

UNITED NATIONS GLOBAL COMPACT
COMMUNICATION ON PROGRESS (COP)

16 NOVEMBER 2015

The Biomass Group is a vertically integrated renewable energy company that develops biomass energy resources **(supply)** for pellet production and power generation.

We have chosen Sri Lanka as the first market to demonstrate this business model. This is an agro-energy program that combines food and fuel sourced from small farmers and plantation owners in a very innovative partnership.

Biomass Supplies (a wholly owned subsidiary) formally began operations in Sri Lanka in March 2013. Relationships were established with farmer organizations, individual farmers, state-owned plantations and private plantations for supplying fuel-wood as well as the key logistics companies.

WHAT HAVE WE DONE?

- Conducted over 450 farmer training programmes – means of educating and registering farmers.
- Farmers are taught the benefits of planting a triple fence to demarcate their land boundary.
- Registered 40,000 farmers as at date to supply fuelwood.
- We estimate 60 million trees have been planted within the catchment areas in which we work.
- 10.5 million trees have been audited and confirmed.
- Developed a very strong field officer network.

FOUNDER'S STATEMENT OF CONTINUED SUPPORT FOR THE GLOBAL COMPACT AND ITS 10 PRINCIPLES.

The Biomass Group Limited is pleased to re-confirm to continue to support the ten (10) principles of UN Global Compact with regard to **human rights, labour, environment and anti-corruption**. We reconfirm our intent to advance those principles within our sphere of influence.

We are committed to making the Global Compact and its principles part of our strategy culture and day to day operations and to engage in collaborative projects which advances the broader development goals of the United Nations, particularly the Millennium Development Goals. We have communicated all of these to our stakeholders.

We recognize and accept the requirement for participation in the Global Compact is the annual submission of a Communication on Progress (COP).

Thank you in advance and assuring you of our continued support.

Yours sincerely,
Biomass Group Limited

Ms. Lakmalie Dissanayake
Founder

DESCRIPTION OF ACTION IN EACH ISSUING AREA WHICH ARE HUMAN RIGHTS, LABOUR, ENVIRONMENT AND ANTI-CORRUPTION.

HUMAN AND LABOUR RIGHTS

Biomass is against the use of discriminatory practices of any form with respect to gender, religion, ethnicity, wages, working conditions, social benefits and strictly against the use of child labour, with the exception of children aged 14 and above being engaged on family owned farms as long as it does not interfere with their schooling, and any form of forced labour. Further, **Biomass** adheres to the following principles on human and labour rights which are as follows:

- Workers shall enjoy freedom of association, the right to organize, and the right to collectively bargain.
- No slave labor or forced labor shall occur.
- No child labor shall occur, except on family farms and then only when work does not interfere with the child's schooling and does not put his or her health at risk.
- Workers shall be free of discrimination of any kind, whether in employment or opportunity, with respect to gender, wages, working conditions, and social benefits.
- Workers' wages and working conditions shall respect all applicable laws and international conventions, as well as all relevant collective agreements.
- Conditions of occupational safety and health for workers shall follow internationally-recognized standards.
- Operators shall implement a mechanism to ensure the human rights and labor rights outlined in this principle apply equally when labor is contracted through third parties.

To implement this policy, **Biomass** has undertaken the following:

Farmers/Providers:

- Biomass has signed a MoU ensuring fair conditions and price for farmers engaged by this scheme.
- Our Consultant, Dr. Lionel Weerakoon, engaged by **Biomass** to lead the training programs and as an agricultural advisor to **Biomass**, is currently the South Asian representative for the organisation, La Via Campesina on Sustainable Agriculture an organisation dedicated to promoting social justice and dignity and is strongly opposes corporate driven agriculture. Dr. Weerakoon has worked across the country and understands the needs of the Sri Lankan farming community in great depth.

Third parties:

- Declaration to be signed by suppliers and transport providers that they will not engage in any practices that will contravene labour laws, with a special focus on engaging children.
- An item in the Training agenda that covers ethical labour practices – strict rules on engaging children in activities and the role of women.

Staff:

- Biomass preferences people from the local area for the roles of Field officers and Regional Managers which represent a majority of Biomass staff.
- Biomass does not discriminate between men and women. **Biomass'** hiring policy strives to achieve gender balance however the role of a field officer is not the most agreeable role for a woman due to Sri Lanka's underlying cultural norms. The role requires travelling long distances to remote villages which is unattractive a majoring of women. Two out of the six field officers are women who carry out the same role as their male counterparts.

Biomass conducts random audit/checks and will seek the removal of individuals (Biomass staff and or suppliers and or other providers such as transport providers) if they are found to be breaching Human and labour rights and discriminatory activities in relation to the provision of services to or on behalf of **Biomass**. This extends to any staff member or provider contravening any Sri Lankan regulation.

ENVIRONMENT

It is important to understand the context in which Biomass Supplies works today.

Until 1956 no chemicals were used in agriculture in Sri Lanka. Under the "Green Revolution" the Government of Sri Lanka was persuaded to offer heavy subsidies on fertilizer and many agro chemical companies were established as a result – the majority of which went on to become listed companies on the Sri Lankan Stock Exchange. Over the last 30 years farmers were aggressively marketed to and persuaded that the liberal use of fertilizer, pesticide and fungicide were utterly essential for crop cultivation. This subsidy costs the Government over Rs 60 Billion per annum today.

