



COMMUNICATION ON PROGRESS

2019

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STATEMENT OF CONTINUED SUPPORT BY OUR CHAIRMAN AND CHIEF EXECUTIVE OFFICER

December 6, 2019

To our stakeholders:

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.

"Doing Good for the World, by Doing Good Business"

Committed to the Global Compact since 2015, we strive to have a positive impact wherever we operate and we are determined to earn trust and respect by doing good business and demonstrating the value we create not only for our stakeholders, but for society in general.

Today, the Sustainable Development Goals (SDGs) are more important than ever. At Primal Group, we consider the SDGs not only a responsibility, but rather an opportunity to transform the current state of the world by investing in solutions that improve the lives of billions and build a prosperous future for everyone on the planet.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to sharing this information with our stakeholders using our primary channels of communication.

Sincerely,

Anthony J. Archer
Chairman and CEO Primal Group



OUR COMPANY



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.



Consisting of a variety of companies, Primal Group's mission is to create a world that utilizes futuristic knowledge, technology and advancements, to create a sustainable reality through business models that protect and nurture the environment, while creating value and profits.



Impact investment specialists in evolving a sustainable future, Primal is dedicated to providing solutions that ensure lower risk and higher returns over traditional asset classes. We engage in high impact investment projects that offer sustainable solutions to the world's most significant challenges, selected through our Primal criteria spanning environmental, social and economic impact. Safe, regenerative and transparent practices are at the very core of Primal's operations, with each and every element of our production processes prioritizing environmental care, be it while planting trees or while manufacturing products with recyclable and biodegradable packaging.



OUR VISION

Ensuring a sustainable food supply has been mankind's most significant challenge throughout history, one that has been compounded by the unprecedented increase in the global population over the last century. Conventional agricultural techniques, which arose from the necessity to increase agricultural yields, have come at a high cost for humanity, with the excessive use of chemical agricultural inputs contributing to human health risks, environmental degradation and resource depletion.

The archaic system of the current industry needs to be transformed into one that guarantees the needs of all are met in a safe and sustainable way. At Primal, we believe the neem tree, as a crop care solution that delivers effective protection and high yields without harming the environment or human health, has the power to transform the future of agriculture and food production. This unique resource offers natural and innovative solutions where they are needed the most – across agriculture, healthcare, and environmental protection.



Our project aims to build an entirely new agricultural system based on safe, innovative and regenerative best practices

OUR STRATEGY

Operating the world's largest commercial neem plantation in Ceara, Brazil, has turned us into a global leader in sustainable agriculture. Currently, we are on our way to becoming the world's first fully vertically integrated neem business. Through regenerative and organic practices,

assisted by the latest technology, we are ushering a new era for agriculture; one that guarantees higher yields by nurturing the soil and the surrounding ecosystems. Our agricultural project has been joined by our natural, neem-based beauty and personal care brand, ViTA. Using the world's first and currently only 100% OceanBound recycled bottles, made from plastic found in high-risk coastal areas where plastic waste is most likely to pollute the ocean, ViTA is playing a lead role in keeping the oceans plastic-free. At the intersection of sustainability and technology, we are constantly on the lookout for new business models that can satisfy the most fundamental requirements for life and secure a safe and prosperous future for us all - be it in the agriculture or the beauty industry, we believe the only way forward is through social and environmental responsibility.



Our management team strives to ensure both the permanence of natural capital and globally competitive yields



THE NEEM TREE

THE UNITED NATIONS' TREE
OF THE 21ST CENTURY



Adult neem tree

The neem tree (*Azadirachta Indica*) is a fast-growing species, which grows about 2.6 feet (80cm) every year and can reach up to 100 feet (30 meters) when fully grown. The scientific interest in the tree started in the 1950s, much of it centered on the oil from the fruit. One of its main active ingredients from the more than 250 compounds is *azadirachtin*, which has a complex chemical structure that provides much of neem's potency and unique anti-

bacterial, antiviral, and anti-fungal properties.

For centuries, the neem tree has been known as “The Village Pharmacy” in India, providing hundreds of uses that have ranged from treating diseases to feeding cattle. Today, the tree is being studied for its multiple uses and applications across agriculture, beauty and personal care, healthcare, and environmental protection. The neem tree truly is an agro-scientific celebrity and it is not without reason that it has been declared the “Tree of the 21st Century” by the United Nations.



