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Biomass Supplies (Pvt) Ltd
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WHO ARE WE?

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 smallholder farmers and plantation owners in a very innovative partnership.

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

WHAT HAVE WE DONE?

- Development of sustainable supply chain for fuel wood in Sri Lanka.
- Conducted over 700 farmer training programmes– means of making aware, educating and registering farmers.
- Registered more than 40,000 farmers to supply fuel wood.
- Estimate 60 million trees have been planted within the catchment areas in which we work.
- 20 million trees have been audited and confirmed.
- Developed a very strong field officer network.
- Supply of sustainably harvested fuel wood to a few local industries in Sri Lanka.
- Development of an IT Platform as a quality measure and for monitoring.
- Achieved Roundtable on Sustainable Biomaterials (RSB) Certification as the first ever company to achieve so in Sri Lanka and working towards Verified Carbon Standard (VCS) with South Pole Group.
- Trinco Pellets was registered as a BOI company in Sri Lanka in June, 2016 and received Cabinet approval in October, 2017.
- Actively contributing to Sustainable Development Goals in its full capacity as a private sector company in Sri Lanka

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, labor rights, 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 Sustainable 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. Lucky Dissanayake

Founder

INTRODUCTION

Biomass Supplies (Pvt) Ltd identifies that fossil fuel is not the best energy source to depend on as a country as it is a non-renewable energy source and because of the harmful environmental impacts fossil fuels can bring at the national level as well as at the global level. In contrast to fossil fuels, biomass is a sustainable and carbon neutral energy solution for national and international energy needs.

The company identifies that even though industrial sector and households highly depend on biomass as an energy source¹, that Sri Lanka does not have a sustainable supply chain for fuel wood/ biomass.

Accordingly, Biomass Supplies (Pvt) Ltd introduces a sustainable solution for energy crisis by introducing modern techniques to use the abundant biomass as a renewable energy source. To do so, the company has developed an out-grower model to enhance and ensure the supply of biomass/fuel wood. Company's long term objective is to help Sri Lanka to achieve a fossil fuel free country.

Our Product

Biomass Supplies (Pvt) Ltd builds a sustainable supply chain for fuel wood by introducing *Gliricidia sepium* through an out-grower model, consists of more than 40,000 farmers. It will support development of renewable energy plants, pellet plants, improved ports and improved rail infrastructure.

Business Operations

Biomass Supplies (Pvt) Ltd is currently working in 4 provinces in Sri Lanka – North-Central, Eastern, Northern and North-Western provinces. Socio-economic, environmental and logistics are the main factors that are considered when selecting these areas.

Company has an out-grower model consists of more than 40,000 farmers; small holder farmers (home gardens) and larger coconut and other plantations.

¹ Sri Lanka Sustainable Energy Authority, Statistics 2014. (available at: <http://www.energy.gov.lk/>)

Biomass Supplies has two regional offices; one in Kantale to oversee the operations in North-Central, Eastern and Northern Provinces, another in Puttalam (since May, 2017) to oversee the operations in North-Western Province.

IT Platform

As a measure of quality and for easy monitoring, Biomass Supplies (Pvt) Ltd currently develops an IT platform. The working name for this Platform is **Produce, Logistics and Traceability - PLanT Platform**.

