

SUSTAINABILITY REPORT 2015



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CEO Message



Dear Stakeholders,

I am happy to present our third Sustainability Report for the years 2014-15. The past two years have been tremendously challenging, with declining palm oil prices, difficult climatic conditions and volatile currency fluctuations. I am proud that our business has grown much in resilience through these circumstances.

Since our last report, our approach to sustainability has also evolved, and has in some respects been transformative for our company. In 2015, we launched our No Deforestation, No Peat, No Exploitation (NDPE) Policy which sets out a series of ambitious aspirations to meet the highest sustainability standards. While we adopted the policy in response to increasing stakeholder expectations, we did so wholeheartedly and with genuine conviction after a long period of careful analysis and evaluation. We spent months developing the policy, exploring how the policy might impact our growth strategy and business aspirations and mapping out difficult issues and conflicts.

At First Resources, we have always set ourselves the objective of being known as a well-managed, efficient business, with high margins and strong corporate governance. Based on our ongoing engagement with our commercial partners, I believe we have achieved this. In the years to come, we want to raise the bar, to be perceived as a leader in sustainability as well. We still have a long way to go to achieve this, but I am encouraged by the positive response from civil society partners as well as the financial community.

While the NDPE policy has been a tremendous first step, it won't be the last. Expectations from stakeholders will change over time, and new drivers will require us to change and adapt. In the past two years, we have seen communities in Southeast Asia increasingly getting involved in the palm oil debate as the haze from Sumatra and Borneo caused an unprecedented environmental and health crisis throughout the region. A responsive and responsible industry must address this with firm action and contribute to solutions.

Great challenges remain to be resolved: In an Indonesia context, one of the most complex issues is the concept of free, prior and informed consent, which is still not well understood, and it is important that we continue to work closely with communities and experts to get this right. We will also continue to struggle with the balance between fulfilling community needs and development aspirations, versus the imperative to protect natural habitats, forests and prevent disasters such as haze and fires. These challenges do not have simple solutions, but we are determined to do our part in partnership with other stakeholders to achieve the best outcomes.

Our policy and sustainability standards are therefore built around frameworks developed in multi-stakeholder partnerships. As a first step, we are still working hard to achieve RSPO certification which I believe sets the baseline for performance. RSPO has played a pivotal role in defining sustainability for the palm oil sector, and has created a platform for multi-stakeholder engagement. Likewise, it is good to see the HCV Resource Network and the HCS Approach Steering Group coming together to define common methodologies for achieving no deforestation. Without such partnerships, we would have no common language and guidance.

Coming into the palm oil industry from the financial sector, it has been a really positive experience to work in a sector where you can tangibly see the positive impacts of your business on community lives and livelihoods. I am encouraged to see our plasma partners and our employees having access to better housing, education and transport infrastructure, and even being able to purchase simple luxuries.

I believe that palm oil is a fantastic commodity, from being an incredibly productive crop to having an enormous range of uses. It is critical that we in the industry take it upon ourselves to ensure that poor sustainability performance does not undermine the future of our industry.

For me, and for the Board of First Resources, our task is clear. If we do not continue to improve, we cannot survive in a global marketplace. Along with many other palm oil producers, we have often felt that the negative light cast on our industry has been unfair, but I also recognise that there is room for improvement and that we must continue to play a larger role to address the great environmental and social challenges facing our world. I would therefore like to conclude by thanking those within our business and our external partners for their continued support and great efforts to help us move forward and enable us to build a responsible and sustainable palm oil industry for the decades and centuries to come.

Ciliandra Fangiono
Chief Executive Officer
First Resources Limited



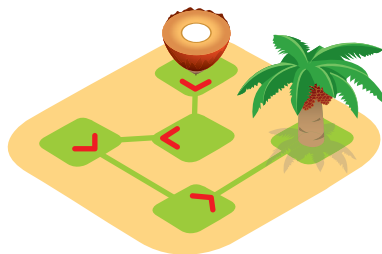


How We Will Improve

	Target	Remarks
No development on HCS and peatland	Immediate	Achieved
No development on HCV	Immediate	Achieved
No development without FPIC	Immediate	In progress
Zero source of fires	Immediate	In progress
Zero fatalities	Immediate	In progress
100% traceability to mills	2016	In progress
Develop plans on GHG emissions reduction	2017	In progress
Develop plans to phase out paraquat	2017	In progress
Complete HCS assessments on all development areas	2018	In progress
100% traceability to plantations	2020	In progress
Full ISPO certification	2020	In progress
Full RSPO certification	2024	In progress



Certification



Supply Chain Traceability



Zero Fire





About First Resources

Established since

1992



Indonesian Palm Oil Producer



Young Age Profile

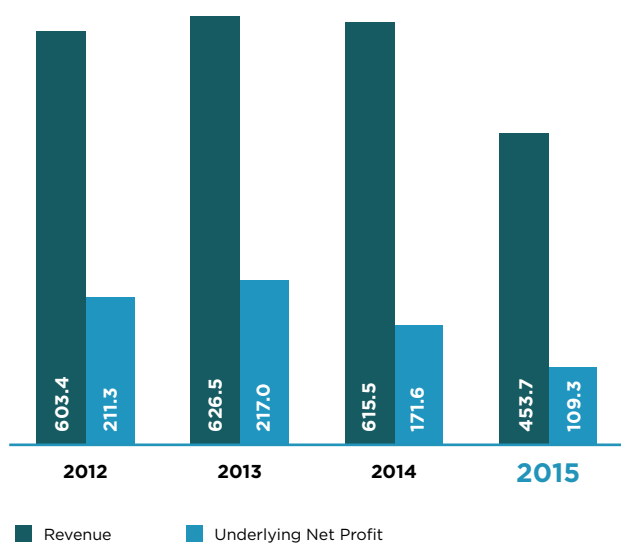
About First Resources

First Resources is a vertically integrated producer of crude palm oil (CPO) and refined palm oil products. Listed on the Singapore Exchange (SGX), we are one of the leading palm oil producers in the region. We manage over 200,000 hectares of oil palm plantations in Indonesia, in the provinces of Riau, East Kalimantan and West Kalimantan. This includes approximately 29,000 hectares for plasma schemes owned by smallholders. We also operate 13 palm oil mills, one kernel crushing plant and two downstream processing plants in Indonesia. In addition to oil palm, we manage over 6,000 hectares of rubber plantations in the East Kalimantan province of Indonesia.

Financial Position

In 2015, our revenue was US\$ 453.7 million, a steep reduction from US\$ 615.5 million achieved in 2014. This was a result of weak palm oil prices, which fell from an average of US\$ 710 per tonne (FOB – ‘Free on Board’ Indonesia basis) in 2014 to US\$ 570 per tonne in 2015. This in turn led to a 36.3% decline in our underlying net profit to US\$ 109.3 million in 2015.

Revenue and underlying net profit (US\$' million)



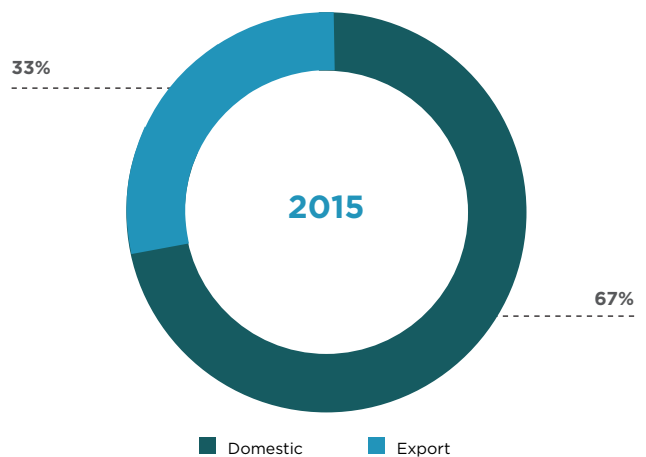
Note: Underlying Net Profit - Net profit attributable to owners of the Company adjusted to exclude net gains/losses arising from changes in fair value of biological assets.

Our Marketplace

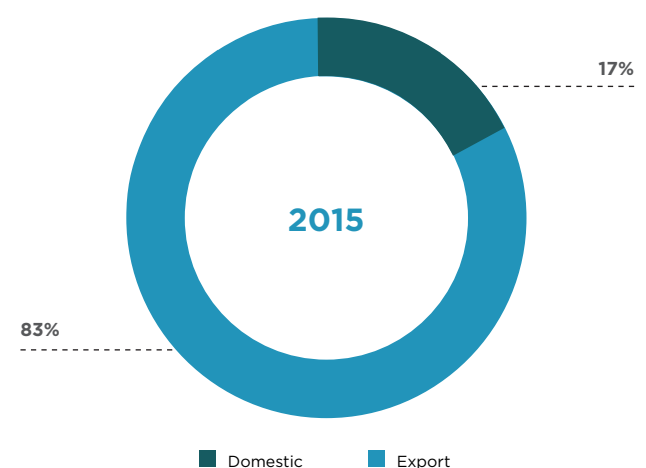
Two-thirds of our 2014 and 2015 CPO sales were domestic. This is partly due to our integrated business model, where we process our own upstream produce for production of refined products and thereby capture additional value for our plantations.

The bulk of our refined products are sold to export markets through intermediate trading houses. Our export sales are delivered within Indonesia to vessels for onward shipping overseas by our buyers. We therefore we do not track the end geographical destination of our products.

CPO sales volume



Refined products sales volume



Note: The CPO sales included intersegment sales from Plantations to the Processing Plants.

Corporate Governance and Ownership

First Resources has been listed on the SGX since 2007. 63% of our company shares are held by Eight Capital Inc., 6% are held by a strategic investor and 31% are freely traded.

Board Composition

The composition of the Board of Directors (the Board) is guided by the recommendations of the Singapore Code of Corporate Governance 2012. The Board comprises eight members and is led by an independent Chairman. There are a total of five independent directors, among whom one is female.

The primary functions of the Board are to manage the Group in the best interests of shareholders and other stakeholders, and to pursue the continual enhancement of shareholder value.

Beyond its statutory responsibilities, the Board is also responsible for:

- Reviewing and approving the Group's business strategies, key operational initiatives, annual budgets, major investments, divestments and funding proposals.
- Ensuring that decisions and investments are consistent with medium-and long-term strategic goals.
- Providing oversight by identifying the principal risks that may affect the Group's businesses and ensuring that appropriate systems are in place to manage these risks.
- The Group's corporate governance practices.

Independence



Gender



Code of Conduct, Whistleblowing and Grievance Procedure

Our Code of Conduct serves as a general guideline for our management and employees. It outlines corporate values and ethical standards that are in line with the Group's vision and mission. Areas covered under the Code of Conduct include professionalism and work ethics, conflicts of interest, political impartiality, anti-corruption and zero tolerance on fraud.

All employees are required to comply with applicable country laws, regulations and legal requirements. Any breach of the Code of Conduct can result in disciplinary action and termination of employment. The Code of Conduct is also shared and communicated to our suppliers and other business partners.

We have established a whistleblowing policy overseen by the Board's Audit Committee. This allows for all stakeholders to confidentially raise concerns about ethical breaches or improprieties. Besides the whistle-blowing policy, we also have a newly established grievance procedure where stakeholders can raise sustainability-related concerns about our operations, as well as those of our third party suppliers and associated companies.

Transparency

Transparency has become an increasingly important part of good corporate governance, and we want to give all our stakeholders access to adequate and up-to-date information. In addition to our annual report, we publish quarterly reports for our shareholders that include detailed financial and operational data. We were also an early adopter of the global reporting initiative (GRI) in the palm oil industry and launched our first sustainability report in 2011.

Since the launch of our sustainability policy on 1 July 2015, we have committed to provide regular sustainability updates to enable stakeholders to track our progress in implementing the commitments outlined in our policy, along with data on traceability and updates on grievances filed by stakeholders. Grievances filed will be investigated and reported fairly and transparently through our website.