The neem tree offers a viable solution to the global food crisis



Workers nurturing neem saplings at our neem nursery

AGRICULTURE

Neem offers a diverse range of applications across the agricultural sector. Natural and effective, it is an organic alternative for synthetic pesticides that is effective against over 600 species of pests. Biodegradable and non-toxic to mammals and beneficial pollinators, *azadirachtin*, disrupts the growth cycle of insects and deters them from feeding on plants.



Bees thrive with neem

Doubling as a fertilizer, neem even nourishes the soil by improving water retention and increasing its nitrogen, phosphorous, potassium, calcium, and magnesium content. Neem oil is also an extremely effective, natural fungicide that disrupts cells and interferes with metabolic processes, without posing harm to humans or the environment. As a very promising solution to the overuse of antibiotics in agriculture, neem's antimicrobial properties eradicate microbes and bacteria that cause infections and disease in livestock, without creating resistance.

HEALTH

With over 200 compounds proven to be effective against cancer, malaria, diabetes, inflammation, infection, fever, influenza, skin disease and dental illness, neem is a solution to a variety of ailments. Over the past twenty years, major institutions have published several thousand papers exploring the plant's effectiveness as a natural medicine.



Neem is a solution to a variety of ailments

ENVIRONMENT

In the age of climate change, planting more trees worldwide is a practical way to cleanse our environment through long-term carbon entrapment. For those examining the benefits of planting trees, neem trees tick many of the boxes for its suitability. A hardy, drought resistant tree, with a thick foliage, very high leaf surface area and wide canopy, neem has the capability to provide a shield against other pollution components, with a sequestration capacity of 12.27 tons



Our project aims to build an entirely new agricultural system based on safe, innovative and regenerative best practices

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

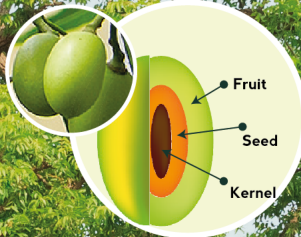


Timber

Which is used in commercial toothpastes and mouthwashes. The leaves have most of the neem used as medicines can generally be found

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 underway 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



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

Pesticide



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

Medicine



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

Cosmetics



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

Cattle feed



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

Fertilizer



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

Timber



COMMUNICATION ON PROGRESS



Our corporate values and the ten UN Global Compact principles set out the framework for our business conduct and our sustainability efforts. Over the course of this year we have made significant progress in fulfilling our Sustainable Development targets, as we continue to revolutionize the agricultural industry and business world.



We constantly strive to go beyond the traditional company-employee relationship and inspire our employees to help us disrupt current business models

Human Rights

In 2019 Primal Group has maintained its commitment to preventing human rights violations in its work locations by implementing the following initiatives, policies and practices:

- Responsible and transparent activities across all levels of our business operations, demonstrating respect and support for all employees and business partners.
- Educational sessions for our employees on topics such as Gender Equality, Sexual Education and other topics related to fundamental human rights.



Fundamental human rights are a critical part of our Primal philosophy

- Regular monitoring and reporting on our progress in upholding Human Rights across all parts of the business, using the Communication on Progress report as our principle communication strategy for reporting on our constant work for human rights.
- Engagement with local communities involving outreach, educational programs and voluntary initiatives that support human rights.

Through our Sustainable Future Initiative (SFI) we regularly provide produce to local schools and education on sustainable farming methods. During this year's "Paraiso do Saber" event, we toured 45 kids from a local school



Over 250 children participated in this year's "Health Week" at the local Ubiratan School

around our plantation, to show the children our work and educate them on the importance of sustainable agriculture and why it is vital in order to maintain the local ecosystem. Additionally, we launched a new "Health Week" initiative in cooperation with Pharmacist Nadia Ratti, which aims to educate local school kids on topics related to health and the environment. 250 children and adolescents attended this year's Health Week at the local Ubiratan School. Over the course of the week we covered various topics ranging from personal hygiene and healthy eating, to various health issues such as high blood pressure, diabetes, dengue, zika, sexually transmitted diseases and addictions.