The Government's response has been to delay subsidy payments to the fertilizer companies, and encourage traditional crop cultivation and natural composting. To withdraw the fertilizer subsidy suddenly would not be viable politically, particularly with elections on the horizon.

Concerns over the chemical inputs have meant offering realistic alternatives to make organic fertilizer have been welcomed wholeheartedly by both farmers and the local governments.

Gliricidia leaves with its high nitrogen content, is a perfect solution to this complex issue. This business could not have come at a better time.

Biomass is confident that their operations have minimal impact on the environment for the following reasons:

Properties of Gliricidia

- Gliricidia is a non-invasive species that is grown as a boundary fence – it is not a crop. Gliricidia is not an invasive species, mainly as its only source of propagation is through 'cuttings'. It is grown only on family owned farms and other Agricultural lands. While not a native species, it has been used on plantations since the 1700's when it was first introduced from the West Indies as a boundary plant. It is a hardy plant which requires little water, due to its deep 'tap' root and is ideal for the dry zone.
- Gliricidia is grown for its properties to complement existing crops due to its value as a non-chemical alternative to fertilizer. Its presence negates the need to use chemical based farming practices which are currently polluting Sri Lanka's ecosystem and impacting on the health of communities in Sri Lanka's agricultural region

Clear Designation of Protected Areas

There are designated Protected Areas administered by the Department of Forest Conservation and Department of Wildlife Conservation. As per the constitution of Sri Lanka no government can release land, for any purpose, which has been gazetted for conservation. The Protected Areas in Polonnaruwa were allocated as

areas of conservation under the Mahaweli Development Project, most of these national parks were already recognized as reserves prior to the scheme. There are several National Parks in the area including Kaudulla National Park, Wasgamuwa National Park, Flood Plains National Park and the Somawathie Sanctuary.

The Mahaweli Authority of Sri Lanka which was established in 1979 to reinvigorate this agricultural region by building and upgrading irrigation system and to allocate this land to landless rural poor. As per the RSB auditor report findings, there are no land disputes in the region – land was either owned by farmers or allocated to them by the government. Gliricidia supplied is mainly grown on family owned plots– that is private land and not land that was or is designated for conservation.

Mahaweli Authority has purview over 365,000 hectares of land for agriculture in 13 Systems, identified in Mahaweli Master Plan, in the Dry Zone of Sri Lanka for establishment of new settlements and agriculture development. One of the main objectives of this scheme is to support the rural landless poor. Mahaweli Authority Act 23 1979 gazettes the area as farm land authority to foster agricultural production: [http://mahaweli.gov.lk/en/pdf/Act&Gazettes/System%20A-B-C%20\(English\).htm](http://mahaweli.gov.lk/en/pdf/Act&Gazettes/System%20A-B-C%20(English).htm)

Biomass recognizes that, “Biofuel operations shall avoid and where possible, eliminate open-air burning of residues, wastes or by-products or open air burning to clear the land” but do not consider it a risk as the feed stock remains in its natural state till it is delivered to the customer to meet their energy needs.

ANTI-CORRUPTION

Biomass, maintains a zero tolerance rule as far as corruption in any form, cash and or kind is concerned. This is both applicable to our stakeholders and or staff.

Biomass has thus far taken strict disciplinary action against one of its staff in this regard.

NOTABLE ACHIEVEMENTS

It is with great pleasure and pride that we inform you that, **Biomass** is the “**first operation in Southeast Asia to earn the Roundtable on Sustainable Biomaterials (RSB) <http://rsb.org/> certification for biomass produced from branches pruned from live fences of Gliricidia trees. We are also the first smallholder project to become RSB certified in Asia**”.

Please refer to the link <http://www.ft.lk/article/488073/Biomass-Supplies--Sri-Lanka-s-first-smallholder-project-in-Southeast-Asia-to-earn-RSB-certification> and the attached certificate for your kind reference.

SCS Global Services does hereby certify that an independent assessment has been conducted on behalf of:

Biomass Supplies Pvt Ltd

114 Ward Place, Colombo 7, Sri Lanka

Has demonstrated the operation of a management system that is compliant with the requirements of:

Roundtable on Sustainable Biomaterials

RSB Global Standard: RSB-STD01-001 V2; RSB-STD20-001 V3; RSB-STD30-001 V3;
RSB-STD65-001 V3; RSB-PRO50-001 V3

The scope of this certificate shall be limited to:

Biomass produced from agricultural residue: Branches pruned from live fences of Gliricidia sticks

This RSB certificate was issued under accreditation by a RSB recognized certification body for compliance with the RSB standards and the RSB certification systems.

Certificate Code: SCS-RSB/PC-0017

RSB Participant Code: 1327

Valid from 26 August 2015 to 25 August 2017

This RSB certificate is only valid if duly registered in the RSB database(s) of registered RSB certificates and that the validity of this RSB certificate shall be verified in the RSB database(s) of registered RSB certificates. Please see: <http://rsb.org/certificationandregistration>. This certificate itself does not constitute evidence that a particular product supplied by the certificate holder is certified to RSB standards. This certificate shall remain the property of SCS, and all copies and reproductions shall be returned to SCS immediately upon request. Products offered, shipped or sold by the certificate holder can only be considered covered by the scope of this certificate when the required RSB claim is clearly stated on product delivery notes.

SCSglobal
SERVICES

Robert J. Hrubes

Robert J. Hrubes, Ph.D., Executive Vice President
SCS Global Services
2000 Powell Street, Ste. 600, Emeryville, CA 94608 USA



CB Registration No.592



Page 4 of 7 | 2015