Our Presence

Oil Palm Plantations

Total Planted Area

207,575 hectares



Singapore

Pekanbaru

Jakarta

Processing Plants



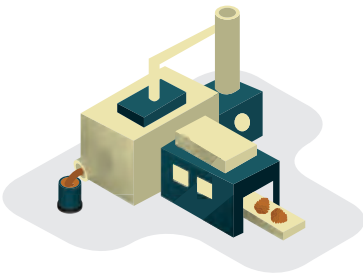
Refining & Biodiesel Combined Capacity

850,000 tonnes /annum

Kernel Crushing Capacity

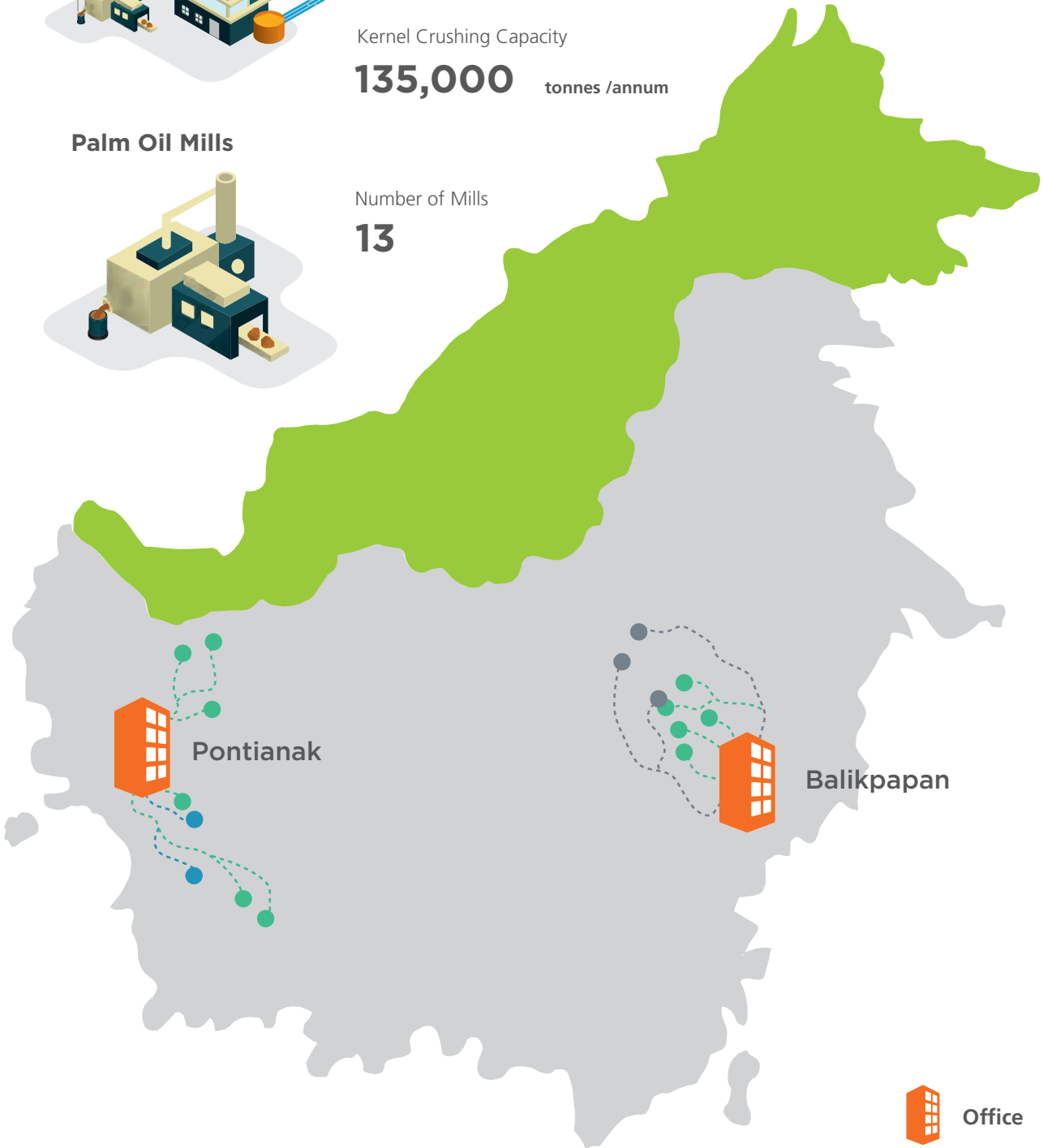
135,000 tonnes /annum

Palm Oil Mills



Number of Mills

13



Pontianak

Balikpapan



Office

Processing Plant

Rubber Plantation / Land Bank

Oil Palm Plantation / Land Bank

Oil Palm Plantation with Mill

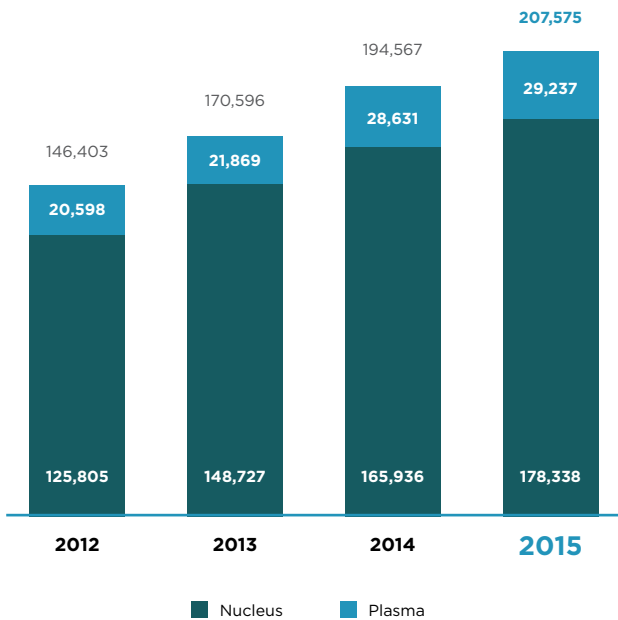


Overview of Operations

Land and Production

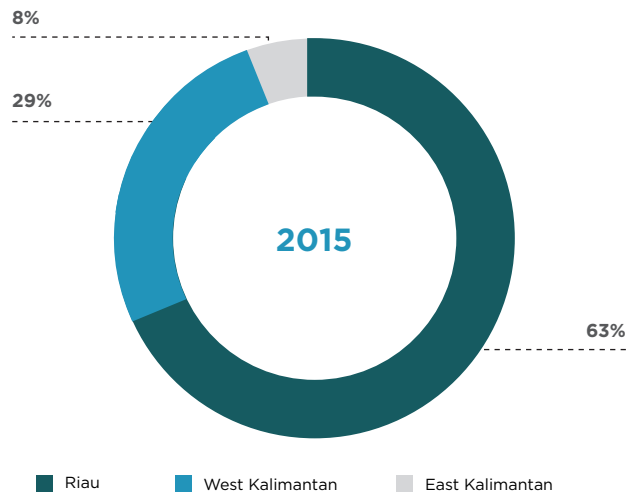
All our plantations are located in Indonesia across the three provinces of Riau, West Kalimantan and East Kalimantan. Our own plantations cover over 178,000 hectares, and we operate smallholder plasma schemes on approximately 29,000 hectares.

Planted area (hectares)



Most of our mature plantations are in Riau, where 85% of our fresh fruit bunches (FFB) comes from. Our West Kalimantan estates are now maturing and contributed around 15% of the FFB produced in 2015. Our latest developments in East Kalimantan are primarily new plantings, so their FFB contribution is minimal. In 2015, the Group produced approximately 2.8 million tonnes of FFB (from both nucleus and plasma estates) and 687,000 tonnes of CPO.

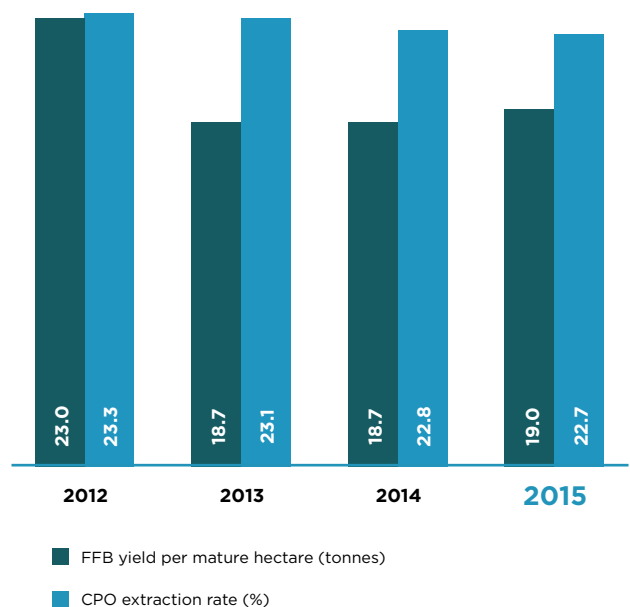
Planted area by location



Yields

We place great emphasis on implementing best management practices. But as with all agribusiness, our yields and extraction rates depends on many other factors, some of which are beyond our control.

FFB yield and CPO extraction rate



From 2012 to 2015, we acquired approximately 20,000 hectares of brown field estates that were poorly managed prior to acquisition. These had an impact of diluting our Group's average yields, but the yields of these plantations are now starting to recover after several years of rehabilitation.

The significant drop in yields in 2013 was related to a phenomenon known as 'biological tree stress'. The decline began at the end of 2012 and continued throughout 2013 which impacted both our nucleus and plasma estates. This was combined with big changes in the maturity profile of our crop, with a dilution from West Kalimantan's newly mature crop. With the anticipated maturity of our newly planted estates, we expect to see an improvement in yields over the coming years.

Our nucleus plantations have historically delivered better yields than our plasma smallholder plantations. We will continue to share best management practices with our smallholders to help them obtain better yields from their plantations.

Mechanisation

We are investing significantly to increase mechanisation in the field. In most of our estates in Riau, we are using mechanical fertiliser application, and for FFB collection we are using motorised vehicles that can operate inside plantation blocks. We are also using the Micron Herbi Sprayer for weed control, which enables us to minimise the handling of chemicals and reduce toxicity risks. We are replicating the same mechanisation in both the East and West Kalimantan regions.

Enhanced Planting Materials

Research and development is the backbone of our plantation management programme. The First Resources Research Centre, based in Riau, Indonesia, focuses on projects targeted at yield improvements and adverse environmental impact mitigation.

First Resources invests in a number of breeding programmes aimed at developing higher yield planting material for our future planting and replanting activities. These programmes are expected to produce a first batch of quality high-yield seeds before the end of the decade.

We have recently enhanced our efforts to produce high yielding oil palm varieties using advanced biotechnology, including the use of tissue culture. We have a research collaboration on marker-assisted oil palm breeding selection (MAS) with a university. The advantage of using molecular/DNA markers is that breeders can screen many more plants at a very early stage and save several years of laborious work in the development of a new crop variety if using conventional breeding procedures. This is especially useful for crops like oil palm where it can take three to four years or more for a fruit phenotype to become fully apparent.

Downstream Operations

In addition to our 13 palm oil mills, we own and operate two processing plants in the Riau province, one in Pelintung and one in the seafront Integrated Processing Complex (IPC) in Dumai. These processing plants process CPO into products such as refined, bleached and deodorised palm olein, stearin and palm-based biodiesel and they have a combined annual capacity of 850,000 tonnes.

Besides the processing plant, the IPC also houses a kernel crushing plant as well as a jetty with bulking facilities. The kernel crushing plant has an annual crushing capacity of 135,000 tonnes and it processes the Group's palm kernel into palm kernel oil and palm kernel expeller.



Our Value Chain





- Sales to customers**
- Crude palm oil
 - Refined palm oil products
 - Biodiesel
 - Palm kernel products



Our Supply Chain and Traceability

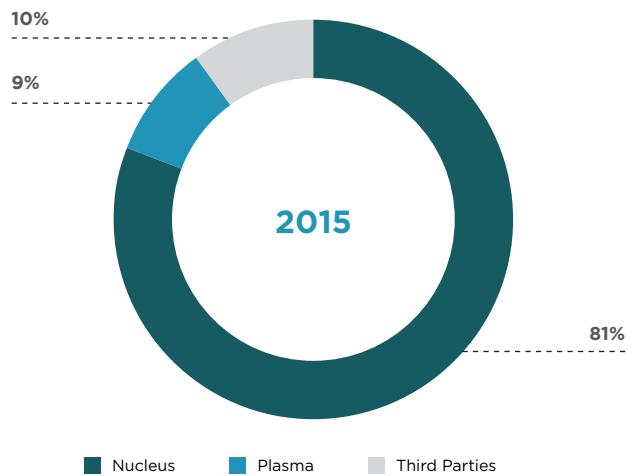
One of our key new commitments is to ensure that our oil and refined products can be traced to their origin, initially to palm oil mills, and subsequently to the plantation level. The purpose is to create greater transparency in our supply chain and in the process de-link our products from deforestation and exploitation risks.

As our processing plants only process oil from our own mills in 2015, we have already been able to achieve 100% traceability to mill. However, as we increase the utilisation of our plants, we may need to source more oil from third parties. Where such third party feedstock is sourced for processing or crushing, we will safeguard traceability by ensuring that we record the mill name, parent company, mill coordinates and mill certification status from our suppliers.

Approximately 90% of the FFB processed in our mills today comes from our own plantations and plasma schemes. The remaining 10% is sourced from third party suppliers such as independent smallholders, medium-sized outgrowers or neighbouring plantation companies. Some of this FFB is purchased from local traders who collect fruits from the surrounding area and sell to the most convenient mill. To achieve full traceability for this remaining 10% of FFB, we will request that our suppliers provide details on the origin of their FFB.

We have completed desktop assessments - including a 50-kilometre boundary mapping exercise - to determine which of our mills have potential high-risk FFB sources due to their proximity to protected forests and national parks. We will start by prioritising these mills, identifying the companies and individuals that supply to them and engaging these parties to proactively communicate our sustainability policy.