Local school children visit our plantation to learn about sustainable agriculture

- Protection from workplace harassment, including physical, verbal, sexual or psychological harassment, abuse or threats, by using a complaint mechanism based on a suggestion box at our plantations and administrative offices to receive complaints, comments, and requests from our workers. 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. During our monthly integrated sessions, employees are informed about their rights and given a safe space to express their thoughts and opinions.
- Activities in accordance with the human right to rest and leisure, such as regular soccer game events.



Our employees and their families had a great time at this year's soccer game

- As part of our commitment to provide our employees with the best working environment, we have constructed a new support point including restroom, storage and dining room facilities, as well as a shaded area, where our employees can rest and recover. We have also worked to improve our pump house and remodel our offices in order to create a more comfortable and positive workplace environment.



Employees can rest and recover at our new support point

- To ensure the safety of our plantation workers, our employees receive constant training on how to properly handle and operate equipment from fire extinguishers to heavy machinery. Primal Group believes in providing employees with the best tools and information so that they enjoy a safe work environment where they can perform their duties to the best of their abilities.



Regular trainings keep our employees safe and help them develop knowledge to best perform their duties and improve their skills beyond their job

Labor

Since its founding, Primal Group has been committed to fair labor practices by building a work environment where our employees feel engaged, respected and safe. Our employees are not only offered above minimum wage remuneration, extensive performance reviews, and opportunities to grow, but also additional benefits such as regular educational events and trainings to increase their knowledge on environmental issues, healthcare, labor rights and social concerns.



Our growing workforce and low turnover rates of staff show our success in creating a supportive working environment

The following are a few examples of the subjects covered in 2019:

- The Importance of Neem for the Environment
- Health and Wellbeing (SDG 3)
- Sexual Education
- Alcohol and Drug Abuse
- Black Lives Matter
- Depression and Suicide Prevention
- First Aid Training
- Domestic Violence
- Preventive Medicine
- Digital Inclusion



Depression and Suicide Prevention event

As part of our commitment towards the safety and future of our employees, we carry out monthly meetings with our Internal Commission for Accident Prevention (CIPA). This committee consists of three representatives elected by our employees, as well as three representatives elected by the company. During these meetings, which are supervised by a third party, we address topics

that are important to our employees and define plans for improvement.

In order to support fair labor practices beyond our operations, we encourage both national and international suppliers to adhere to the same labor principles that guide our company.

Environment

While industrialized agriculture and the rise of artificial crop care have enabled our increasing population to thrive well into a new millennium, farming techniques now rely on an unsustainable amount of water, energy and synthetic agrochemicals, often with little regard to any adverse and long-term effects to our environment and health. Increasing food pressure, diminishing arable land and aggressive climate change have become some of the world's most serious issues, which is why Primal has made it its goal to build a legacy fit for all future generations by transforming the traditional agriculture system 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 focus on keeping soils and ecosystems healthy by using organic, sustainable agricultural methods, while preserving critical habitats, and carefully managing our resource supply to ensure high long-term yields.



With an absolute dedication to protecting and restoring the environment, we strive to implement sustainable practices that have a positive environmental impact

All of our employees are required to conduct business in a manner that protects the environment, conserves resources and ensures sustainable development. To actively decrease our environmental impact, we have implemented numerous 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

Sustainability is about knowing the value that every ecosystem has. Every part of our process involves making sure that we balance the ecosystem through proper nutrition which is key for the promotion of microorganisms. We achieve this through the use of innovative techniques and state of the art technology, such as:



Organic techniques nourish our project in the healthiest and most productive way possible

- **Intercropping:** Avoids monocultures which create imbalance and deteriorate the soil, and allows us to obtain the highest yields and the biggest benefits for our crops and the environment.
- **Low Till Land Clearing:** Brushcutting and leaving what is left on the ground helps nurture the soil naturally and adds nutrients to the environment.
- **Precision Crop Care:** Chemical analysis of the soil allows us to reduce the use of organic pesticides and fertilizers. Nutrient application is done several times a year using a mist applier, which ensures the health of our soil by applying the exact amount of nutrients needed.