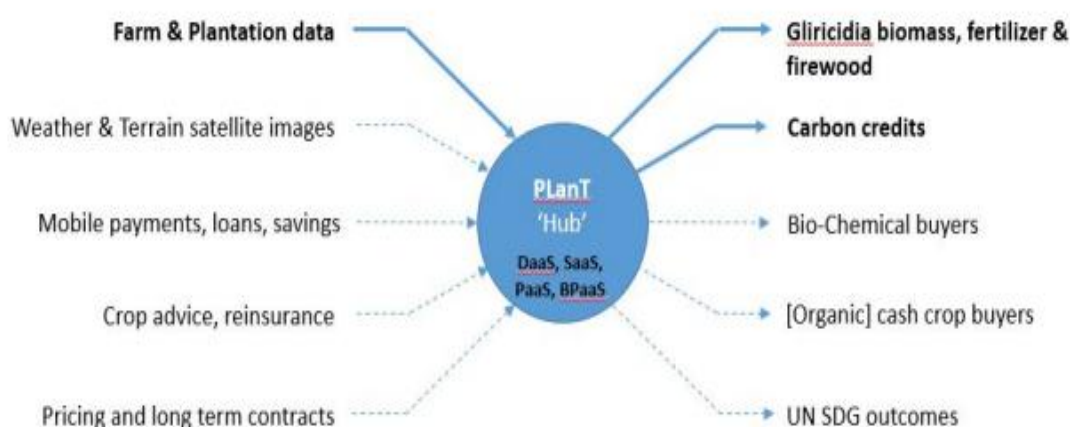


Figure 1- Proposed Structure of IT Platform

The PLanT Hub manages produce 'supply', ie: the farms and plantations. Produce demand 'spokes' plug into this core to manage the forecasting, harvesting, processing and traceability of different types of produce. Some of these produce demand 'spokes' are developed and owned by PLanT (ex: Biomass Pellets, Biomass Chemical and Carbon Credits). Other produce demand 'spokes' are provided by third parties, (ex: Cashew Nut Corporation, Ceylon Biscuits Ltd). Similarly, farm supply 'spokes' plug into this core to provide products and services to the farms and plantations, (ex: loans, crop reinsurance, weather data, drip irrigation etc.). Further PLanT developed or third party systems can be plugged into that provide value to the farmer, such as crop reinsurance, bank accounts (current, savings and loans), farm business planning, farm communication, market prices (for crops), etc.²

² PLanT Platform (Produce Logistics and Traceability), Enablement of Target Operating Model, Work-In-Progress document, David Lane, Biomass Supplies, 2017

ENVIRONMENT

Sustainable Energy

The core business of the company is sustainable energy. Biomass Supplies (Pvt) Ltd promotes biomass fuels which are developed from organic materials (*Gliricidia sepium*), a renewable, sustainable and carbon neutral source of energy used to create electricity or other forms of power.

Gliricidia sepium has adapted to a wide-range of agro-climatic and soil conditions and can be cultivated all over Sri Lanka except in coastal areas, on mountain tops and in arid areas. *Gliricidia sepium* is the most significant species which offer series of other complementary benefits as far as soil and environmental aspects are concerned. In Sri Lanka, *Gliricidia sepium* is historically grown as a boundary fence tree which does not require any special agronomic practices or care of pest control measures due to some inherited genetic characteristics. It is a drought tolerant tree crop which has the capacity of absorbing nitrogen from the atmosphere with the least intake of soil nutrients, while fixing nitrogen in to the soil.³ *Gliricidia* fuel wood can be harvested for a long period of time by managing the tree properly (by coppicing without uprooting); they can be harvested once in every 12 months in wet zone and once in every 18 months in dry zone.

Company plans to buy fuel wood from farmers by 2019 (when its Pellet Plant is operational) at a good rate per kilogram of fuel wood providing an additional income for farmers. Also company promotes 3 rows of *Gliricidia* around the home garden from which 1 row is promoted for farmers' own consumption.

As such company contributes to the SDG 7- ensure access to affordable, reliable, sustainable and modern energy for all.

Environmental Concerns: Deforestation

Deforestation is a critical issue in Sri Lanka as it is in other parts of the world. Government of Sri Lanka has pledged to increase its current forest 29.7% to 32% by 2020. Biomass Supplies (Pvt) Ltd identifies its role in supporting the government of Sri Lanka to achieve this target at

³ Fuel Wood Growing Models for Different Fuel Wood Species and Best Growing Approaches & Practices in Sri Lanka, Sri Lanka Sustainable Energy Authority, 2017

the national level. The industrial sector and households use biomass as their energy source to a greater extent in Sri Lanka (Industrial Sector- 72.8% and households- 78% from total consumption of energy⁴). At the absence of a sustainable fuel wood supply, industries and households majorly rely on natural forests for fuel wood needs. This works as one of the major causes for deforestation and forest degradation in Sri Lanka. Current working areas of Biomass Supplies (Pvt) Ltd are reported as deforestation hotspots; especially Anuradhapura in North-Central Province and Puttalam in North-Western Province.⁵ Biomass Supplies identifies its ability to reduce the pressure on natural forests by its core business activity- the promotion of *Gliricidia sepium* as a sustainable energy source through an out-grower model focusing home gardens and larger coconut and other plantations. The company intends to measure and monitor its contribution to reduce the deforestation and forest degradation by deploying the IT platform in future.

Environmental Concerns: Agro-Chemicals

It is important to understand the context in which Biomass Supplies (Pvt) Ltd 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 onto 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. On the other hand high usage of the chemical fertilizers for a long period of time has negatively impacted on the environment and the health of the residents. Soil degradation, ground water pollution and chronic kidney disease are identified as direct impacts of the unhealthy chemical fertilizer usage in past years. 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*

⁴ Sri Lanka Sustainable Energy Authority, Statistics 2014. (available at: <http://www.energy.gov.lk/>)

⁵ Drivers of Deforestation and Forest Degradation in Sri Lanka: Assessment of Key Policies and Measures, Sri Lanka UN REDD Programme, Dec. 2015

sepium leaves with its high nitrogen content, is a perfect solution to this complex issue. Identifying the issue, Biomass Supplies has initiated an organic fertilizer campaign. The company shares the knowledge among farmers as to how *Gliricidia sepium* can be used as an organic fertilizer by conducting awareness programmes. More than 700 training programmes are conducted so far of this kind covering few thousand farmers. By doing so, company intends to actively contribute to SDG 2 in promoting sustainable agriculture.

