new plantings) after November 2018 must be preceded by a HCV-HCSA assessment.
Interspecific hybrid (<i>Elaeis oleifera</i> x <i>Elaeis guineensis</i>)	The <i>Elaeis oleifera</i> x <i>Elaeis guineensis</i> interspecific hybrid is a cross between the African oil palm (<i>Elaeis guineensis</i>) and the American oil palm (<i>Elaeis oleifera</i>). Further research is being carried out as the hybrid exhibits characteristics with the potential to improve the competitiveness and sustainability of the crop.
International Sustainability & Carbon Certificate (ISCC)	A certification system that promotes the sustainable cultivation, processing and utilisation of biomass and bioenergy. It is geared towards GHG emissions reduction, sustainable land use, protection of natural biospheres and social sustainability.
International Union for Conservation of Nature's Red List (IUCN Red List)	The world's most comprehensive inventory of the global conservation status of biological species. It is a critical indicator of the health of the world's biodiversity.
Nucleus plantation	Plantations owned by the group.
RSPO New Planting Procedures (NPP)	The RSPO NPP consists of a set of assessments and verification activities to be conducted by grower members and certification bodies prior to a new oil palm development, in order to help guide responsible planting and ensure that social and environmental requirements have been met.
PalmGHG Calculator	A tool developed by the RSPO Greenhouse Gas Working Group 2 to allow palm oil producers to estimate and monitor their net GHG emissions. The Calculator also enables palm oil producers to identify crucial areas in their production chain and thereby guiding emission reduction opportunities.
Palm oil mill effluent (POME)	The by-product of processed FFB.

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GLOSSARY OF TERMS

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Peat	An accumulation of partially decayed vegetation matter. Peat forms in wetlands or peatlands, variously called bogs, moors, muskegs, pocosins, mires, and peat swamp forests.
Palm kernel (PK)	The seed in the FFB's fruitlet where the palm kernel oil is derived from.
Plasma schemes	A programme initiated by the Indonesian government to encourage the development of smallholders' plantations with the assistance and cooperation of plantation companies (the nucleus) which assist and support the surrounding community plantations (the plasma).
Personal protective equipment (PPE)	Equipment that protects users from health and safety risks at work.
Programme for Pollution Control, Evaluation and Rating (PROPER)	A national public environmental reporting initiative by the Indonesian Environmental Agency to promote industrial compliance with pollution control regulations, facilitate and enforce the adoption of practices contributing to cleaner technologies, and ensuring a better environmental management system.
Roundtable on Sustainable Palm Oil (RSPO)	A not-for-profit organisation that unites stakeholders from the seven sectors of the palm oil industry: oil palm producers, processors or traders, consumer goods manufacturers, retailers, banks/investors, and environmental and social non-governmental organisations (NGOs), to develop and implement global standards for sustainable palm oil consisting of environmental and social criteria.
RSPO Principles and Criteria (P&C)	A set of stringent standards for sustainable palm oil production covering the most significant environmental and social impacts of palm oil production and the immediate inputs to production, such as seed, chemicals and water, and social impacts related to on-farm labour and community relations, which RSPO producers (i.e. mills and plantation) must comply with.
Stakeholders	Any group or individual who are affected by or can affect a company's operations.
Standard Operating Procedures (SOPs)	A set of step-by-step instructions developed to help workers carry out complex routine operations.
Sustainability	A term expressing a long-term balance between social, economic and environmental objectives. Often linked to sustainable development, which is defined as "development that meets the need of current generations without compromising the needs of future generations".
Total Suspended Solids (TSS)	TSS are suspended particles that are not dissolved in a sample of water that can be trapped by a filter. It is a water quality parameter used to assess the quality of a specimen of a water body, for example, wastewater after treatment in a wastewater treatment plant.
World Health Organisation (WHO) Class 1A and 1B	A classification of hazardous level of active ingredients in pesticides according to the World Health Organisation. 1A is extremely hazardous and 1B is highly hazardous.



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