Brushcutting (left) and precision crop care (right) help us nurture our plantation naturally without harming the environment

- **Innovative Crop Care Methodologies:** Working alongside national and state entities like the Brazilian Agricultural Research Corporation EMBRAPA, we are able to continually develop the best crop care methodologies.
- **Farm and Analytics Report:** Agrivi analytics shows dashboard views of all farming activities, including but not limited to: input usage, man hours, machinery hours, ROI, crop yield per sector and financial oversights. This not only ensures visibility and identification of high cost areas across the project, but also enables us to minimize our use of natural and organic inputs.
- **AgTech:** Drone technology adds a superior level of analysis, with the capacity to evaluate a variety of field metrics through Precision Mapper, industry leaders in map and data processing and analysis.



Drone technology and AG tech like Precision Mapper allow us to analyze various field metrics and reduce the use of organic inputs

Water Management

Our eco-dam has as a capacity of 7,834,000 cubic meters and an area of 37 hectares, and allows us to secure all of our water needs for the future in an efficient and environmentally safe way.

Through the continued implementation of the latest agricultural technologies, we now also have the capability to monitor specific hydrational needs around the farm after the installation of a network of underground sensors. The key use of this technology is to increase irrigational efficiencies. By monitoring the relative hydration levels with Agrosmart, we can directly target dry areas with strategic watering.



Our eco-dam (left) is an essential resource for sustaining our crops throughout the year. Agrosmart (right) allows us to optimize irrigation and reduce the environmental impact of misusing water

Renewable and Clean Energy



We plan to meet our energy demands entirely through renewable means

Our solar panels have generated 29.5 megawatt hours (MWh) to date, offsetting 26.28 metric tons of carbon, the offset equivalent of 5.6 acres of pine forest. In the future we intend to utilize 100% clean and renewable energy on our agricultural projects.

Waste Management

We continue to work with ECO+, a local company specialized in the collection and recycling of wastes. This company collects, transports and recycles our disposals in a sustainable way, with the goal to preserve the local environment and ensure a clean area for the right development of our trees.

In 2019, we have recollected 30,000 cubic meters of waste, which are being processed to convert them into new materials and objects.



30,000 cubic meters of waste collected from our plantation will be recycled and converted into new materials

Beach Clean-Up

During our yearly “Praia Limpia” (Beach Clean-Up) Initiative, we travel to nearby beaches, together with our employees, their families and kids from local schools, to collect plastic which we then send to a recycling facility. This gives us the opportunity to educate employees, their families and the local community on the importance of reducing and recycling waste, while relieving the weight of the tourist season on local beaches.

Over the course of this year we were able to collect a total of 10,707 polyethylene bottles.



Many people participated in this year's beach clean-up. The day included a lunch provided by our company for everybody involved in the clean-up efforts



Through words and actions, our initiative is already permeating through the local community and demanding a broader scope

Apiary



This season we harvested 1000 kgs of delicious honey

After a very productive rainy season, our bees have had more than enough flowers to feed on and create beautifully rich and delicious neem honey, which we have recently harvested. This season we were able to collect 1000 kg of honey, and we continue to be part of an alliance of 48 honey producers from all across Ceara.

Bees on our farm not only feed and pollinate our crops, they also pollinate native plants during the dry season, helping to promote biodiversity at our farm, and ensuring the best possible yields.

This is further proof of how neem and neem-based products are harmless to pollinators and are essential for the success of our project.



Originally implemented to study neem's effects on bees, our on-site bee colonies have proven that neem pesticides and fertilizers function in harmony with beneficial pollinators such as bees

Wildlife & Protected Areas

In order to guarantee the protection of wildlife on our plantations, we not only rely solely on sustainable farming practices and methods that are harmless to wildlife, but also preserve an area a little over 200 Ha which we protect from our own activities and local poaching, hunting, fishing and woodcutting.

By leaving approximately 20% of all our land untouched and maintaining 15-30 meters of native vegetation around all our water sources, we create the most efficient refuge for local flora and fauna.

Additionally, the 40km/h speed limit on our plantation ensures small reptiles and birds are not run over.



The burrowing owl is an endangered species



Protected areas are essential to the maintenance of local ecosystems. 20% of all our land has been carefully selected to be left untouched to create refuge for local flora and fauna



We were delighted to spot an armadillo on our plantation

Thanks to our wildlife protection policies, our plantation provides a shelter for a variety of different animals like armadillos, owls and snakes. Our environmental protection policies are at the very core of everything we do and aim to benefit the environment, the local community and our company, as well as create awareness of world's environmental problems and how sustainable practices can tackle them.

