



# COMMUNICATION ON PROGRESS

December 2017



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# WELCOME MESSAGE FROM ANTHONY J. ARCHER

It is with determination and a great sense of purpose that I reaffirm Primal Group's commitment to the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labor, Environment, and Anti-Corruption. This Communication on Progress Report accounts for Primal Group's actions accomplished to ensure the highest level of adherence to these principles.

Since inception, we have committed to being an exemplary organization specializing in impact investments projects. We work to identify, invest and develop sustainable solutions that support exponential growth and development for the growing global population.

**“Doing Good for the World, by Doing Good Business”**, encompasses the three pillars of sustainability—People, Planet, and Profit. With this triple bottom line, we consider human, economic, and environmental spheres across our entire value-chain as we develop our projects and solutions, manage our operations and drive interactions with our investors, partners, and local communities. Our criteria for project selection incorporates social, environmental and economic factors at every level, ensuring that our projects have the ability to offer innovation and profound development at all levels for stakeholders.

At a time when society is demanding stronger leadership and social responsibility, the SDGs and the 2030 Agenda must be seen as an opportunity, not just as a responsibility. We have the knowledge, capacity and resources to transform our world in order to build a prosperous future for everyone on the planet. We are committed to investing in solutions that improve the lives of billions.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the UN Global Compact and its principles into our business strategy, culture and daily operations.

Sincerely,

**Anthony J. Archer**  
Chairman & Chief Executive Officer  
Primal Group

# OUR COMPANY

The Primal Group of Companies is dedicated to establishing itself as a lead organization, driving change to create a more tenable future for our planet by ensuring environmental protection, social responsibility and value-creation for generations to come.

Our current project aims to build an entirely new agricultural system based on safe, innovative and regenerative best practices. By applying the most modern agro-ecological techniques on our plantations, ranging from precision technologies, natural alternatives for crop care, precise water management, and renewable power generation, our team ensures both the permanence of natural capital and globally competitive yields.

## OUR VISION

We are dedicated to establishing a remarkably different future; one that restores ecosystems and protects the environment while bringing forth innovation, prosperity, employment and security in developing regions of the world.

Our current vision is to drive a new era of sustainability in agriculture that will have far-reaching benefits for all. By offering a viable alternative to the excessive overuse of synthetic chemicals across conventional agriculture, we will help shape a new, ecologically sustainable and viable food system.

## OUR STRATEGY

We are implementing an entirely new agricultural system that has the capacity to feed the rising demands of our growing population, strengthening our environment and the essential life elements that support humans.

Our latest venture involves the development of sustainable neem tree agricultural projects in Ceará, Brazil. This incredible resource offers natural and innovative solutions where we need them the most – across agriculture, healthcare, and environmental protection.





# THE NEEM TREE

An evergreen tree and part of the same family as Mahogany, neem is indigenous to Southeast Asia. The Neem tree (*Azadirachta Indica*) is a fast-growing species, which grows over 2.6 feet (80cm) every year and can reach up to 100 feet (30 meters) when fully grown. Due to its value in sustainable agriculture, the neem tree was identified by the United Nations as the 'Tree of the 21st Century'. The scientific interest in the tree started in the 1950s, much of it centered on the oil from the fruit. The active ingredient of the oil is Azadirachtin, which possesses a complex chemical structure that provides much of neem's multitude of applications across agriculture, healthcare and environmental protection.

## THE ORGANIC ALTERNATIVE IN CROP CARE

Conventional farming's reliance on an unsustainable amount of water, energy, and agrochemicals is inadequate in meeting the needs of an exponentially increasing global population. Solutions ranging from organic inputs and precision technologies are driving innovation in this field. Natural and effective, neem is an organic alternative for crop care that is effective against over 600 species of pests. Neem even nourishes the soil by improving water retention and increasing its nitrogen, phosphorous, potassium, calcium, and magnesium content.

## A NATURAL SOLUTION TO ENVIRONMENTAL PROTECTION

Fast growing, with a large surface biomass and thick foliage, neem has an impressive ability to capture carbon in the atmosphere, with a sequestration capacity of 12.27 tons per tree per year. One of the most resilient, hard wearing and durable timbers on the planet, neem is an obvious choice for protecting and restoring the environment through long-term carbon entrapment.

## A SAFEGUARD FOR GLOBAL HEALTH

Over 150 compounds have been isolated from the neem tree to date and extensive research is currently underway to fully understand the many applications and benefits to modern medicine and personal healthcare. While treatments for malaria, diabetes, and cancer are areas of interest, neem has already proven itself as a powerful and effective all-natural cosmetic.