FFB processed by source



Traceability Framework

Phase 1 : Traceability to CPO mill

Company refinery



Mills

- Company mills
- Independent mills



Information collection

Desktop Verification

Ongoing monitoring and engagement

Phase 2 : Traceability to plantations (including smallholders)

Company mill



Plantations

- Company nucleus estates
- Scheme smallholders
- Independent growers / FFB traders



Information collection

Desktop Verification

Selective ground verification

Ongoing monitoring and engagement



Our Approach to Sustainability



Top Management Oversight



Continuous Improvement



Sustainability Certifications



New Sustainability Policy

Our core values are the guide to everything we do. They direct our corporate strategies and drive our business goals. We believe in doing things right and with consideration for the society and the communities in which we operate.



Loyalty

We are committed to growing our business and fulfilling our obligations to our stakeholders including our employees, business partners, customers and shareholders.



Integrity

We are guided by strong corporate governance and good business ethics to build a foundation of trust, reliability and honesty.



Diligence

We are focused on delivering results and achieving our goals while maintaining high standards throughout our operations.



Persistence

We have a can-do attitude in facing challenges and we seek to achieve industry best practices in our operations.



Care

We value relationships and we seek to establish long-term partnerships with our people, customers, suppliers and the communities we operate in.

Launch of the Policy

During the last four to five years, it came to our attention that we were not meeting the expectations of all our stakeholders as we were faced with civil society complaints over land and environmental issues.

During the self-investigation process, we realised that there were two key recurring problems – external communication gaps between the Group and our stakeholders, and internal chain-of-command gaps, the latter resulting in ground practices that compromises the Group's corporate policies and values. We decided that we needed to take a more systematic approach in communicating and engaging with our employees and external stakeholders and codifying our values and commitments so that the Group's mandate is understood by all.

On 1 July 2015, after a lengthy internal and external consultation process, we publicly launched an ambitious sustainability policy in which we commit to 'no deforestation, no peat and no exploitation'. All our subsequent efforts have gone into ensuring the effective implementation of this policy.

The following are some of the commitments in our policy statement:



Environmental management

- No development on HCS forests, HCV and peat areas.
- Adopt agronomic best practices to minimise our environmental impact, which includes soil, waste and pest management.
- Develop plans to progressively reduce greenhouse gas emissions in our operations.
- Observe a strict zero-burning policy in new developments and replanting areas.



Community engagement and development

- Respect the rights of indigenous and local communities to give or withhold their Free, Prior, Informed Consent (FPIC) for the utilisation of land.
- Resolve conflicts in an open, transparent and consultative manner.
- Drive positive socio-economic impact for people and communities through job creation and investments in plasma projects and community development programmes.



Employee relations and workplace

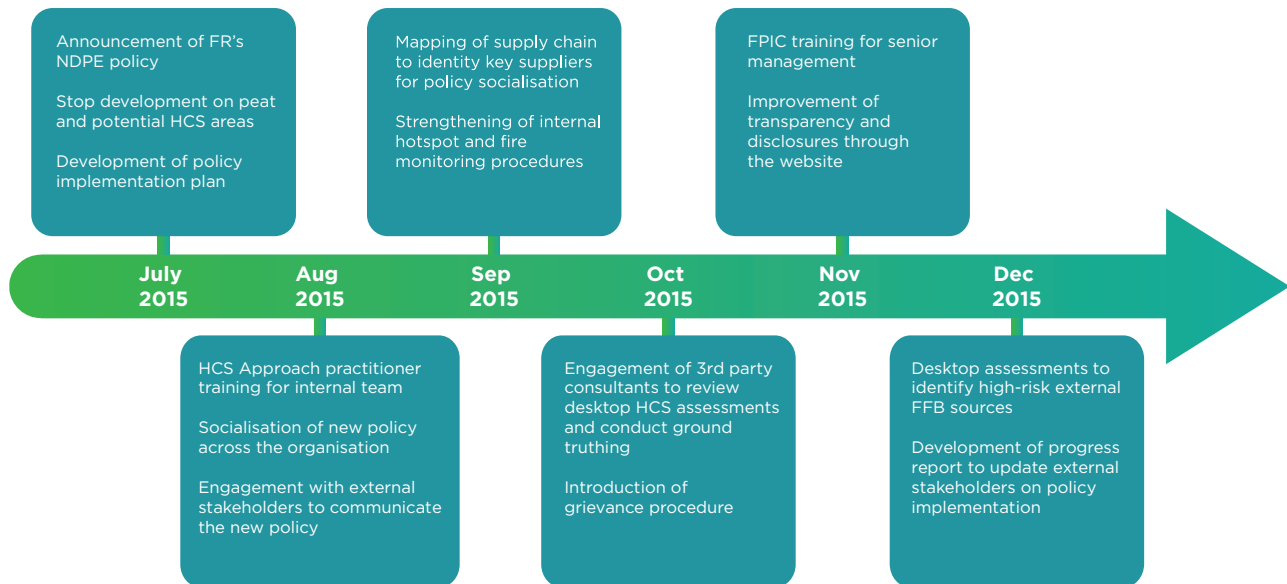
- Respect the workplace rights of all our employees, including contract and casual workers.
- Prohibit the use of forced, trafficked or child labour, or any discrimination, harassment and abuse of our employees.
- Provide a safe and healthy workplace environment for all our employees.



Traceable and transparent supply chain

- Suspend sourcing from irresponsible suppliers.
- Constant engagement with suppliers with the aim of developing a responsible supply chain.
- Establish a traceable and transparent palm oil supply chain.

Implementing the NDPE Policy



Response and Impact of Policy

Although the policy had a significant impact on the Group as it reduced significant plantable area from our existing land bank, the immediate stakeholder response to the launch of our policy has been very encouraging. Investors, customers, financial institution partners and many international NGOs have applauded our commitments, recognising that the policy will deliver greater and more lasting value for our stakeholders in the longer term. Our ranking on the Zoological Society of London's Sustainable Palm Oil Transparency Initiative has also improved tremendously, from an 18% score to a 41% score. We are mindful that the next important task is for us to translate these commitments into meaningful implementation on the ground.

Monitoring and Grievance Procedure

As much as we try to set up systems and procedures to ensure our operations are in line with the policy, we are cognizant that there will be risks of breaches due to the complexity of sustainability issues, especially those involving communities and land rights. We therefore regard our newly established grievance procedure as a tool to help us monitor our operations with the assistance of external stakeholders. The objective is to have stakeholders approach us directly with their concerns, so that the issues are escalated to the corporate level, investigated, remedied or addressed at an early stage. We have gained and improved from every past grievance filed and we appreciate NGOs who have positively engaged with us to help us address the gaps in our operations.

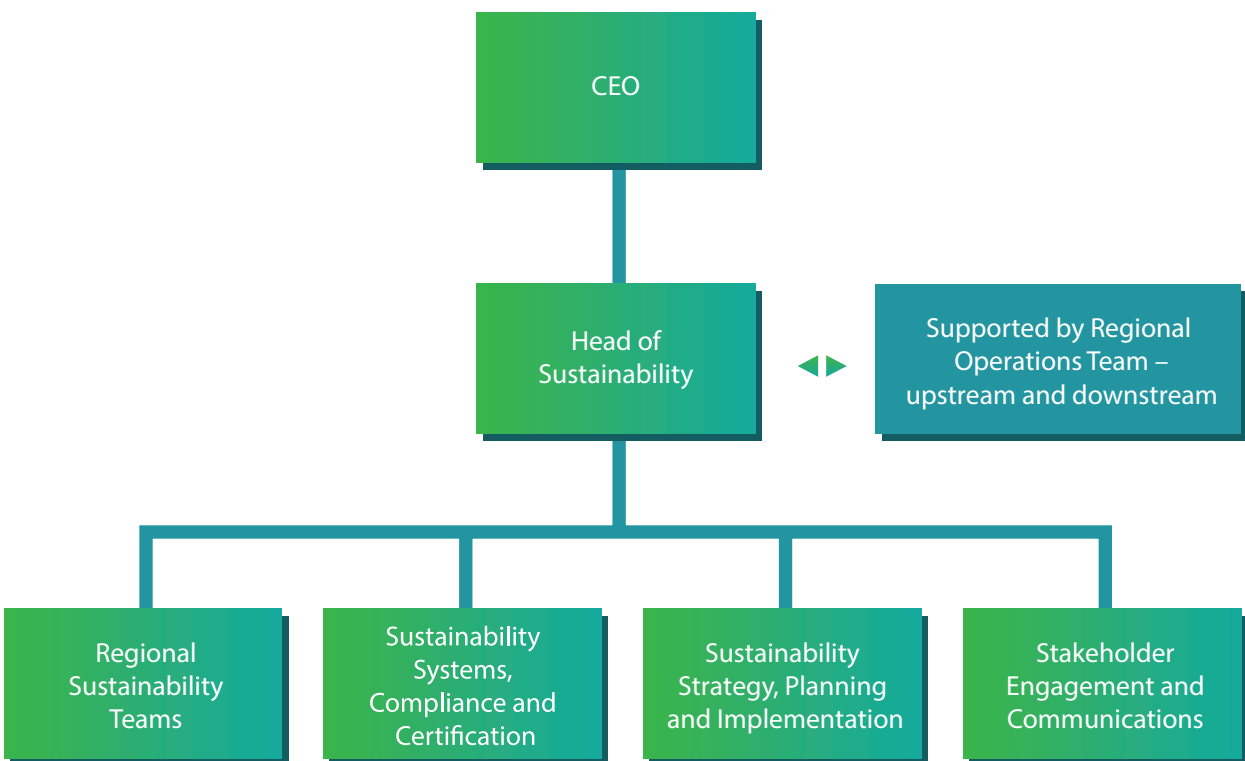


Sustainability Management Structure

Since 2015, we have made a number of changes to our sustainability management structure. Our aim is to ensure that we are well-positioned to implement our sustainability policy effectively, and there is top-level oversight of actions that are being carried out. Sustainability issues are now often deliberated in board meetings and quarterly senior management meetings. In addition, we have integrated sustainability elements throughout our management systems – for instance, through the incorporation of sustainability measures to key performance indicators for our operations teams. Our Head of Sustainability reports directly to the CEO

and is supported by a team of highly skilled experts. On the ground, the regional operations team provides regular cross-departmental updates such as hotspots and fire incidents, status of land clearing, and any incidents of conflict with local communities to the regional and corporate sustainability teams.

In addition, the sustainability team makes extensive use of outside expertise especially in emerging areas such as HCS Approach assessments and participatory mapping.



Sustainable Palm Oil Certification Schemes

Roundtable on Sustainable Palm Oil (RSPO)

First Resources has been a member of the RSPO since 2008. The RSPO is the leading global agricultural sustainability standard, developed as a partnership between private sector stakeholders along the palm oil supply chain and civil society organisations.

We have completed audits for two mills in Riau. However, certification can only be issued once the two cases being addressed by the RSPO Complaints Panel are closed. As a consequence, we have had to change our timebound plan to complete certification for all mills by 2024, and plasma schemes and independent fruit suppliers by 2027.

In the meantime, we will diligently adhere to RSPO standards and ensure that we follow the New Plantings Procedure (NPP). In recent years we have submitted seven NPP notifications covering more than 100,000 hectares.

Indonesia Sustainable Palm Oil (ISPO)

ISPO is a government-led effort to create a system for sustainable palm oil production and certification. Its aims are to enhance Indonesia's competitiveness in the global palm oil market and reduce greenhouse gas emissions from Indonesian oil palm plantations and operations. ISPO is a mandatory certification scheme regulated by the Indonesian Ministry of Agriculture.

ISPO standards consist of seven principles, 29 criteria, 147 indicators and 179 articles of guidance covering legal issues and economic, environmental and social terms extracted from 137 rules and regulations applied to oil palm plantations. As of 31 December 2015, eight of our operating units had passed ISPO certifications, and we aim to complete certification for all our operating units by 2020.

Percentage of certified nucleus plantations

	2012	2013	2014	2015
RSPO*	-	-	-	-
ISPO	-	7%	27%	43%

* Due to outstanding RSPO complaint cases, we were not able to certify our mills and estates.

In addition to these two overarching sustainability certification schemes, we have also certified 27% of our operations under the International Sustainability and Carbon Certification (ISCC) standard. (Please see page 33 for more details.)





Environmental Responsibility



● -----
Zero Burning



● -----
Conserving HCV



CO₂

● -----
Reducing GHG

Forests and High Carbon Stock

We have developed a broad-based land use planning procedure as part of our commitment to halting deforestation. This has been based on best practices and emerging stakeholder-supported standards. We have ceased all development of high carbon stock forests as defined by the HCS Approach, a methodology developed as a global multi-stakeholder initiative to prevent loss of forests.

The HCS Approach is a relatively new methodology, so we are building internal capacity and engaging external experts to ensure a robust implementation. In 2015, we sent relevant team members to the first HCS Approach Practitioner Training session. The objective of the training is to guide practitioners through the implementation of the HCS Approach assessment process and toolkit.