ViTA – Sustainable Beauty Care

On a global scale, we are tackling plastic waste by revolutionizing the beauty and personal care industry through our brand ViTA and its sustainably driven packaging. ViTA's bottles are the world's first and currently only bottles to be made entirely from 100% OceanBound recycled plastic. OceanBound plastic, sourced through our packaging partners Envision Plastics, is defined as plastic found in high-risk coastal areas where there is no formal collection system and plastic waste is most likely to enter and pollute the ocean. With each ViTA bottle sold we are preventing a plastic bottle of the same size from floating in the ocean. ViTA insists upon non-toxic ink and labels that separate from ViTA packaging so that they enter the recycling stream of mainstream recycling facilities, without the need for rarely available technology, which can lead to recyclable bottles ending up in landfills due to inseparable labels.



Every ViTA bottle sold prevents a bottle of the same size from floating in the ocean

Education and Communication Efforts

Through regular lectures, newsletters, social media channels and websites, we take an active role in creating awareness about current environmental, social and political issues. This year we have distributed information on a variety of subjects advocating disruption in order to save the Planet:

- Keeping soils fertile through regenerative agriculture
- Traditional agriculture's contribution to the extinction of wildlife
- Ocean dead zones due to agricultural residue
- Growing Cannabis sustainably with Neem
- The economic importance of sustainability in agriculture
- How soil degradation and climate change threaten our food system
- The decimation of insect species and its effects on the food chain
- Human activity causing the 6th mass extinction
- The effects of a growing population and climate change on current food systems
- How the third industrial revolution helps fight climate change

Our Lead Agronomist, Henrique dos Santos Lopes, recently gave a lecture to 45 local students on the harvesting, uses and importance of neem as an organic crop care solution. These kind of lectures allow us to educate the local community and help them understand more about the work we do, and its importance not only for the environment, but also for global sustainability.



45 school children recently visited our plantations to learn about the importance of neem as a natural, organic crop care solution



In an effort to support the propagation of wild-type native plants, we recently held a seminar to teach our employees how to produce native trees from seeds. For our employees this was an interesting opportunity not only to learn more about the science behind growing trees, but also how to use this new knowledge at home in their gardens.

Teaching our employees how to grow local trees from seeds



We want our employees to know that they are part of the new Green Revolution and that their work is crucial towards the success of our project

Anti-Corruption

Primal Group supports the United Nations' Global Compact principles on anti-corruption, and continues to work strongly against corruption in all its forms, including extortion and bribery, by upholding the following initiatives and measures:

- Ensuring none of our employees or third-party consultants accept to meet with government officials or members of the Brazilian State Superintendence of the Environment (SEMACE) without having received prior written approval from a member of Senior Management. All third-party consultants must always be accompanied by a member of our team when meeting with state, federal or government officials.
- Implementation of a suggestion box to keep track of complaints and inappropriate behavior such as bribes or unsupervised meetings with government officials or union leaders.
- Establishment of an anti-corruption and ethics clause in every contract with our business partners.
- Employee trainings on how to fight and report common corruption practices.



Corruption prevents communities from rising out of poverty, hampers competition and the enforcement of sustainable policies. This is the reason why we are committed towards practices that deter corruption in our company and the local communities we engage in



A FINAL WORD



Constantly working on creating real, tangible value through sustainable solutions and social responsibility, Primal Group aims to be not only successful and nondestructive, but also inherently restorative to the world. Our range of activities such as the implementation of sustainable agriculture techniques and community engagement programs, demonstrate that we are uniquely positioned to positively contribute to the Sustainable Development Goals (SDGs).

Our long-term goal is to become a pioneer in the global agriculture industry with responsible business practices throughout our operations and supply chain; protecting soils, water and biodiversity, while working in harmony with local communities.

We commit to ensuring a new, ecologically sustainable and viable future, and support like-minded companies that share the principles of sustainability and social responsibility in order to form partnerships and alliances that could further contribute to a greener future and an overall more symbiotic relationship between business and planet.

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



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