# The Life of Neem

Named 'Arista' in Sanskrit - meaning 'perfect, complete and imperishable'



## Leaves

Containing most active ingredients found in the seeds but in a much lower concentration, the leaves are considered the most versatile part of the tree. Now used as a pesticide, fertilizer and animal feed, the leaves were originally used as a medicinal tea in Indonesia



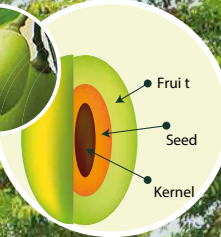
## Flowers

The flowers are the part of the tree with fewer uses, however, given the flowers' sweet, honey-like smell, the flowers are used in aromatherapy for a calming and restorative effect



## Twigs

Whilst used in commercial toothpastes and mouthwashes, twigs have most widely been used as brushes for generations in India



## Oil

Extracted from the kernels inside the seeds, where a single seed may contain up to 50% oil by weight, the oil is recognized and valued as a safe and effective bio-pesticide for organic farming. The oil has also been widely studied due to its medicinal properties and is also used in a variety of cosmetic products such as creams, soaps and shampoos



## Bark

Neem bark contains spermicidal properties and research is undergoing to approve its potential use as a sexual contraceptive for both women and men



## Cake

After the seeds have been pressed for oil, the resulting by-product is the neem cake. Neem cake is used across the agriculture sector as an effective pesticide, fertilizer and anti-bacterial, anti-fungal organic alternative to antibiotics in livestock



## Roots

The roots of a neem tree also have different medicinal properties due to being antiseptic, antibacterial, anti fungal and germicidal. They are also used as a pesticide and to control fleas and ticks on pets



## Pesticide

Neem-based organic pesticides are effective against 600 insect species. As a fertilizer, neem also reduces soil alkalinity and ensures optimum fertility



## Medicine

All parts of the neem tree can be used for the treatment of inflammation, infection, fever and skin diseases



## Cosmetics

Containing a high level of antioxidants, neem is used in organic soaps, shampoos and hydrating creams



## Cattle feed

Neem is used as an organic and nutritional supplement that is effective against internal nematodes



## Fertilizer

Neem improves the nutritional value of the soil while protecting plant roots from pests and diseases



## Timber

Derived from the mahogany family, Neem is an extremely durable wood ideal as a construction material



# COMMUNICATION ON PROGRESS 2017

## SUPPORTING THE GLOBAL COMPACT

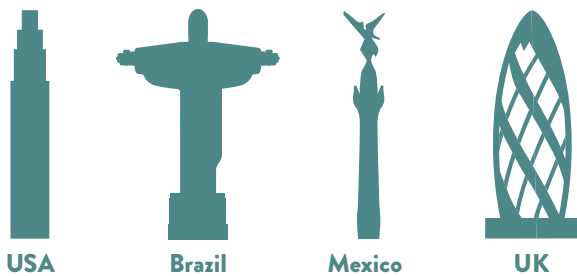
Primal Group's mission sprung from the recognition of challenges to improve our planet's environment and global health. As a result, the concern for the sustainability across has been at the core of our business strategy since inception. Advancements in communications and experience along with our adherence to the Global Compact initiative have undoubtedly improved our actions towards sustainability and social responsibility.

As supporters of the UN Global Compact since 2015, Primal Group has sought to provide a universal and practical framework for all of its offices around the world. The aim has been to ensure that our business strategy was intrinsically aligned with socially responsible goals, creating business value not only for profit, but for people and the planet as a triple bottom line.

Since adoption, the Ten Principles of the Global Compact and SDG's have been incorporated into our holistic business strategy. We are continually analyzing areas of opportunity and improvement for an even more efficient pursuance of these goals.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the UN Global Compact and its principles. It is with determination and a great sense of purpose that Primal Group reaffirms its commitment to the Ten Principles of the United Nations Global Compact regarding the areas of Human Rights, Labor, Environment, and Anti-Corruption.

### Geographic Presence



### Neem Trees Planted

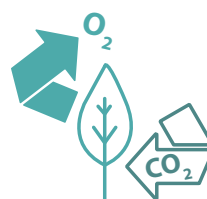


Over 316,160

### Nationalities



### Carbon Sequestration Capability



3,879,283 tons per year

## HUMAN RIGHTS PRINCIPLES

*1st Principle - Businesses should support and respect the protection of internationally proclaimed human rights*

*2nd Principle - Make sure that they are not complicit in human rights abuses*



We are firm believers in the profound opportunity corporate social responsibility has in creating value for all stakeholders. As a company, fundamental human needs and rights are a critical part of our Primal philosophy that focuses on value creation, sustainability, and long-lasting success. We are committed to protecting and assuring every human right as essential to all members of the communities we engage. During the last year, Primal Group has maintained a commitment to the United Nations Global Compact Principles related to human rights and the Universal Declaration of Human Rights via in-house management. Through our policies and practices, we are reinforcing the compliance and defense of every fundamental human right. Our in-situ work has improved the following primary human rights:

- **Article 2** - Everyone is entitled to the same human rights without discrimination of any kind.
- **Article 18** - Everyone has the human right to freedom of thought, conscience, and religion.
- **Article 19** - Everyone has the human right to freedom of opinion and expression.
- **Article 20** - Everyone has the human right to peaceful assembly and association.

- **Article 22** - Everyone has the human right to social security and to the realization of the economic, social and cultural rights indispensable for dignity.

- **Article 23** - Everyone has the human right to work, to just conditions of work, to protection against unemployment, to equal pay for equal work, to sufficient pay to ensure a dignified existence for one's self and one's family, and the human right to join a trade union.

- **Article 24** - Everyone has the human right to rest and leisure.

- **Article 25** Everyone has the human right to a standard of living adequate for health and well-being, including food, clothing, housing, medical care and necessary social services.

- **Article 29** - Everyone has duties to the community.

We are also in the process of implementing formalized due diligence processes that cover our corporate relationships and will help identify and prevent any possible human rights risks. We are confirming that our business processes, salaries, conditions, and main functions protect and enhance the aforementioned rights.