We have completed an extensive desktop exercise to map out HCS areas across the Group's concessions. This involved overlaying concession maps with Landsat 7 and 8 satellite images to identify potential HCS areas. These areas were then placed on self-moratorium from further land clearances.

In 2015, we have also undertaken ground assessments for two of our concessions covering 21,945 hectares. These were conducted by independent consultants and included ground truthing, consultation with local communities to obtain their feedback for the assessments as well as patch analysis. In 2016, our consultants will continue with ground assessment for another eight of our concessions covering 102,633 hectares.



Protecting Endangered Species and High Conservation Values

Biodiversity conservation is a major part of responsible agriculture and landscape planning. Indonesia has a rich and immensely varied ecosystem and we recognise the importance of protecting the habitats of rare and endangered species as part of sustainable palm oil production. Our conservation priorities include forest sustainability, riverbank integrity, water source preservation, soil health, ecosystem vitality, and species preservation.

As part of our commitment to the RSPO Principles and Criteria (P&C) and the NPP, all new developments undergo third-party HCV assessments undertaken by an expert approved by HCV Licensed Assessor Scheme. Assessors evaluate habitat quality, soil conditions, peat presence, river quality, and community cultural identity. HCV assessments are made publicly available on the RSPO website as well as the HCV Resource Network website.

Identified HCV areas are to be conserved, maintained and not further developed into oil palm plantations. Signboards are placed at strategic spots to highlight HCV areas within our concessions.

We have introduced HCV awareness programmes at our estates to educate workers and local communities about

the importance of biodiversity conservation and to inform and guide them on the restrictions imposed on HCV areas. Rehabilitation is also conducted to restore degraded HCV areas back to their prior conditions. We plant multi-purpose tree species that carry economic value, such as Matoa (*Pometia sp.*) and Durian (*Durio sp.*).

To protect coastal ecosystems, we are collaborating with a local institution - Pencinta Alam Bahari (Dumai Mangrove Centre) to develop a mangrove-planting programme in our seafront integrated processing complex. Since launching the project in 2014, we have planted approximately 2,000 trees and are now monitoring the growth and health of the mangroves. Following the success of this first stage of the project, we will continue to plant mangrove trees across the coastal area and aim to plant up to 10,000 trees.

We have a policy against the hunting, injuring, possessing and killing of rare and endangered wildlife within our plantations. Any infringement of this policy results in disciplinary measures, including termination of employment. We have also collaborated with local conservation agencies to strengthen the management of rare and endangered species found on our estates and to educate local communities about the importance of protecting wildlife.

Resolving outstanding complaint on HCV

In 2010, Indonesian NGO Yayasan International Animal Rescue Indonesia (YIARI) submitted a complaint to the RSPO Complaints Panel. The complaint highlighted that our subsidiary PT Limpah Sejahtera in West Kalimantan, had developed land without a prior HCV assessment, and that this had resulted in the destruction of orang-utan habitats.

On the recommendation of the Panel, we have engaged with YIARI and have submitted a time-bound certification schedule for all our operating units. We have also undertaken a land use change analysis in accordance with the RSPO's Biodiversity and HCV standards to determine any conservation liability. We believe that we are close to resolving the complaint and hope to close the matter to the satisfaction of all parties.



Fauna identified in First Resources' areas of operation

IUCN STATUS	SCIENTIFIC NAME	COMMON NAME
CRITICALLY ENDANGERED	<i>Buceros vigil</i>	Helmeted Hornbill
	<i>Manis javanica</i>	Sunda Pangolin (Trenggiling)
ENDANGERED	<i>Chitra indica</i>	Indian Narrow-headed Softshell Turtle
	<i>Hylobates muelleri</i>	Müller's Bornean Gibbon (Owa owa)
	<i>Hylobates albibarbis</i>	Bornean White-bearded Gibbon
	<i>Hylobates agilis</i>	Agile Gibbon (Owa ungko)
	<i>Meiglyptes tristis</i>	White-rumped Woodpecker (Caladi batu)
	<i>Nasalis larvatus</i>	Proboscis Monkey (Bekantan)
	<i>Ortilia borneensis</i>	Malaysian Giant Turtle (Kura-kura gading)
	<i>Pongo pygmaeus</i>	Bornean Orangutan
	<i>Presbytis melalophos</i>	Sumatran Surili (Lutung simpai)
	<i>Sus verrucosus</i>	Javan Warty Pig (Babi Hutan)
VULNERABLE	<i>Aonyx cinerea</i>	Asian Small-clawed Otter (Berang-berang air)
	<i>Amblonyx cinereus</i>	Asian Small-clawed Otter (Berang-berang air)
	<i>Cervus unicolor</i>	Sambar deer (Rusa)
	<i>Rusa unicolor</i>	Sambar deer (Rusa)
	<i>Helarctos malayanus</i>	Sun Bear
	<i>Leptoptilos javanicus</i>	Lesser Adjutant (Bangau tongtong)
	<i>Macaca nemestrina</i>	Southern Pig-tailed Macaque (beruk)
	<i>Mulleripicus pulverulentus</i>	Great Slaty Woodpecker (Pelatuk kelabu besar)
	<i>Naja hannah</i>	King Cobra
	<i>Nycticebus coucang</i>	Greater Slow Loris
	<i>Petinomys vordermanni</i>	Vordermann's Flying Squirrel (Bajing terbang pipi jingga)
	<i>Presbytis frontata</i>	White-fronted Langur (Lutung dahi putih)
	<i>Ptilocichla leucogrammica</i>	Bornean Wren-babbler (Berencet kalimantan)
	<i>Pycnonotus zeylanicus</i>	Straw-headed Bulbul (Cucak rawa)
	<i>Padda oryzivora</i>	Java Sparrow
	<i>Sus barbatus</i>	Bearded Pig
	<i>Tarsius bancanus</i>	Horsfield's Tarsier
	<i>Tomistoma schlegelii</i>	False Gharial
	<i>Treron capellei</i>	Large Green-pigeon

IUCN STATUS	SCIENTIFIC NAME	COMMON NAME
NEAR THREATENED	<i>Anhinga melanogaster</i>	Oriental Darter (Pecuk ular)
	<i>Anthracoceros malayanus</i>	Black Hornbill (Kengkareng hitam)
	<i>Argusianus argus</i>	Great Argus (Kuau raja)
	<i>Buceros rhinoceros</i>	Rhinoceros Hornbill (Rangkong badak)
	<i>Buceros bicornis</i>	Great Hornbill
	<i>Calyptomena viridis</i>	Asian Green Broadbill (Madi hijau kecil)
	<i>Cyornis turcosus</i>	Malaysian Blue-flycatcher (Sikatan melayu)
	<i>Chloropsis cyanopogon</i>	Lesser Green Leafbird
	<i>Dinopium rafflesii</i>	Olive-backed Woodpecker (Pelatuk raffles)
	<i>Eurylaimus ochromalus</i>	Black-and-yellow Broadbill
	<i>Lophura ignita</i>	Bornean Crested Fireback (Sempidan biru)
	<i>Lutra lutra</i>	Eurasian Otter (Berang-berang)
	<i>Megalaima rafflesii</i>	Red-crowned barbet (Takut tutut)
	<i>Meiglyptes tukki</i>	Buff-necked Woodpecker
	<i>Otus rufescens</i>	Reddish Scops-owl (Celepuk merah)
	<i>Phaenicophaeus diardi</i>	Black-bellied Malkoha (Kadalan beruang)
	<i>Psittacula longicauda</i>	Long-tailed Parakeet (Betet ekor panjang)
	<i>Phaenicophaeus diardi</i>	Black-bellied Malkoha (Kadalan beruang)
	<i>Presbytis cristata</i>	Silvered Leaf-monkey (Lutung)
	<i>Trachypithecus cristatus</i>	Silvered Leaf-monkey (Lutung)
	<i>Ratufa bicolor</i>	Black Giant Squirrel (Bajing dua warna)
	<i>Ratufa affinis cothurnata</i>	Giant Squirrel
	<i>Rollulus rouloul</i>	Crested Partridge
	<i>Stachyris maculata</i>	Chestnut-rumped Babbler
	<i>Stachyris leucotis</i>	White-necked Babbler (Tepus telinga-putih)
	<i>Tanygnathus lucionensis</i>	Blue-naped parrot (Betet kelapa)



Focus on Fires

Fire prevention is managed through our zero burning policy, as well as through our fire management and monitoring standard operating procedure. These are continuously reviewed to ensure they are effective.

In 2015, we fine-tuned our internal fire incident reporting processes. Our research team now produces a daily fire risk report for plantation managers, as well as our corporate office, to keep them updated on the ground situation and to highlight risks. The team extracts hotspot information provided by NASA and weather maps from the Indonesian Agency for Meteorology, Climatology and Geophysics (BMKG). The data is overlaid with our concession maps to identify hotspots near or within our operations and to map out potential risk areas.

For any hotspots identified in the daily reports, the respective management unit of the plantations must carry out on-the-ground checks for actual fires. Any fires detected must be reported and fire-fighting teams should be immediately mobilised. A police report is also sent to the local authorities.

In addition, we have appointed a special task force to enhance our fire readiness. The task force reviews training materials and oversees onsite training carried out within the Group. We are also restructuring our internal fire management teams at each estate to ensure maximum effectiveness, and reviewing high-risk areas. At an operational level, we have stepped up our fire-fighting capacity by conducting more training and fire drills, and by purchasing additional fire-fighting equipment.

Having analysed our fire incident data in 2015, we have concluded that fires were mainly caused by illegal burning activities carried out by local communities engaged in small-scale farming. In response, we will be conducting a series of community workshops to educate people about the environmental and social consequences of slash-and-burn farming, as well as to promote alternative methods of land clearance. Our goal is the total eradication of fire as a means to clear land.

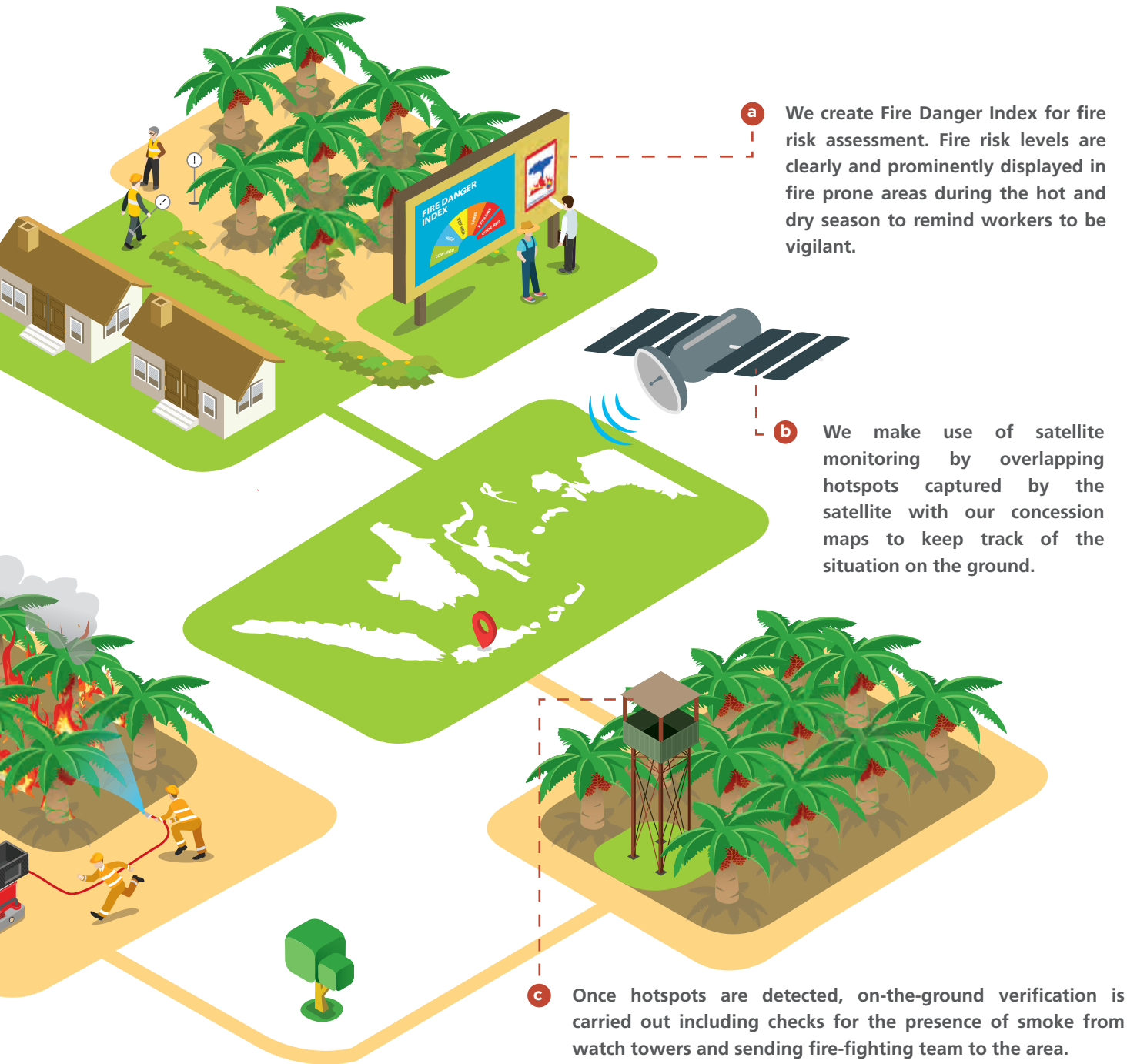


Fire Management and Monitoring Efforts



d In the case of a fire breakout, the fire fighting team will be mobilised immediately and a police report will be made for an investigation to be carried out.