Environmental Concerns: Climate Change

The importance of tackling climate change and other environmental issues is well recognized by the company. This contribution of the company can be understood under SDG 13- take urgent action to combat climate change and its impacts.

Biomass Supplies not only promotes to plant *Gliricidia sepium* for fuel wood, but also it discourages farmers to uproot the planted trees for fuel wood consumption. Rather the company encourages farmers to coppice trees at breast level (about 1.5m), so that it would give sustainable fuel wood supply for a long period time (which promises additional incomes for farmers for a long period of time) and at long run the trees will fix the atmospheric carbon.

Also in the context of VCS⁶ the company has taken up the responsibility of educating farmers on climate change and its impacts to their lives.

HUMAN RIGHTS & LABOR RIGHTS

Biomass Supplies (Pvt) Ltd respects and adheres to the basic premise of Universal Declaration of Human Rights (UDHR) that 'all human beings are born free and equal in dignity and rights'. The company makes no distinction based on sex, language, religion, caste, political or other opinion in its recruitment process or in any other way.

Biomass Supplies (Pvt) Ltd is bound by the national labor rights legislation- Shop & Office Employees Act No. 19 of 1954. Accordingly the company adheres to the terms and conditions of the employment, for example equal remuneration, hours of work and rest, paid holidays, maternity leave, security of tenure, social security and occupational safety.

⁶ Please refer to page 10 of this document for details about the VCS Certification.

As such the company is fully committed to contribute to SDG 8- promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Child Labor

Biomass Supplies takes very seriously the issue of child labor and discourages all forms of child labor in its operations. Accordingly, company makes farmers aware about the legality of the issue and the negative social consequences of child labor.

SOCIO-ECONOMIC CONCERNS

The main occupation of the people living in the Northern, North-Central and Eastern province is paddy cultivation, with an average income as lowest as Rs. 1,500 to 2,500 per person (US \$12 -20) per month.⁷ These areas have been negatively impacted by the 30- year civil war, leading to an increased poverty and vulnerability. Therefore, by targeting these provinces, Biomass Supplies (Pvt) Ltd also intends to reduce local poverty by promoting *Gliricidia* as an additional and sustainable income.

Accordingly the company contributes to achieve SDG 1- end poverty in all its forms everywhere.

One of the criteria used to select the project areas is the widespread Chronic Kidney Disease (CKD) in these areas due to over-usage of chemicals in plantations and paddy fields⁸ whereby an immediate need for introducing organic cultivation has emerged. As mentioned above, through trainings and field monitoring, Biomass Supplies (Pvt) Ltd intends to promote bio-fertilizer in these areas and thus contribute to reduce CKD.

Women Participation

Participation of women is well recognized by the company in all its activities, especially at the ground level. Even though the role of a field officer is very challenging and dynamic, the company has a strong field officer network which includes 4 women field officers.

Also company recognizes the importance of women who manage the home gardens (house wives) as we promote *Gliricidia* in home gardens in rural areas. When the male head of the

⁷ Trincomalee Plan, Biomass Supplies, July, 2017

⁸ Pre-Assessment on Social Impact of Biomass Supplies, Biomass Supplies, Oct. 2016

family is busy with core economic activities, wife (house wives) can earn an additional income by participating in the business. It is the company's great joy to support the house wives of these families with the understanding that whatever the earnings (by women) are directly spent for the wellbeing of the family members (food, health, education of the children, etc.).

ANTI-CORRUPTION

Biomass Supplies (Pvt) Ltd, 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.

CERTIFICATIONS

Roundtable on Sustainable Biomaterials (RSB)

Biomass Supplies is the first the company of Sri Lanka to get RSB certification. The Roundtable on Sustainable Biomaterials (RSB) is a global, multi-stakeholder independent organization that drives the development of a new world bio-economy through sustainability solutions, certification, innovation and collaborative partnerships.

Verified Carbon Standard

Biomass Supplies now works with South Pole Group towards Verified Carbon Standard (VCS). VCS is committed to helping reduce emissions, improve livelihoods and protect natural resources across the private and public sectors. VCS certificate is issued for those private and public sector projects that support climate action and sustainable development with standards, tools and programs that credibly, transparently and robustly assess environmental and social impacts and enable funding for sustaining and scaling up these benefits.

ATTACHMENTS

RSB Certificate

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

Standard(s): RSB-STD-20-001 V3.1; RSB-STD-30-001 V3.1; RSB-STD-01-010 V1.6; RSB-STD-60-001 V3.1; RSB-PRO-50-001 V3.1

The scope of this certificate shall be limited to:

Gliricidia sticks production, collection and transportation

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 2020

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://www.rsb.org/certification/verification>. 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.

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SERVICES



CB Registration No. 592



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Publications/ News Articles

RSB Certifies 1st Smallholder Biomass Supply Project in Southeast Asia, Available at:

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Trainings



South Pole Visit to Sri Lanka