Over the course of this year, we at Primal Group have maintained our commitment to Human Rights via the development of initiatives that have created the following policies:

- Responsible and transparent activities across all levels of our business operations, demonstrating respect and support for all employees and business partners.
- Regular monitoring and reporting on our progress in upholding Human Rights across all parts of the business.
- Engagement with local communities involving outreach, educational programs and voluntary initiatives that support human rights.

We have started to upgrade our facilities and infrastructure to ensure employees are provided safe, suitable and sanitary work facilities. We have finished the construction of 5 new support sites across our plantations in Brazil. These facilities enable our agricultural employees to access support stations throughout our projects, with toilets, access to clean water and a space for refuge during breaks.

Another important aspect of rural life in Brazil is nutrition. Working in Northeast Brazil means a hot and humid climate throughout the year, and we ensure our employees receive a nutritious meal every working day containing a selection of the five major food groups. This measure is only the first step to achieve food security through the promotion of sustainable agriculture. Our next phase is the implementation of a nutrition and healthcare program tailored to local needs in the communities we work in.



To safeguard our workers from workplace harassment, including physical, verbal, sexual or psychological harassment, abuse or threats, we have implemented a complaint mechanism. Anonymous suggestion boxes obtain complaints, comments, and requests from our workers. This action allows Primal Group to offer a secure work environment, free from fears and with zero tolerance for abuse or discriminations. Every complaint is submitted to a process of review and verification by the General Manager to assure we are fulfilling our duty to eliminate discrimination, harassment, and victimization at our company. However, knowing prevention is as much part of the solution, we are using our monthly integration sessions for personal and social development alongside the promotion of all human rights.



Primal's suggestion box is a complaint mechanism to safeguard our team from workplace harassment or discrimination.



We have implemented measures to safeguard the health and well-being of our workers. As part of our leisure, we dedicate 20 minutes per day to recreational activities like yoga or stretching exercises.



We continue to promote the power of inclusion and diversity. In 2017, we have encouraged the women of our teams to pursue careers in agriculture, engineering and finance across our projects.



Our plantation workers enjoy a positive work environment due to our principles of increasing motivation and a good relationship with all stakeholders.



## LABOUR PRINCIPLES

3rd Principle - **Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining**

4th Principle - **The elimination of all forms of forced and compulsory labour**

5th Principle - **The effective abolition of child labour**



Primal Group is committed to safeguarding, promoting, and guaranteeing respect for workers' rights across our locations around the world. This commitment has been reinforced with the effective and efficient actions we have defended and implemented since our inception.

Our goal is to be regarded as a positive influence for the local economy and community. The efforts of our company on the matter have ensured a regular supply of strong members of staff as the growth of our agricultural projects to over 1,000 hectares under management calls for an ever-growing head count on the ground.

We uphold the freedom of association by promoting the dialogue with trade unions and other groups, to protect the occupational interests of our workers. At the same time, Primal Group recognizes the right to collective bargaining as

a voluntary process through which employers and workers discuss and negotiate their relations, in particular terms and conditions of work. For our business, these two principles are based on constructive negotiations and collective agreements that guarantee benefits and good working conditions for our plantation workers.

One of the most important benefits we offer is the remuneration provided to our workers, which is above local standards. The establishment of our employee's salaries is above minimum wage, with regular performance reviews and opportunities for advancement and career progression. These conditions are securing a continuous workforce for the company and low turnover rates of staff show our success in creating a supportive working environment.



**Mr. Magnum Pereira, agronomy expert, giving a talk about the reduce-reuse-recycle culture to our plantation workers during our monthly integration and training sessions.**

In accordance with our philosophy, we are driving change at all levels when talking about the creation of a more sustainable future. This effort starts with the staff we employ and the education we provide them to understand the importance of our mission, and the difference it can make on the local community all the way to our global food supply. We are proud to offer additional benefits such as training, educational events and monthly leisure sessions where we promote awareness and training for our employees on environmental issues and social development.

The company works to promote the elimination of forced labor, child labor and employment discrimination accordingly with the second principle of the International Labor Organization (ILO) Declaration. As part of our Corporate Leadership, key members of our team have attended several workshops and ILO International Conventions during the last months to promote and accelerate the fulfillment of the principles the convention works for across all of our projects.

As part of this venture, we have identified our existing gaps in relation to the Declaration and strengthened our commitment by developing our very own working policy. This written policy is known as the **Fazenda Pack**, which states employee's rights, responsibilities and benefits. This

introductory document is handed to every employee and new member of the team as part of our internal training materials to develop knowledge and improve their skills beyond their job.

As a green and sustainable company, we have taken measures to eliminate synthetic ingredients or inputs that could harm or threaten wildlife, natural resources or human life during usage or disposal. This practice includes the mandatory policy of providing every plantation worker with full protective equipment and uniform to carry out their activities minimizing injuries while fulfilling daily operations.

And last but not least, we require our business partners and suppliers to adhere to the Labor principles we defend in order to trigger a snowball effect in the local community to change the prevailing working culture through one that's defined by international principles and ideologies and benefits both the company and the employees.