Minimising Carbon Emissions

We recognise that climate change poses a major challenge to our planet, to communities having to adapt to changing weather patterns, and to companies like ours that are profoundly affected by climatic conditions. We have therefore made greenhouse gas (GHG) reduction part of our sustainability policy and have committed to progressively reduce our emissions.

Measuring our Carbon Footprint

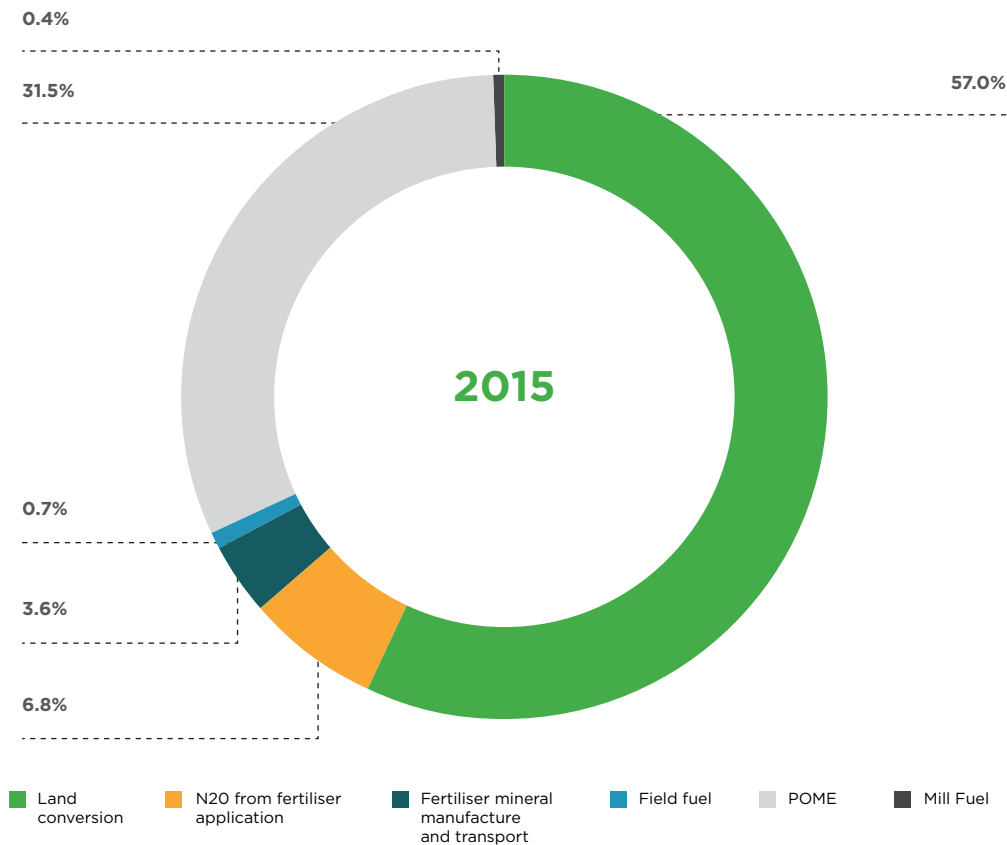
To create a baseline, and to enable us to benchmark against our peers, we have started measuring our GHG emissions using the PalmGHG calculator developed by RSPO, an informatics tool developed in collaboration with scientists and stakeholders to assist palm oil producers in quantifying GHG emissions from palm oil mills and plantations. The PalmGHG tool calculates net GHG emissions by adding the

emissions released during land clearing, crop production and crop processing and subtracting from these emissions the sequestration of carbon in the standing crop and in any conservation areas.

In 2015, we completed the calculations for two estates and mills that have been audited for RSPO certification. We plan to extend the calculations to all our 13 mills, to form a baseline measure from which we will develop and report on our emissions reduction targets.

Plantation with palm oil mill (PalmGHG 2.2)	Net GHG emissions (MT CO ₂ e/MT CPO)
ATS	1.27
MSSP	1.11

GHG emission by source



Note: The data above are calculated using the latest version of PalmGHG for two of our plantations with palm oil mills in Riau.

Reducing Emissions

For palm oil producers, the biggest contribution to GHG emissions is derived from land use change, particularly clearance of peat land and forest areas. With our new policy of identifying HCS areas using the HCS Approach and avoiding development on these forests, we believe the Group's overall emissions will be significantly reduced in the long term.

Our new policy also prohibits new development on peat of any depth. For our existing plantations on peat, we will implement best practices, ensuring groundwater levels are maintained between 60 to 80 cm to prevent subsidence and carbon dioxide emissions. To ensure effectiveness of our peat management, we are monitoring the peat subsidence in sampling locations as well as verifying our existing soil maps.

While we are unable to address emissions resulting from previous land use change, we still wish to meet our commitment by reducing avoidable emissions from palm oil mill effluents (POME).

POME are the largest GHG emitters in the production of palm oil. If untreated and released, POME emits methane, a powerful greenhouse gas. However, POME can be captured and used for electricity generation or flared. We have already established a methane capture facility at one of our 13 mills, and we have commissioned the construction of two further facilities at our mills in Riau.

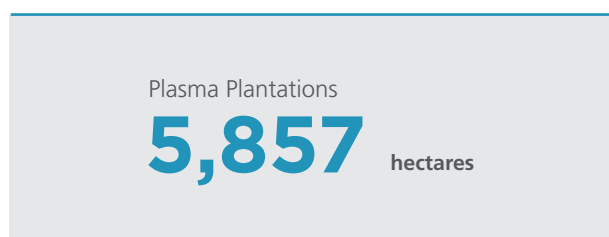
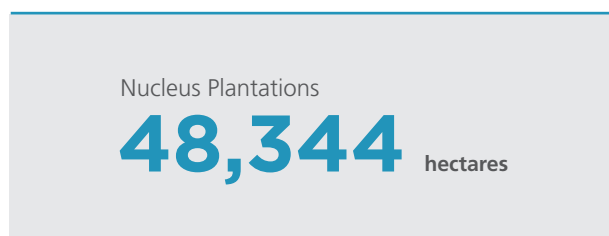
These are expected to be completed by the end of 2016 and will help to significantly reduce GHG emissions at our milling operations. Upon completion, the estimated reduction in carbon for each palm oil mill will be approximately 0.51 MT CO₂e/MT CPO (ISCC methodology).

International Sustainability and Carbon Certification (ISCC)

As of 31 December 2015, 48,344 hectares of our nucleus plantations and 5,857 hectares of our plasma plantations were certified under the ISCC scheme – just over 26% of our total plantation area. In addition, six of the Group's 13 palm oil mills and both our processing and bulking facilities are ISCC certified. As a result, we are able to provide customers with a fully traceable product under the ISCC scheme.

ISCC was developed for the certification of biomass and bioenergy with orientations towards the reduction of GHG emissions and non-development of land with high biodiversity value or high carbon stock. ISCC certifications demonstrate compliance with the European Union's Renewable Energy Directives and certified products must provide at least 35% emissions savings compared to fossil fuels.

ISCC certification



Water Accountability

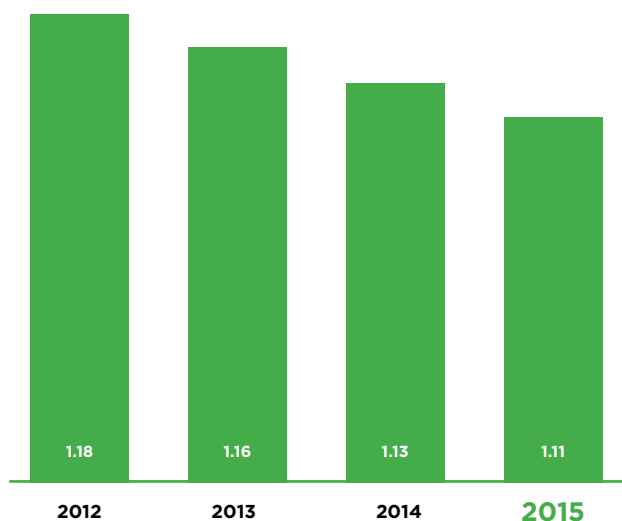
We use water for two main purposes: milling and nursery irrigation. All water is drawn from local rivers or drilled wells. In 2015, we used an average of 1.11 tonnes of water per tonne of FFB processed. We will ensure we continue to monitor our water usage to ensure efficiency and minimise waste.

None of the areas in which we operate are experiencing water shortages. However, we are vigilant in seeking to reduce water usage, and to make sure that effluents from our production sites do not impact on the quality of local waterways. The majority of POME is used as a fertiliser in the field. For land application, we keep the biological oxygen demand level below the legal threshold of 5,000 ppm.

For the one mill that releases effluents into rivers, we are well below the legal threshold of 100 ppm, with average levels of 14 ppm.

Water usage at mills

(m³ per tonne of FFB processed)



Providing Access to Clean Water

The infrastructure for delivering clean and potable water is severely lacking in some of the communities near our operations. We have therefore made assisting villages with this basic need a priority within the scope of our CSR programme.

Our efforts include the provision of clean water, new piping and water tanks, as well as the construction of new water wells for villages to ensure constant water flow. In 2014 and 2015, our initiative reached four villages and benefitted around 800 families.



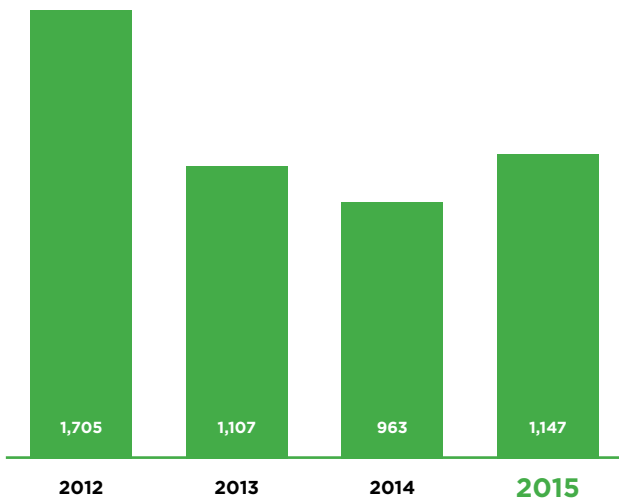
Chemicals and Pesticide Usage

We have implemented an integrated pest management strategy and only use synthetic pesticides as a last resort. For pest control, we use a combination of biological controls and good agricultural practice.

We have reduced the volume of pesticide we use by approximately 35% since 2012. This is partly a result of a stronger focus on good agricultural practice and economical use of pesticide, and partly a result of reduced development on peatland, especially in West Kalimantan. Chemical usage in the field varies depending on total new plantings as well as the total hectareage of immature plantations. We expect the chemical usage for crop protection and maintenance to reduce as our immature plantations move into their mature phase.

To better monitor the impact of our pesticide usage, we have started to measure and report on toxicity levels, instead of total pesticide usage as we have done in past reports.

Toxicity (per hectare)



Note: Toxicity per hectare was calculated based on pesticides used in our Riau and West Kalimantan estates.

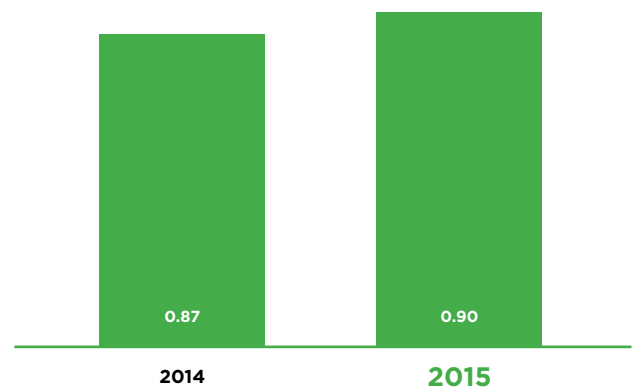
Paraquat phase-out

We understand that many stakeholders are concerned with the use of paraquat as a pesticide due to its high toxicity levels and the potential for its misuse and abuse. While we believe that our safety precautions are adequate to avoid any accidents or long-term damage, we wish to be responsive to these concerns, and have therefore proceeded with trials on alternative pesticides. We are developing plans to phase out the usage of paraquat by 2017.

Recycling Organic Waste as Fertiliser

We seek to use organic fertiliser derived from waste products to the extent possible. Currently, all POME and empty fruit bunches are re-used as organic fertilisers in the field.

