Securities Investors Association (Singapore)
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UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: First Resources Limited

Stock code: EB5

Meeting details:
Date: 1 June 2020
Time: 2.30 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. As noted in the message to shareholders, one of the key contributors that supported the palm oil industry was Indonesia's B20 biodiesel mandate. A successful transition to the B30 mandate which mandates the use of 30% palm-based biofuel will further boost the industry. There has been mention that palm oil export levy in Indonesia might be increased by $5/mt to $55/mt in 2020 to support the B30 mandate.

In 2019, the group added 1,188 hectares of oil palms in the form of organic new plantings and it aims to replant approximately 3,000 hectares in 2020. The group would also commence the construction of its 18th mill and a new seafront integrated processing complex in the East Kalimantan in FY2020. The total estimated capital expenditure for FY2020 is US$110 million.

(i) **Given the pandemic, coupled with the slump in crude oil prices and the uncertainty of the B20/B30 mandate (especially when the palm oil/gasoil spread (commonly known as POGO) continues to widen), how is management finetuning the pace of its new planting, replanting and its capital investments?**

(ii) **Can management help shareholders understand the strategic value of the new integrated processing complex in the East Kalimantan province?**

Q2. The group has two executive directors, namely Mr Ciliandra Fangiono (first appointed to the board on 18 April 2007) and Mr Fang Zhixiang (Sigih Fangiono) (first appointed to on 1 November 2014).

Mr Ciliandra Fangiono is an executive director and the chief executive officer. Based on the director's profile on page 19, Mr Fangiono plays a key role in charting the group's strategic directions.

In the Corporate Governance report, the company stated that the board sets the strategic direction of the group (page 25) and that the CEO drives the business strategies of the company as set by the board and manages the day-to-day business operations together with the other executive officers of the company (page 30).

Mr Fang Zhixiang (Sigih Fangiono), as executive director and deputy chief executive officer, is jointly responsible for the day-to-day management of the group. Mr Fang Zhixiang focuses on the management of plantations and palm oil mills and he manages the group's corporate affairs.

(i) **Would the board provide shareholders with greater clarity on the roles and responsibilities of the two executive directors? Specifically, how different are the roles? Is there significant overlap?**

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In FY2019, the two executive directors received 39-40% in variable bonus. In fact, since FY2016, the two executive directors have received the same bonus, as follows:

- FY2016: 38%
- FY2017: 40%
- FY2018: 44%
- FY2019: 39%, 40%

(ii) **Would the board/remuneration committee ("RC") help shareholders understand the quantitative and qualitative/financial and non-financial key performance indicators used to assess the two executive directors?**

(iii) **How did the RC measure and assess the performance of the executive directors? Are directors assessed on an individual basis?**

Q3. The group's sustainability policy and the sustainability reports can be found on its website at http://www.first-resources.com/sustainability.php?pc=policy

(i) **How does the board/management monitor the group's adherence to the environmental policies, such as no development on high carbon stock/high conservation value area, no new development on peat areas and a strict zero-burning policy?**

The group currently manages over 210,000 hectares across the Riau, East Kalimantan and West Kalimantan provinces in Indonesia. As of May 2020, the group has received Roundtable on Sustainable Palm Oil ("RSPO") certifications for three of its subsidiaries covering three mills and more than 27,000 hectares of plantations located in the province of Riau. The group has committed to RSPO certifications for the rest of the mills and plantations by 2024.

(ii) **Would the board be re-evaluating the pace of its certification?** Currently, just 1/8 of the group's hectarage has received the RSPO certification.

(iii) **For the plantations that are yet to be certified, how close are they in meeting the seven principles and 42 criteria in the RSPO certification programme?**

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^Amid the global COVID-19 outbreak, issuers who choose to proceed with the AGM before 30 April 2020 must provide opportunities for shareholders to ask questions. Shareholders are encouraged to read the annual report and submit any questions they might have to the companies in advance. Issuers would then publicly address the questions at the general meeting via the issuer's website, through "live" webcast and on SGXNet.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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^ Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation dated 31 Mar 2020 (https://www.sgx.com/media-centre/20200331-acra-mas-and-sgx-regco-update-guidance-general-meetings)