## ENVIRONMENTAL PRINCIPLES

7th Principle - **Businesses should support a precautionary approach to environmental challenges**

8th Principle - **Undertake initiatives to promote greater environmental responsibility**

9th Principle - **Encourage the development and diffusion of environmentally friendly technologies**



Understanding the major principles for safe, effective and sustainable crop care is essential for creating an evolved agricultural system that focuses on productivity in the long term. Our greatest challenge is to transform the archaic system of modern agriculture into one that guarantees the nutritional needs of all are met in a safe, healthy and sustainable way. In order to achieve this objective, we at Primal continuously preserve and restore critical habitats, carefully manage our resource supply and naturally improve the condition of the environment in which we operate. Primal Group secures high yields, protects soil productivity and maintains environmental quality in the long term through expert understanding of sustainable agricultures.

As business innovators aiming to revolutionize the way our world produces food, we are proponents of replacing existing methods that focus on short-termism and yields at all costs. A healthy soil, ecosystem and a wealth of microorganisms

working in tune with the full spectrum of beneficial insects and pollinators keep our need for agricultural inputs down to a minimum. Even when these are needed, we ensure all inputs are naturally derived and have no detrimental impact on the environment. Moreover as a fast growing tree with a large surface biomass and thick foliage, neem has an impressive ability to capture carbon in the atmosphere with a sequestration capacity of 12.27 tons per tree per year.

To actively drive greater environmental responsibility, we have implemented unique sustainable strategies that improve our production processes and guarantee environmental protection. These efforts are focused on plantation management techniques, renewable energy, waste, and water management as well as wildlife restoration

## SUSTAINABLE PLANTATION TECHNIQUES

A balanced ecosystem maintains equilibrium with what we call pests and plagues. Proper nutrition absorption depends on a diversity of microorganisms, from almost every life kingdom. With this embedded deep within our agronomic strategy, we implement a variety of sustainable practices.

### Intercropping

Monocultures are one of the most damaging practices in conventional agriculture. The lack of any other vegetation but the chosen crop creates an imbalance that deteriorates the soil and promotes large-scale pest infestation. We are currently implementing agroforestry and permaculture practices at our plantations. These include cover crops to reduce the water evaporation and soil erosion, as well as mixed forests to incorporate other types of trees and shrubs amongst our neem trees, thus attracting a diversity of wildlife and microorganisms.

### Low till land clearing

Tilling promotes erosion and destroys root systems of native plants and shrubs. Instead, we only clear a circle around the trees to avoid competition and ensure proper nutrition. In between the lines, we cut overgrown plants 3 cm above

the ground. This keeps the native plants alive and provides biomass to reintegrate into the soil, adding minerals and nourishing the microorganisms beneath the surface.

### Precision crop care

In order to reduce the use of pesticides and fertilizers, we utilize precision agriculture to applying crop care. For fertilizer and nutrition needs, we examine the soil in several locations to truly understand our needs and create correction strategies. We use drone imagery to detect pest populations while still in their early stages, as well as providing comprehensive training to all the members of the team that supervise and care for our trees. All these strategies significantly reduce our need to apply natural and organic solutions. However, when we do, most are applied using fertigation methods, allowing us to measure and deliver the exact amount of product for each of our trees.

To complement this practice, our agronomists are constantly in touch with local and state universities, as well as renowned research institutes like EMBRAPA to continually learn and improve our practices and achieve our joint goals.





## WATER MANAGEMENT

One of the most significant developments regarding infrastructure this year was the strengthening of our on-site water resources through the reinforcements of our eco-dam and the modernization of our irrigation system:

### **Eco-Dam**

Since the unprecedented three-year drought in Brazil, we have increased the water-holding capacity of our eco-dam by nearly 30% to 1,000,000 m<sup>3</sup>. Our newly expanded reservoir will now hold over 1 billion liters of water, complemented with a dynamic bleeder that will enable us to change the water level depending on our needs and the time of year. This has been an essential resource for sustaining our crops throughout the year.

### **Precision Irrigation System**

We have invested in an irrigation management system to transport water to our crops efficiently and reduce waste. With this system, we can improve the use of water by monitoring its application across our fields. This precision water delivery system helps us conserve water and make sustainability a priority in our farming operations. The adoption of this new technology allows us to save water for the dry season and reduce the environmental impacts of mismanaging this resource.



## RENEWABLE AND CLEAN ENERGY

The energy necessary for growing and harvesting crops is usually one of the most expensive and environmentally damaging factors of managing agricultural farmland. Rather than relying on non-renewable fuels to meet our projects' energy demands, we are developing the capacity to harness clean power across our projects wherever possible.

Our ultimate objective is to utilize 100% renewable energy on our agricultural projects while eliminating our demand for fossil fuel energy generation. We are developing the capacity to harness the lasting and clean power of renewable energy resources across our projects; to achieve this goal

we have created our own **Zero Carbon Footprint Plan**. We intend to remove our reliance on the Brazilian National Grid for our energy needs, offering a sustainable way to fulfill our energy requirements necessary for running large-scale agricultural projects through renewable sources. We have successfully implemented the first phase of this plan with our solar energy that has the potential to generate up to 42.3-megawatt hours per year at full capacity, which currently represents 20% of our annual energy consumption. With these actions, we are supporting the trends towards renewable and sustainable energy sources.





## WASTE MANAGEMENT

As an alternative to the conventional disposal of waste, we are implementing a new 'reduce-reuse-recycle' culture across our projects in Brazil to optimise waste recovery and encourage recycling practices. This culture is being developed through two specific measures:

### Waste Recycling

For the few months of 2017, we have been working with ECO+, a local company specialized in collection and recycling of waste. This company has been working to collect, transport and recycle our disposals in a sustainable way. The goal is not only to preserve the local environment, but to ensure that our waste does not become trash somewhere else. Since the implementation of this new practice, we have collected over 20 m<sup>3</sup> of recyclable waste, which are being processed to convert into new materials and objects.