Inorganic fertiiser usage (tonnes per hectare)



Fertiliser usage is highly dependent on the age profile of plantations – younger plantings requiring a higher nutrient input. Due to our young maturity profile, we are currently seeing a higher level of inorganic fertiliser application, and we expect a reduction as our plantations become more mature.



Pesticides currently used by First Resources

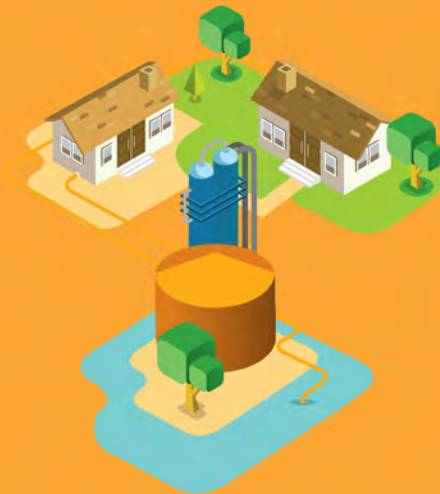
PESTICIDES	ACTIVE INGREDIENT
FUNGICIDE	Benomyl
	Difenocanazole
	Carbendazim
	Mancozeb
	Propinep
HERBICIDE	2,4-D-(dimethylamine/dimethylammonium)
	Fluroxypyr-meptyl
	Glyphosate Ammonium
	Glyphosate (isopropylamine/isopropylammonium)
	Metsulfuron-methyl
	Paraquat
INSECTICIDE	Triclopur butotyl (triclopyr butoxy ethyl ester)
	Alkylaryl polyglycol ether
	Amitraz
	Acephate
	Deltametrin
	Fibronil
	Carbaryl
	Carbofuran
	Carbosulfan
	Lambda Cyhalothrin
	MIPC
	Cypermethrin
RODENTICIDE	Brodifacoum
	Flocoumafen
	Coumatetralyl



Social Responsibility



Community Development



Community Engagement



Employees Relation





Community Engagement and Land Rights

Land rights are an extremely complex issue in Indonesia. Companies have to navigate a multi-layered set of national and provincial permit procedures, as well as customary and indigenous land claims that may be undefined or conflicting. We make every effort to ensure that we operate with respect for the rights of indigenous and local communities to give or withhold their free, prior and informed consent (FPIC) for development or conservation of land to which they hold legal and customary rights.

When our company is granted a location permit (Ijin Lokasi) for a new development area, we identify the local community and conduct socialisation before commencing any operations. The socialisation process usually consists of informing the community of the company's permit, government and company policies regarding land compensation, development plans, land valuation approach, process of verifying land ownership and requirement for proof of ownership, as well as procedures for land measurements and compensation.

After socialisation and the completion of the due diligence process, 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.

Community Claims

We support the responsible and peaceful resolution of conflicts that arise due to our operations. Land disputes involving rightful land ownership are among the common conflicts that we experience. We believe in working with the relevant stakeholders through a process that is agreed upon by all appropriate parties. We are committed to resolving conflicts in an open, transparent and consultative manner.

In 2012, a complaint was raised with RSPO regarding one of our subsidiaries. The complainant, EIA, representing the community of Muara Tae, claimed that PT Borneo Surya Mining Jaya (BSMJ) had started land clearance before completing the RSPO's New Planting Procedure, and consequently, without free, prior and informed consent, and without negotiation regarding land compensation.

Our own investigation showed that BSMJ had made land compensation to the Muara Ponaq community for the use of the land, but the same land was also claimed by the neighbouring Muara Tae community. To address the complaint, we followed the recommendations of the RSPO Complaints Panel, and immediately halted all development on the disputed land. We arranged an independent verification of the complaint, conducted by Moody's Intertek, and appointed ReMark Asia to peer review our SEIA and HCV assessments. A local independent social expert, LINKs was engaged to study and recommend a resolution roadmap. In addition, we prepared a land use change analysis in accordance with the RSPO's Biodiversity and HCV standards, and facilitated a participatory joint mapping by the two communities with competing claims on the land.

Despite these efforts, EIA and the Muara Tae community left the RSPO complaints process before any resolution on the land ownership was achieved. After repeated but unsuccessful attempts to re-engage the complainants, the RSPO closed the complaint as unresolved on 22 December 2015.

The situation remains unresolved, but we have continued to implement the actions recommended by RSPO. The disputed land (892 hectares) will remain free from further development, except maintenance and harvesting activities, until the boundary dispute is settled between the community of Muara Tae and the other respective parties. We also continue to engage with all parties, including the local government, to find the best solution to this issue, particularly for the communities around the disputed area who have been affected by the complaint.

In addition to our work to resolve this specific case, we have also made efforts to build understanding and internal capacity to ensure that FPIC processes are robust. Additional training has also been provided to management teams in partnership with an external consultant, Ekologika.

Plasma Schemes

Palm oil operations are labour intensive, and new developments are often in rural parts of Indonesia. For these reasons, we firmly believe that commercial oil palm cultivation is an effective solution for socio-economic development and poverty alleviation, and are committed to leading community growth in areas where we are operationally present.

Through an FPIC process carried out before new developments, we are able to identify communities that are interested in partnering us in plantation development. We work with indigenous and local communities through various plasma scheme partnerships. In some of these schemes, the company assists plasma smallholders to develop and manage their plots until the trees reach a productive age, after which the plots are then handed back to the smallholders for management. For other partnership schemes, the company assumes responsibility for developing and managing the plasma plots on behalf of these smallholders, even after maturity.

The plasma smallholders profit by selling their harvests to the company at government-determined prices. These partnerships provide sustainable incomes for thousands of smallholders and this directly impacts local economic growth and living standards.

By the end of 2015, we had partnered with more than 14,000 smallholders on 29,237 hectares of oil palm plantations, representing 15% of the total plantation area managed by First Resources. Our field officers provide practical training, quality seed stock, advice on fertiliser and pesticide procurement and usage, exposure to new farming technologies, assistance with land titling and transportation of FFB to palm oil mills.

In addition to implementing best practices at our own nucleus estates, we are also committed to raising the sustainability standards of our plasma farmers, as smallholders account for more than 40% of Indonesia's palm oil production. We have supported five of our plasma estates – representing 5,019 hectares – to achieve ISCC certification.

Supporting local enterprise

We encourage local enterprise by supporting small business owners and farmers living within the vicinity of our operations. We provide assistance in the cultivation of food crops such as maize and vegetables. We also engage local transporters to move our products, and local contractors for land preparation, planting and other services that support our operations.



Community Development

Our license to operate depends on our ability to maintain good relations with our neighbours, many of who are also our employees, smallholders or suppliers. A large proportion of our neighbouring communities are located in isolated areas that lack basic infrastructure and services, including clean water, roads and education and employment opportunities. We have therefore established an extensive CSR programme that targets community growth through three focus areas: education, infrastructure and healthcare.

Our Community Development Officers (CDOs) are the main liaison for community members. Officers regularly engage with residents to build relationships and map ambitions, concerns and resources. A CDO's typical tasks include 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 and presenting and explaining First Resources' operational activities and environmental and social programmes.

Education

First Resources recognises that learning is the key to community growth. We aim to improve literacy in the next generation by increasing access to quality formal education. We currently manage 31 schools located within our plantation estates. These include nine kindergartens, twelve primary schools, three secondary schools and three high schools. These institutions employ more than 200 teachers and educate more than 2,200 students. The educational practices adopted are similar to those at schools managed by the local government. The Group contributes to the schools' facilities and teaching aids, such as furniture, computers, electricity generators and books.

All children of employees working on our estates are provided with free education at our schools.

In 2014 and 2015, we provided just over Rp 5 billion (US\$ 375,000) to 952 students across our operating area. Scholarships were awarded to high-scoring children from less privileged families. Recipients were selected by local education authorities.



Teachers normally get a minimum wage based on Indonesian regulations that differ from province to province. To motivate teachers that work with our communities and encourage a higher standard of teaching, we offer additional incentives, such as supplementary income to more than 500 teachers at the elementary, primary and secondary school levels.

In addition to awarding scholarships, the Group has established an internship programme that is run in collaboration with more than 15 Indonesian universities. Our internship programme offers students an opportunity to apply what they have learned, expand their knowledge and benefit from valuable on-the-job experience.



In 2015, we trained a group from the Dayak community in the Jempang District, East Kalimantan, in the techniques of rattan weaving. The training is conducted in cooperation with local government agencies, and is intended to improve weaving skills and the quality of handcraft products. By providing students with the technical know-how, the training improves their livelihood while preserving their indigenous culture. The rattan handcraft products are sold to tourists and are popular souvenirs.

Infrastructure

Infrastructural developments foster economic opportunities and can thereby boost living standards. Besides enabling us to run our operational activities more efficiently, better infrastructure enables local communities, including farmers, cooperatives, associations, businesses and local government, to have better access to healthcare facilities, educational facilities and markets. We consult local village leaders on which infrastructure projects to support.

Accessibility to roads, better road conditions and connecting bridges will improve the mobility of rural communities and support local economies. The roads servicing our operating areas – which we share with local communities – are maintained to minimise disruption to our operations as well as to maintain strong links to the main transport network.

In 2014 and 2015, we continued to invest in improving infrastructure in our operating areas, focusing particularly on the less developed regions in East and West Kalimantan. We also contributed to the building of places of worship and clean water facilities (see page 34).

Healthcare

We have built more than 20 health clinics on our estates. These are staffed with qualified medical professionals, including at least one doctor and two nurses in each facility. The primary purpose of the clinics is to service 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 local government. Medical services such as polio, measles and tuberculosis immunisations are available to the communities upon request.

In addition to these health clinics, we have established the “Be Healthy with First Resources” programme, which aims to improve the wellbeing of local residents and increase their awareness of healthy living. Programme activities include treatments and advice for children, pregnant women and the elderly, as well as a blood donation programmes.



Working Conditions

Our employees are our most valuable assets. We are committed to being a responsible employer by continuously providing appropriate skills training, understanding our employees' aspirations, upholding and protecting their rights, and taking care of their welfare by ensuring a safe working environment. The majority of our employees work on our plantations and palm oil mills. We strive to employ local people from our operational areas. This gives us a better understanding of the local culture and helps us contribute to the growth of the local economy.

Equal Opportunities

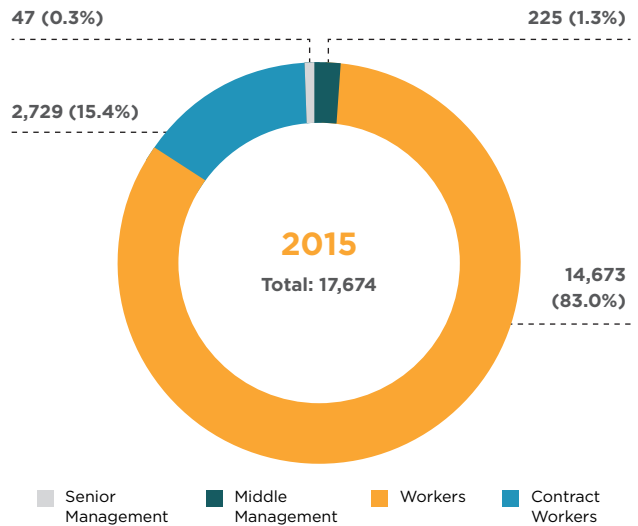
We are committed to offering job opportunities based on competence, skills and experience – regardless of ethnicity, race, religion, or gender. We treat all employees equally and reward them fairly based on merit.

Due to the manual nature of many oil palm cultivation and processing procedures, our plantation and mill workers are predominately male. Male workers perform heavier physical tasks, for example harvesting FFB and carrying them to trucks for transportation. Women are assigned tasks like weeding, fertilising and collecting loose fruits that have fallen to the ground.

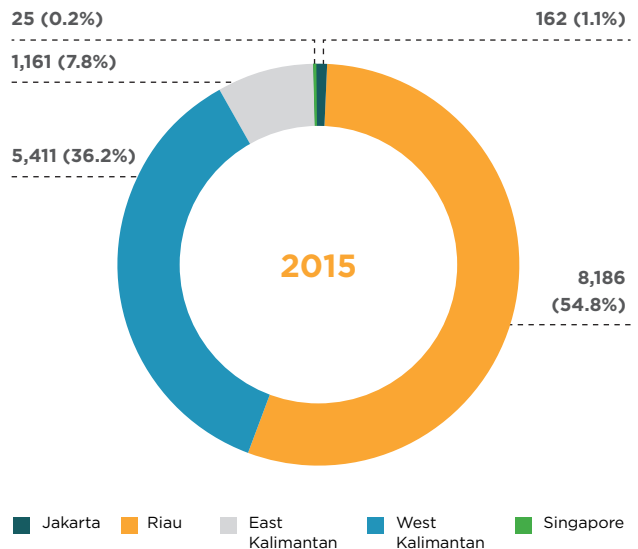
Percent of female employees by level



Employees by category



Permanent employees by geographical location



Training and Development

Recruiting, developing and retaining talented people enhances our performance in the long term. This is why we continuously invest to improve our staff development programmes and strengthen our human capital.