### Plastic Challenge

Plastic pollution is one of the greatest challenges facing our current generation, so we actively decided to contribute towards solutions to this growing problem. Firstly, we analyzed all the packaging of our inputs. From bags to buckets, and bottles, each was discussed and where possible modified. Over 50% of our main agricultural inputs no longer come in polluting packaging but in bulk. In case safety rules prevent bulk packaging options, plastics are consciously reused or disposed by dedicated companies that share our philosophies regarding waste management and recycling.

Furthermore, given the enormity of the challenge we decided to take this beyond our gates and into the homes of our employees. PET DRIVE's goal is to collect the biggest quantity of PET bottles, then reuse them across the plantation

or ensure a safe final disposal. The employee responsible for the biggest PET recollection is recognized and rewarded, then encouraged to maintain and promote this practice. Besides teaching the community about how reducing, reusing, and recycling can benefit their community and the environment by saving money, energy, and natural resources, we are giving these bottles a second use across our plantations through the following practices:

### Pest Control

To naturally control our pests, we are designing traps with the plastic bottles we collect. This harmless technique allows us to control and reduce populations of insects across our plantations.

### Recycled Bottle Greenhouse

We are using these bottles in the structure of our greenhouse for the ceiling and the walls to raise the temperature, reduce costs and protect the smaller sized plants from strong winds.

To ensure we are at the highest level of expertise in these areas, we have sought local experts to guide us through laws, customs and cultural nuances. Our consultant, SS Projetos, function as a guide to keep us innovating and integrating both in our projects and the communities we impact. We have started seeing the results of these efforts during last month's collection when our most committed member of the team gathered nearly 1,000 pet bottles. This initiative is already permeating through our local community and set to expand in outreach over coming months.



Mr. Changas and his family collected around 1,000 PET bottles as part of our new recycling initiative. Their outstanding performance made them winners of a food hamper.

## WILDLIFE RESTORATION

This project has the main goal to restore, conserve, manage and enhance the local fauna of the region, to guarantee the harmony between our planted trees and the local environment. The project is driven mainly through our **Bee the Cause** initiative and the establishment of protected areas within our plantations.

**Bee the Cause.** Primal Group has implemented bee colonies on-site to study neem's effect on bees and the honey produced by pollinating neem flowers. We have partnered with the Federal University of Ceará, inviting students and professionals onto our plantations to study the viability of neem as a natural pesticide and fertilizer which functions in harmony with beneficial pollinators such as bees.

The first stage of our long-term trial was to determine the presence of azadirachtin in honey when neem products are applied as pesticides or insecticides. The results were conclusive: The honey did not contain any residue of azadirachtin or any other neem oil compounds. This is great news, not only for bees or other pollinators but also for all the food chain and ecology they sustain.

Our specialist beekeepers are responsible for taking care of the nearly 40 hives we now have implemented across the plantation. These bee populations will increase pollination in the field, strengthen the yield potential of our crops, help the surrounding ecosystem remain diverse and sustainable, and restore wildlife through our plantations in Brazil. Our initial phase will produce 40 kg of honey and 1 kg of pollen per swarm every single year at full maturity.

**Protected Areas.** Protected areas are essential to the maintenance of local ecosystems. 20% of all our land has been carefully selected to be left untouched and create the most efficient refuge for local flora and fauna. We have an area totalling over 200 hectares that is preserved from our own activities as well as from local poaching. Hunting, fishing, and woodcutting are strictly forbidden in this area.

Another impactful practice is to protect and, when necessary, regenerate areas along water bodies. Rivers, lakes, lagoons and any other water mass within our lands have a 15-30 meter buffer zone. These areas are left with closed native vegetation to provide safe access for birds and animals to access water.

We keep records of the bird, mammal and reptile species present in our farm. We have begun to keep track of movement, seasonal changes, and new species. Our staff are being taught to mark and protect ground nests, while respecting all species that roam our ecosystems. From hawks and owls to armadillos and iguanas, we motivate and bring awareness to the importance of sharing our earth with other species.

Our environmental protection policies are embedded into our philosophy and govern everything we do. We are working to protect the natural environment at all levels through our partnerships with the community and its authorities. These practices benefit the environment, the local population and our company while raising awareness and creating sustainable solutions to the environmental problems we face. Sustainability and regenerative practices are at the core of all our operations.







We are working with ECO+, a local company specialized in collection and recycling of waste to preserve the local environment and avoid land degradation. Since the implementation of this new practice, we have collected over 20 m<sup>3</sup> of recyclable wastes per month.



With our solar panels we are moving forward with our Zero Carbon Footprint Plan, which will meet the energy demands of our on-site projects entirely through renewable means.



An overview shot of Fazenda Lagoa Grande, which shows the expansion of our agricultural and sustainable projects through the Northeast of Brazil.



The bee colonies on-site are increasing pollination across our projects and showing how neem and bees can thrive together.