Every year, the First Resources Learning Centre assesses the training needs of our employees. Training is prioritised in line with the Group's business and operational requirements. We have regular training programmes that include field assistant training, mill assistant training, administration assistant training, and foreman training. Non-regular training programmes include topics such as harvesting management, fertilising management, e-plantation systems, seven tools management, problem solving and decision making. Training is provided by First Resources' coaches and specialist vendors, while continual on-the-job training and mentorships are provided by managers and supervisors.

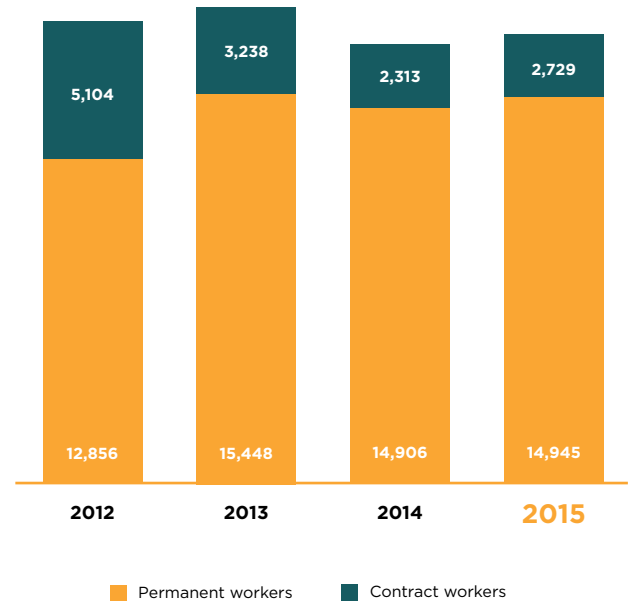
Our Learning Centre also runs three graduate training programmes for field assistants, palm oil mill assistants and administration assistants. Spanning five to six months, these programmes cover the technical, managerial and interactive skills required to work in First Resources' estates and palm oil mills.

As part of our recruitment drive, we have formed partnerships with universities in Java and Sumatra to provide internships for undergraduates and vocational school students. The internship programme exposes students to administrative duties, plantation activities and palm oil mill operations.



Contract and Casual Workers

Workers by contract type



The majority of our work force – around 85% – are permanent workers in full-time employment. We do hire employees on contractual basis, who will be converted to permanent status based on performance. In addition, we employ a small number of casual workers during peak seasons and for special construction projects.





Freedom of Association and Collective Bargaining

We support the freedom of all our employees to form unions as a channel to communicate their expectations and aspirations. Our labour union is part of the KSPSI (the Workers' Union Confederation).

Each subsidiary and its labour union representatives have agreed upon a Collective Labour Agreement aimed at protecting employees' and employers' 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, as well as employment termination.

We hold focus group discussions and meetings at least once a year together with labour unions. These dialogues enable us to take into consideration the aspirations, suggestions, inputs and criticisms from our employees.

Employees are able to convey their aspirations through the human resources department. The Group communicates all changes related to employment via emails, circulars, or its internal portal.

Minimum Wages and Benefits

The minimum wage in Indonesia differs from province to province as it is set by provincial and district authorities. We comply with the minimum wages stipulated by the local authority. Employees also have variable components in their remuneration that are linked to individual and Group performance. We also provide additional benefits to our employees, and the benefits received by permanent employees differ from those received by non-permanent employees.

We keep records of all salaries and money paid to employees and contractors. Payment records are acknowledged by workers and clarifications are provided to ensure that payment calculations are understood. In addition, First Resources pays an annual allowance to permanent employees to celebrate festivals. For Muslims, we pay the festivity allowance before Hari Raya, and for the rest of our employees we pay the allowance at the end of the year.

We aim to provide our employees and their families housing in a safe and healthy living environment on our estates. In addition to housing and sanitation, all employees have access to running water, electricity, medical care, education, recreational facilities and places of worship.

Forced and Child Labour

In accordance with national labour laws and regulations, the Group does not tolerate forced or bonded labour, or the employment of under-aged children. Our recruitment policies, work practices and procedures ensure that all employees are above 18 years of age and that they understand their rights and obligations. We actively monitor that children do not assist their parents on our estates, as this practice is common in many parts of Indonesia. We provide day care facilities at our plantations and employees are required to leave their children at these centres before they begin work.

Health and Safety

We are committed to providing a safe and healthy working environment for all our employees.

We have medical teams in every operational area to ensure the health of our employees and their families. 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.

Prevention of Accidents

An Occupational Health and Safety (OHS) Management System has been progressively implemented across our estates. The OHS Management System complies with local regulations, including hazard identification and prevention, risk assessment and management, programme evaluation and continuous management system improvement.

Our Health & Safety Committees, which comprise management and staff representatives, are responsible for identifying potential hazards, evaluating these potential hazards, recommending corrective actions, following up on implemented recommendations, providing employees with education and training, and developing a grievance mechanism. In addition, we have an Emergency Response Team (ERT), which responds to any immediate health and safety-related crisis.

Health and safety topics are discussed daily in morning meetings. In addition, we have OHS manuals and procedures, working instructions, first aid practices, emergency responses and other health and safety activities to ensure all employees are aware of the health and safety risks related to their jobs. OHS considerations are also incorporated into the Collective Labour Agreement with the workers' union. These include provisions for equipping estate workers with personal protective equipment and the setting up of Health & Safety Committees.

We aim to reduce accidents, injuries and fatalities in our operations. Work accidents are recorded and evaluated. Recommendations are then implemented to prevent or reduce the recurrence of similar incidents.

Based on our records, the main hazards in plantations are falling sharp fronds and bunches during the harvesting process and sharp fronds on the ground. To minimise the risk of injury, all harvesters are provided with safety helmets, gloves and boots. Hazards in palm oil mills include overhead sling conveyors, slippery floors, hot steam and loud noises. Workers are briefed at daily shift meetings to reinforce safety vigilance.

Lost time accident rate (per 1,000,000 man-hours)

2012	2013	2014	2015
126.6	163.4	146.5	139.2

Note:

- 1) Lost time accident rate (LTAR) measures the productivity loss due to accidents and is calculated as follows: accident rate x 1,000,000 man-hours divided by total working hours (number of employees x 173 hours x 12 months).
- 2) LTAR is recorded when an employee is given leave of absence from clinic due to a workplace accident.
- 3) Data above are for our Riau operations only.

We are currently reviewing the robustness of our injuries and accidents documentation system for East and West Kalimantan operations to ensure that the data collected are consistent across our operations and that the Group's data are in line with industry's reporting standards.

Fatalities

Although we make every effort to ensure that employees are not hurt, we regret to report a total of five deaths that occurred in our operations in 2014 – 2015. Four of these were traffic accidents in West Kalimantan and one was an accident in a vehicle workshop in Riau. We are reviewing the actions required to ensure that fatal accidents do not occur in the future.

Fatalities

2012	2013	2014	2015
0	1	2	3





Base Data

Economic				
Income Statement (US\$' million)	FY2015	FY2014	FY2013	FY2012
Sales	453.7	615.5	626.5	603.4
Profit before tax	161.1	251.9	313.6	326.3
Net profit (Underlying)	109.3	171.6	217.0	211.3
Balance Sheet (US\$'million)	FY2015	FY2014	FY2013	FY2012
Total assets	1,926.9	1,997.9	1,780.3	1,930.9
Total liabilities	881.5	882.1	740.1	773.3
Shareholders' funds	1,045.4	1,115.8	1,040.1	1,157.6
Segmental Sales adjusted to exclude inter-segment sales (US\$'million)	FY2015	FY2014	FY2013	FY2012
Plantations and palm oil mills	164.5	209.3	423.7	360.2
Refinery and processing	289.2	406.2	202.8	243.2
Land and Production				
Oil Palm Plantations (hectares)	FY2015	FY2014	FY2013	FY2012
Total planted area	207,575	194,567	170,596	146,403
Mature	147,905	132,220	120,978	98,181
Immature	59,670	62,347	49,618	48,222
Nucleus planted area	178,338	165,936	148,727	125,805
Mature	128,042	114,377	104,493	85,888
Immature	50,296	51,559	44,234	39,917
Plasma planted area	29,237	28,631	21,869	20,598
Mature	19,863	17,843	16,485	12,293
Immature	9,374	10,788	5,384	8,305
Palm oil Mills	FY2015	FY2014	FY2013	FY2012
Total	13	12	12	11
Riau	11	10	10	10
West Kalimantan	2	2	2	1

Production volume (tonnes)	FY2015	FY2014	FY2013	FY2012
Fresh Fruit Bunches (FFB) Harvested	2,804,606	2,469,884	2,266,866	2,168,983
FFB - Nucleus	2,530,357	2,212,006	2,049,095	1,924,743
FFB - Plasma	274,249	257,878	217,771	244,240
FFB purchased 3rd parties	291,093	345,479	287,698	89,466
Crude palm oil (CPO)	687,248	630,988	588,792	525,831
Palm kernel (PK)	160,021	145,811	135,462	123,129
Productivity	FY2015	FY2014	FY2013	FY2012
FFB yield per mature hectare (tonnes)	19.0	18.7	18.7	23.0
FFB yield - Nucleus	19.8	19.3	19.6	23.5
FFB yield - Plasma	13.8	14.5	13.2	19.9
CPO yield per mature hectare (tonnes)	4.3	4.3	4.3	5.4
Extraction rate - crude palm oil (%)	22.7	22.8	23.1	23.3
Extraction rate - palm kernel (%)	5.3	5.3	5.3	5.5
FFB sources (%)	FY2015	FY2014	FY2013	FY2012
Nucleus	81%	78%	80%	85%
Plasma	9%	9%	9%	11%
Third Parties	10%	13%	11%	4%
Certification	FY2015	FY2014	FY2013	FY2012
ISPO Certified - Nucleus Plantations (hectares)	76,690	44,237	10,826	-
Riau	44,237	44,237	10,826	-
West Kalimantan	32,453	-	-	-
ISPO Certified - Palm oil mills	8	6	1	-
ISCC - Nucleus Plantations (hectares)	48,344	48,344	48,344	23,191



Workplace	FY2015	FY2014	FY2013	FY2012
Total Employees	17,674	17,219	18,686	17,960
Permanent	14,945	14,906	15,448	12,856
Contract	2,729	2,313	3,238	5,104
Permanent Employees by Geographical Location	FY2015	FY2014	FY2013	FY2012
Jakarta	162	158	152	142
Riau	8,186	9,220	9,749	9,308
West Kalimantan	5,411	4,451	4,980	2,850
East Kalimantan	1,161	1,051	539	531
Singapore	25	26	28	25
Permanent Employees by Categories	FY2015	FY2014	FY2013	FY2012
Senior Management	47	49	44	35
Middle Management	225	231	226	200
Workers	14,673	14,626	15,178	12,621
Permanent Employees by Gender	FY2015	FY2014	FY2013	FY2012
Senior Management - Male	44	46	-	-
Senior Management - Female	3	3	-	-
Middle Management - Male	204	212	-	-
Middle Management - Female	21	19	-	-
Male workers	13,075	13,244	-	-
Female workers	1,598	1,382	-	-
Total Male Employees	13,323	13,502	-	-
Total Female Employees	1,622	1,404	-	-

Legal Min Wages for Plantations by Region (IDR per month)	FY2015	FY2014	FY2013	FY2012
Riau	2,125,500	1,875,000	1,626,000	1,389,450
West Kalimantan - Sanggau	1,675,000	1,500,000	1,173,900	992,250
West Kalimantan - Ketapang	1,980,000	1,812,000	1,578,000	1,260,000
East Kalimantan - Kubar	2,030,016	1,920,000	1,769,557	1,268,500
Training and Development	FY2015	FY2014	FY2013	FY2012
No. of Programmes	102	83	55	34
No. of Participants	2,654	1,742	1,600	782
No. of Training Hours	10,432	12,740	8,944	7,776
Health and Safety	FY2015	FY2014	FY2013	FY2012
Fatalities	3	2	1	-
Lost time incident rate	139.2	146.5	163.4	126.6
Environment				
Water Consumption	FY2015	FY2014	FY2013	FY2012
Water Consumption for mills (m ³ per MT of FFB processed)	1.11	1.13	1.16	1.18
Pesticides	FY2015	FY2014	FY2013	FY2012
Toxicity	1,147	963	1,107	1,705
Effluents	FY2015	FY2014	FY2013	FY2012
BOD levels river discharge (mg/L) (Refinery) - Riau	14	-	-	-
BOD levels land application (mg/L) (Plantations)				
Riau	1,672	1,365	1,083	979
West Kalimantan	2,363	2,658	542	-