# ANTI-CORRUPTION PRINCIPLES

## 10th Principle - **Businesses should work against corruption in all its forms, including extortion and bribery**

Primal Group is working for a more transparent global economy through the development of policies and programs addressing all forms of corruption. We have been working to establish a transparency policy and practical framework that provides a code for ethical behaviour to all of our team members.

We have developed a whistleblower channel for employees, through a suggestion box that works as an ethics hotline to report suspected violations or complaints, requests, and from our workers.

We recognize that the risk of corruption exists in every trade, business or transaction. From bribery to market manipulation, corruption can affect every business and we are not exempt from it. As a multinational company, we assess the business bribery risks faced when conducting business in foreign countries and tailor compliance policies to address those threats. We have a very strict policy against corruption and bribery to avoid these practices to hinder our business at a local, regional and global level.

Contrary to popular belief, a company is not only liable for its own operations. It may also be held liable for corruptive behaviour on the part of its suppliers, distributors, and agents. That is the reason why Primal Group has established an anti-corruption/ethics clause in every contract with our business partners to fight against corruption.

Primal Group is working towards the creation and implementation of a risk assessment tool to ensure that internal procedures support the company's anti-corruption commitment to effectively manage risks. The priority for the company is to shield itself from external and internal risks to strategically manage the implementation of our own corporate transparency policy.

In addition to our support towards the UN Global Compact's 10th principle, we are reinforcing our efforts in the area by supporting fundamental corporative Anti-Corruption Principles:





# WHERE WE STAND TODAY

The rapid depletion of natural resources, rising inequality and the threat of climate change are grand challenges for our planet. They not only compromise humankind's future prosperity but also risk reversing human development. The United Nations Global Compact has gathered an international community of leaders from business, civil society, academia, and government to achieve sustainable development. Businesses, like ours have a profound role to play in the realization of a sustainable future. Aligning corporate strategies with universal principles on human rights, labor, environment, and anti-corruption, we as corporate stakeholders are mobilizing capital to end poverty, eradicate hunger and protect the environment.

Primal Group has been working for the socio-economic development of the local residents of the region of Trairí, where our plantations are established accordingly with the Global Goals of the United Nations. We aim to become a reference for the community when talking about supportive working conditions, sustainable practices and social development opportunities.

Setting ambitious targets that achieve economic growth alongside sustainable development will ensure the discovery of breakthrough ideas, disrupt business-as-usual mentalities and unlock \$12 trillion in new business opportunities.

More than 13,000 organizations have joined the Global Compact under a shared objective. More sophisticated approaches to integrating sustainability into core business strategies are being developed around the world and these initiatives are being treated more strategically than ever before. We are fulfilling the objectives of the Leaders Summit by making global goals, local goals and establishing methodology for measuring progress.





## Sustainable Environment Partnership

Founded in 2017, the Sustainable Environment Partnership is the joint initiative between Primal Group, Primordiales, Unique Management, and ViTA to evolve a sustainable future through social responsibility and environmental protection. This partnership was developed as the flagship to all our efforts to implement the Sustainable Development Goals.

The mission of this partnership of empowering the local community, environment and economy, soon evolved and today helps lead three specific strategies across our projects:

### THE SUSTAINABLE FUTURE INITIATIVE



Partnering with local schools during the first phase, our Sustainable Future Initiative will educate local schoolchildren and their families on the benefits of practicing sustainable agriculture. This educational program intends to share the latest innovations in sustainable agriculture and the significance of carefully nurturing the very ground we walk on to positively impact the local community.

### THE ZERO CARBON FOOTPRINT PLAN



The first requirement of improving any aspect of performance is analysis and accountability. The carbon footprint has been accepted across the world as the leading tool in calculating a company's greenhouse gas emissions. With logistical and chain supply strategies, clean energy alternatives as well as creative offsetting tools, we have defined our goal in becoming a Zero Carbon Footprint Company in the medium and long term.

### THE CORPORATE SUSTAINABILITY LEADERSHIP



We believe in sharing the responsibility and benefits of creating the new green revolution, one where all aspects of the people-planet-profit relationship are considered in order to implement solutions to the world's grandest challenges. The first stage was to promote and enable the participation of several members of senior staff in Global Compact events and webinars around the world.

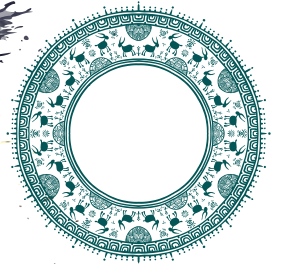


## SUSTAINABLE FUTURE INITIATIVE

After evaluating the socioeconomic situation in the local municipalities surrounding our projects in Northeast Brazil, we selected a local school in need of support.

The SFI combines traditional practices and empirical knowledge with modern scientific techniques to teach a sustainable agricultural system through practical exercises. The initiative has increased the awareness of sustainability and the drastic impact of traditional methodologies in agriculture. The initiative has an educational program based on permaculture as represented by mandala agriculture. Mandala agriculture was chosen because it is designed as a sustenance-based farming technique, which relies on organic inputs and practices that are both efficient and cost-effective. Its unique circular structure, alongside a rotational crop cycle ensures the land used retains its agricultural characteristics due to the sustainable practices adopted.

The project was designed to teach local students cultivation practices that are safe, productive and applicable to all. Based on the extensive benefits of sustainability in agriculture, the educational program was divided into several modules over a four-month period. The topics included: agroecology, land preparation, crop care, water management, nutrition and the dangers of conventional practices. After each module, students and teachers traveled to the Mandala Garden on-site at Primal Group’s agricultural projects. Assisted by expert agronomists, the students implemented the agricultural exercise from start to finish. Covering all necessary elements of sustainable crop care, these practical exercises enabled the students to learn by example. Whether they were preparing the soil, planting seeds or fertilizing crops, students learned how to apply these agricultural practices for future application.



All fruits and vegetables harvested over the next year will be donated to local schools in the region, including Peixinhos, and Mundaú, providing over 2,000 children with healthy, nutritional and pesticide-free produce for their school lunches. Representatives from the Municipal Department of Education and the Mayor's Office in Trainí have been actively following the project since inception. Impressed by its success, they are now discussing the practicalities of implementing the Sustainable Future Initiative in additional schools across the region.

The first class of local schoolchildren from the Ubiratan Diniz Aguiar School graduated from Primal Group's Sustainable Future Initiative earlier this year. The graduation marked the successful implementation of an educational program

intended to share the latest innovations in sustainable agriculture and the significance of carefully nurturing the ground we walk on. With parents, teachers and local politicians all gathering to see the produce cultivated by students on-site at Primal Group's agricultural projects, the positive impact that this initiative has had on the local community and the environment is clear.

This has been an extremely exciting journey, one that will no doubt strengthen knowledge of sustainable agriculture and environmental care in one of the world's future breadbaskets. By providing the resources necessary to learn about sustainability, Primal Group's objective is to ensure that safe and innovative practices in the region will last for generations.







Over 50 students were part of the first class. They now understand the importance of protecting the environment through organic and sustainable agriculture.



The Mandala Garden is thriving due to the agro-ecological practices it has been cultivated with. The produce is donated to the local community and students when harvested.



Part of the team in Brazil celebrating the implementation of our Initiative that teaches local students about sustainable agriculture and creates shared-value for the community.



Our agronomists show the local children how to sustainably grow fruit and vegetables at our on-site Mandala Garden through the use of the very latest cultivation techniques.

## ZERO CARBON FOOTPRINT PLAN

Through 2017 we analyzed our large-scale operations in order to determine the high carbon footprint areas and define strategies to reduce our greenhouse gas emissions, both from within our company and from our supply chain. Two high-risk areas were discovered and appropriate responses were designed.

### Clean and Renewable Energy

The greatest concern for Green House Gasses (GHG) emissions on our farm was electricity. Powering our projects and irrigation system requires over 20,000 kWh monthly. All available alternatives in local areas are sourced from fossil fuels, which is why we set the objective of producing 100% of our electricity from renewable sources and remove our reliance on the Brazilian National Grid. Both environmentally friendly and financially beneficial, this is a prime example of how the intersection of sustainability and business makes commercial sense.

### Transportation

Transportation is also an important source of GHG emissions both within the farmland and in our purchase logistics. In a first step, in-house transportation kilometers were reduced. We analyzed the tractor routes with GPS technology and

discovered that adding two more strategically placed service roads would reduce unnecessary fuel burn. As for our supply chain, we pledge to reduce transport pollution and buy local by sourcing over half of our agricultural inputs from suppliers located in a 1,000 km radius by the end of 2018.

### Offsetting

While we can't completely avoid GHG emissions, we can offset them. By utilizing available atmospheric CO<sub>2</sub> in photosynthesis, tree plantations provide a simple and effective natural 'sink' for manmade pollutant activities. Long-term entrapment is key, and so is neem's longevity of up to 200 years in ideal climatic conditions.

For those examining the benefits of neem plantations, the tree ticks off many of the boxes for driving sustainability. It has a high rate of photosynthesis, liberates more oxygen than many other tree species, is able to 'fix' more than 14  $\mu\text{mol}$  of CO<sub>2</sub> m<sup>-1</sup> sec<sup>-1</sup>, and provides a shield against other pollution components, particularly sulfur dioxide (SO<sub>2</sub>). On a day-to-day level, neem trees can tolerate high levels of carbon dioxide and sulfur dioxide, both emissions that are prevalent in cities with high levels of traffic.





## THE CORPORATE SUSTAINABILITY LEADERSHIP

This effort recognizes the need to include our employees into a global sustainable business culture, not only to enhance the sense of adherence to the Global Compact and the Sustainable Development Goals, but also to develop personal consciousness and awareness in all areas of the company. We encourage personnel in all areas of our company to keep track of events and webinars carried out by the UN Global Compact and other relevant institutions.

If there is any subject they feel personally moved by, they may attend the event. The education is then shared within the company to encourage greater accountability across all levels of the company.

This year, we were present at the following events:



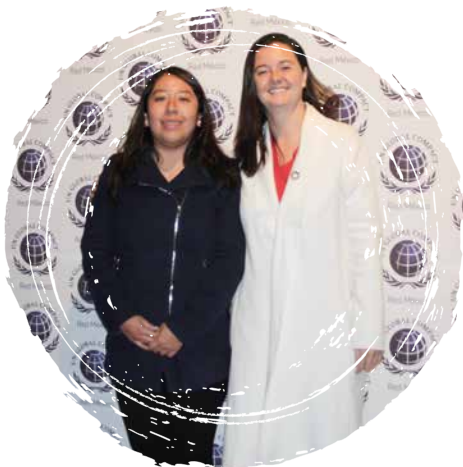
**The UN Global Compact Leaders Summit**

Location: New York, USA  
Attendees: CEO, CCO, VP, General Manager, and Financial Manager



**Anti-Corruption Workshop**

Location: Fortaleza Brazil  
Attendees: Brazil Supervisor



**Mexican Global Compact Network Annual Meeting**

Location: Mexico City, Mexico  
Attendees: General Manager and Assistant



**Good Practices in Human Rights Webinar**

Carried out on May 30th, 2017  
Speaker: General Manager

## UN GLOBAL COMPACT LEADERS SUMMIT

Every year, the worldwide network of the Global Compact brings together an international community of leaders from business, civil society, academia and government to accelerate local and global business action to achieve the UN Sustainable Development Goals (SDGs) through its annual leaders' summit.