Fertiliser Type	FY2015	FY2014	FY2013	FY2012
Inorganic fertiliser (tonnes)	159,777	143,561	124,507	112,461
Empty fruit bunches (tonnes)	496,324	449,988	359,449	378,720
Palm oil mill effluent (m ³)	2,039,305	1,676,768	1,696,111	1,423,108
Inorganic fertiliser (tonnes per hectare)	0.90	0.87	-	-
Energy Consumption from Renewable Sources	FY2015	FY2014	FY2013	FY2012
Palm kernel (tonnes)	126,403	102,311	79,996	79,003
Energy (Gigajoule)	2,627,908	2,127,046	1,571,761	1,552,251
Palm fibre (tonnes)	386,832	327,455	287,347	267,017
Energy (Gigajoule)	7,636,075	6,463,962	5,672,239	5,270,923
Community				
Community Development Programmes (%)	FY2015	FY2014	FY2013	FY2012
Culture, environment and health	42%	42%	9%	42%
Education	57%	57%	57%	42%
Economic development and others	1%	1%	34%	16%
Education Programme	FY2015	FY2014	FY2013	FY2012
No. of student scholarship recipients	476	476	400	379
No. of teacher income supplement recipients	259	249	202	186
No. of Internship recipients	315	349	353	310
Schools funded	31	31	27	27
Health Programme	FY2015	FY2014	FY2013	FY2012
Clinics funded	29	29	15	14

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Stakeholder Engagement Table

Stakeholders	Method of Engagement	Objective	Frequency
Communities	Ceremonial gatherings and festive celebration	<ul style="list-style-type: none"> Promoting development of sustainable oil palm Socialisation of sustainability policies Identify community development programs to meet local needs 	At least four times a year
		<ul style="list-style-type: none"> Socialisation of fire prevention, management and monitoring Initiate FPIC processes with local communities 	Periodic Periodic only in new areas
Customers	Phone calls / meetings	<ul style="list-style-type: none"> Providing sales services Socialisation of sustainability policy and traceability of our supply chain 	Daily Periodic
	Networking sessions held by Industry Associations	<ul style="list-style-type: none"> Relationship building Identifying business opportunities 	Three to four times a year
Employees	Internal portal and media distribution	<ul style="list-style-type: none"> To keep employees updated on company news and policies 	All the time
	Performance review	<ul style="list-style-type: none"> Review employees' performance and receive feedback on job satisfaction 	Twice a year
Labour Union	Focus group discussion and meetings	<ul style="list-style-type: none"> To discuss cooperative labour issues, welfare and benefits 	Once a year
Workers	Morning briefings	<ul style="list-style-type: none"> Providing working equipment and tools as well as on the ground updates and alerts (fire) 	Daily
		<ul style="list-style-type: none"> Reminder on safety issues 	
Regulatory Bodies (including Government)	Reporting on compliance to local and national regulations	<ul style="list-style-type: none"> Informing the regulatory bodies on our compliance of applicable regulation/legislation 	Once a year by respective regulatory bodies
Plasma Farmers	Group meetings	<ul style="list-style-type: none"> To provide guidance on best plantation management practices 	Quarterly basis
		<ul style="list-style-type: none"> Socialisation of sustainability standards and practices 	At least once a year
Shareholders / Investors	Annual General Meeting	<ul style="list-style-type: none"> Delivery of company performance, plans and updates on industry Seeking approval and feedback 	Once a year

Stakeholders	Method of Engagement	Objective	Frequency
	Site visits	<ul style="list-style-type: none"> Delivery of company performances and plans 	When necessary, at least once a year
		<ul style="list-style-type: none"> Provide better understanding on company's operations 	All the time
	Conferences/One-on-One meetings/Non Deal Roadshows	<ul style="list-style-type: none"> Delivery of company performances, plans and updates on industry 	
Financial Institutions	Meetings	<ul style="list-style-type: none"> To explore business opportunities To provide updates on Company's performance and plans to facilitate review To provide updates on implementation of sustainability policy and certification status of our operations 	As and when required Annually Periodic
	Conferences	<ul style="list-style-type: none"> Market updates and workshops 	Quarterly
Certification Bodies	Site visits for audit purposes	<ul style="list-style-type: none"> To ensure compliance and review results 	Once a year per site
Industry Associations	Meetings, gatherings and working group discussion	<ul style="list-style-type: none"> To receive updates and provide feedback on development and changes in policies 	Monthly basis
Suppliers and Contractors	Meetings	<ul style="list-style-type: none"> Explore business opportunities, working contracts, tender exercises, traceability 	As and when required
		<ul style="list-style-type: none"> Socialisation on company policies and standards including traceability targets 	As and when required
NGOs	Working group discussions	<ul style="list-style-type: none"> Discuss overall sustainability standards, strategy and implementation 	As and when required
		<ul style="list-style-type: none"> Potential collaboration on landscape conservation projects, reforestation, HCV management and monitoring, fire management and monitoring 	As and when required
Media	Press Releases	<ul style="list-style-type: none"> Provide update on performance and industry related information 	Twice a year
	Interviews	<ul style="list-style-type: none"> Provide update on performance and industry related information 	When necessary



About the Report

Materiality, Stakeholder Inclusiveness and Sustainability Context

The contents of this report have been determined based on ongoing stakeholder dialogue and a review of issues that are critical to First Resources. In developing this report, we have worked with Helikonika, an advisory firm with extensive experience in palm oil disclosure. Together, we have reviewed NGO and investor reports, as well as social media coverage. We have also benchmarked our report content against disclosure platforms such as the Palm Oil Transparency Toolkit by the Zoological Society of London and the RobecoSam Sustainability Assessment, as we see these as a proxy to understanding the indicators expected by a broad range of stakeholders. Finally, we have looked to peers in the industry and strive to ensure that our report content meets best practice as compared to sector leaders.

In March 2016, the Senior Management team of First Resources, including the CEO and the Deputy CEO participated in a half-day workshop to prioritise the aspects most material to the group. These were subsequently collated into a matrix (see below). Unless specifically

noted, boundaries were considered to be First Resources' organisational boundaries.

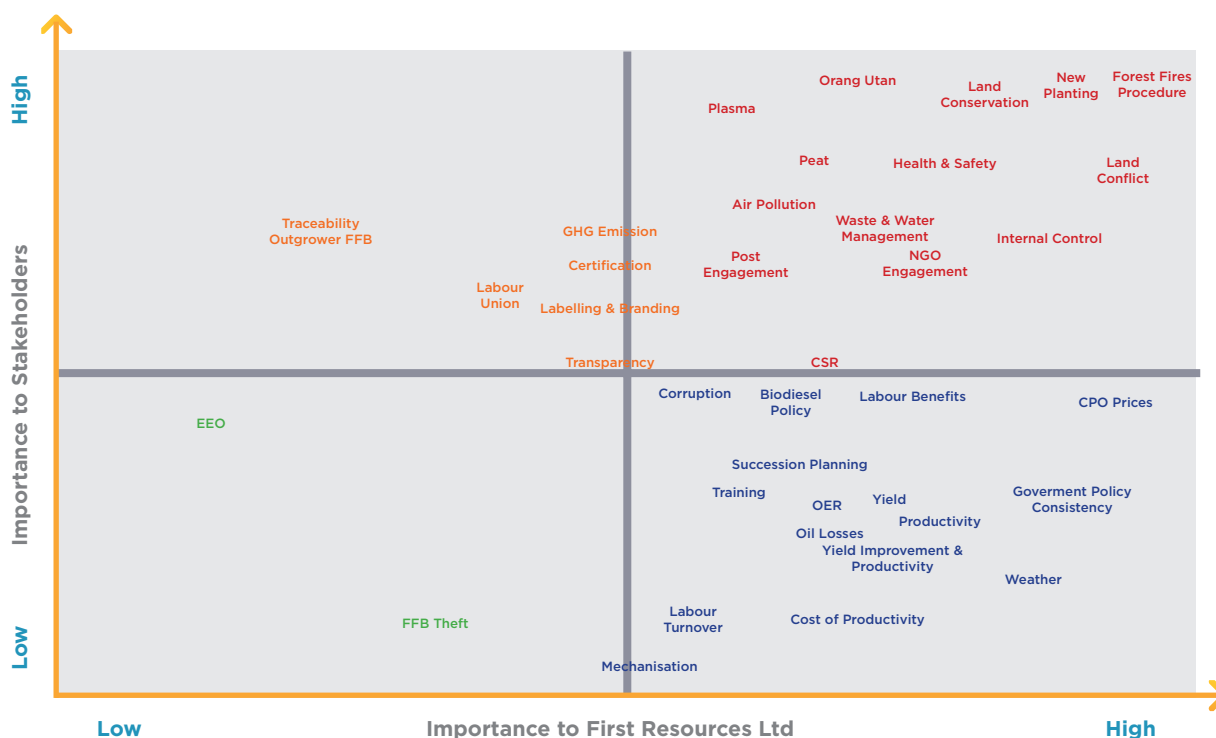
Throughout the report, we seek to provide an appropriate context for our performance, particularly in relation to the unique social and environmental landscapes in Indonesia.

Reporting Cycle and Approach to Assurance

Our reporting cycle is biennial. Our previous reports were published in 2011 and 2013. In addition, stakeholders can review our annual RSPo communications of progress published each year in Q3 at <http://www.rspo.org/members/193/first-resources-limited>

We have not engaged third party assurance, as we believe that the in-depth assessments we are undertaking in material areas such as HCS, HCV and FPIC, as well as documentation on the RSPo website on our complaints handling, provide stronger performance assurance than a traditional report assurance process. However, we will collate feedback from stakeholders on whether third-party assurance is seen as valuable and helpful.

First Resources' Materiality Matrix



Glossary

Biodiversity	The diversity (number and variety of species) of plant and animal life within a region.
Biological oxygen demand (BOD)	The amount of oxygen used when organic matter undergoes decomposition by micro-organisms. Testing for BOD is done to assess the amount of organic matter in water.
CO₂ equivalents	Carbon dioxide equivalents (CO ₂ eq) provide a universal standard of measurement against which the impacts of releasing (or avoiding the release of) different greenhouse gases can be evaluated.
Effluents	Water discharged from one source into a separate body of water, such as mill process water.
Oil extraction rate (OER)	The amount of oil extracted from oil palm fruit at a mill. Crude palm oil (CPO) is extracted from the flesh; palm kernel oil (PKO) from the nut.
Fresh fruit bunch (FFB)	Bunch harvested from the oil palm tree. The weight of the fruit bunch ranges between 10 kg to 40 kg depends on the size and age.
Global reporting initiative (GRI)	A multi-stakeholder standard for sustainability reporting, providing guidance on determining report content and indicators.
GHG emissions	Greenhouse gas or carbon emissions are gasses in an atmosphere that absorb and emit radiation within the thermal infrared range. This process is the fundamental cause of the greenhouse effect. The primary greenhouse gases in the Earth's atmosphere are water vapor, carbon dioxide, methane, nitrous oxide, and ozone.
High conservation value (HCV)	The concept of High Conservation Value Forests (HCVF) was first developed by the Forest Stewardship Council (FSC) in 1999 as their ninth principle. The FSC defined HCVF as forests of outstanding and critical importance due to their environmental, socio-economic and cultural biodiversity and landscape value.
High carbon stock (HCS) approach	The HCS Approach is a methodology to avoid deforestation in land development, initially developed in a partnership between Greenpeace, TFT and Golden Agri-Resources. The approach stratifies the vegetation on an area of land into different classes using analyses of satellite images and field plot measurements. Each vegetation class is validated through calibrating it with carbon stock estimates in the above-ground tree biomass.
Independent director	According to the Listing Manual of SGX, an independent director is one who has no relationship with the company, its related corporations (i.e. a corporation that is the company's holding company, subsidiary or fellow subsidiary), its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the company.



IUCN red list	Based in Switzerland, the International Union for Conservation of Nature and Natural Resources (also known as The World Conservation Union) is an organisation involved in the preservation of natural resources. IUCN publishes the Red Data Book, which lists the endangered species of every nation.
Non-executive director	A board director who does not currently hold other employment with the company. Unlike an independent director, a non-executive can have significant financial interests or close personal ties to the company.
Non-governmental organisation (NGO)	Is used in this report to refer to grassroots and campaigning organisations focused on environmental or social issues.
Palm oil mill effluent (POME)	By-product of processed fresh fruit bunch.
Peat	Peat is an accumulation of partially decayed vegetation matter. Peat forms in wetlands or peat lands, variously called bogs, moors, muskegs, pocosins, mires, and peat swamp forests.
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).
Roundtable on sustainable palm oil (RSPO)	A multi-stakeholder organisation based in Kuala Lumpur, Malaysia. The organisation has developed a certification scheme for sustainable palm oil.
Social Impact Assessments	A process of analysing, monitoring and managing the intended and unintended, both positive and negative social consequences of planned interventions (policies, programs, plans, projects) and any social change processes invoked by the interventions. Its primary purpose is to bring about a more sustainable and equitable biophysical and human environment.
Stakeholders	Any group or individual who are affected by or can affect a company's 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".
Toxicity	Toxicity measures the degree to which a substance is harmful to living organisms. Toxicity in agricultural chemicals is measured using the LD50 methodology, i.e the toxicity units corresponding to a lethal dose for 50% of a population of rats.

Contact

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:

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