This year the summit was hosted in New York City. Members of our management team attended the Summit as part of the community that actively works to meet the 17 Global Goals by the 2030 deadline.

Our engagement at this event reaffirmed our commitment to sustainable development to accelerate our positive impact in the world. As active, participating and reporting members of the Global Compact, Primal Group engages in a variety of projects that foster a more inclusive and stable economy, environment and society. Our mission is to establish a remarkably different future; one that restores ecosystems and protects the environment, while bringing forth innovation, prosperity and employment.

By driving a revolutionary transformation in agriculture through the development of regenerative systems in crop care, we help protect the environment and secure the global food supply. We also ensure the development of our workforce and local communities in which we operate through our Sustainable Environment Partnership. Our agricultural projects naturally work towards the Sustainable Development Goal of eliminating hunger.

By ensuring that sustainability is practiced across all elements of our business, we have made significant accomplishments with a variety of goals. Our projects have strengthened natural resources, developed essential infrastructure, ensured environmental protection, offered valuable employment and generated wealth. Continually driving innovation and monitoring the impact of responsible business activities, we are committed to ensuring a more equitable and prosperous future for ourselves and the rest of the world.

We are reinforcing our commitment to challenge the status quo and the business-as-usual mindset to deliver measurable impact on sustainable development.



Lise Kingo, CEO & Executive Director of the United Nations Global Compact





The Collective Action Workshop: “Challenges and Opportunities in Anti-Corruption” - Brazil, June 2017



The Network of the Global Compact in Mexico celebrated its Annual Meeting, where sustainability and environmental management were in the spotlight as the key principles to achieve for a true green economy.



The UN Global Compact Leaders Summit brought together an international community of leaders to accelerate business actions and partnership to achieve the Sustainable Development Goals.



Paloma Escandón, our General Manager (Brazil), in New York to focus on the challenges and opportunities to deliver measurable impacts for sustainable development.

# A FINAL WORD

We are a socially responsible business focused accountability for our corporate activities. As specialists in impact investments and sustainable crop management, our team manages our sustainable agricultural projects to achieving the highest levels of productivity while ensuring protection for the environment through our operations.

With environmental protection, ecological sustainability and social responsibility at the core of our operations, we have improved local and national communities across the regions in which we operate. We are driven by the goal to positively impact the lives of over 1 billion humans through the reinvention of agriculture through technological and regenerative innovation. This year we celebrated the implementation of our Zero Carbon Footprint Plan, which in the near future will allow us to eliminate our dependency to the Brazilian energy grid and work at full capacity with renewable energy resources!

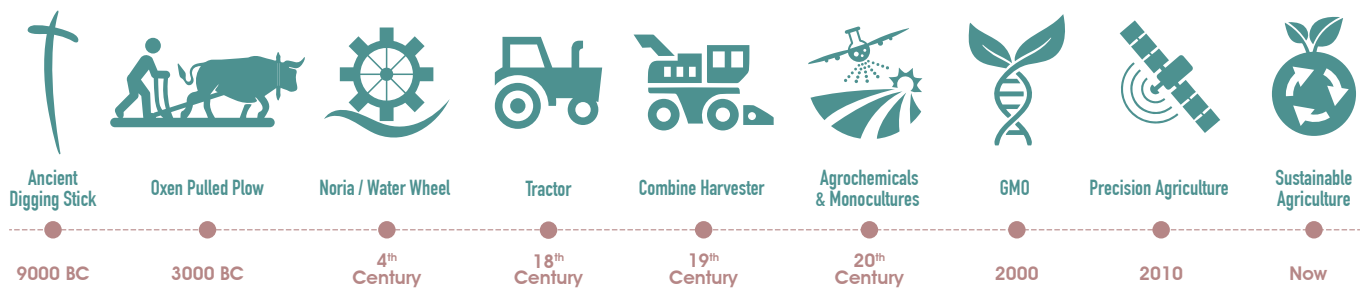
Additionally, we are executing sustainable and social policies such as shrinking and eliminating the inequality gap for women in agriculture, while creating shared-value for the

local communities we operate in. This guarantees the fulfillment of our core mission based on the three pillars of sustainability: People, Planet, and Profit.

Our corporate governance is a cornerstone of sustainability; we have established policies and management systems to support these efforts, which apply to all of our operations worldwide. The approach of Primal Group's corporate sustainability governance is to provoke, adapt and improve our planet by making commerce a force for good that will result in improved and more sustainable lives for future generations.

**Utilizing a visionary and futuristic mindset, we are not just 'playing the game'; we are changing it.**

## THE EVOLUTION OF AGRICULTURE



# CONTACT US

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