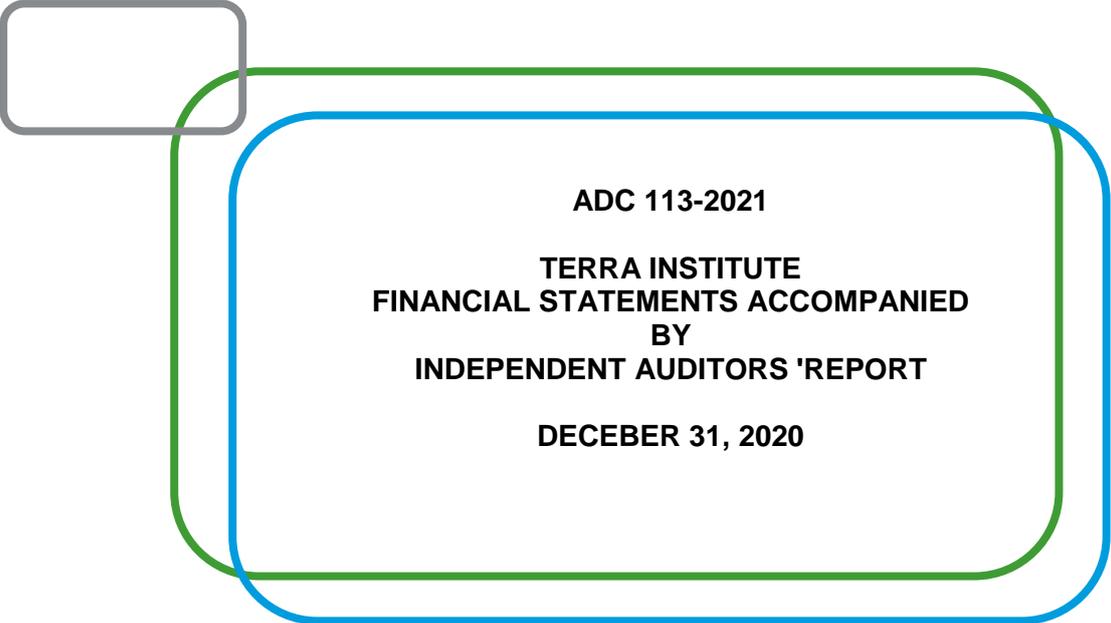


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ADC 113-2021
TERRA INSTITUTE
FINANCIAL STATEMENTS ACCOMPANIED
BY
INDEPENDENT AUDITORS 'REPORT
DECEBER 31, 2020

INSTITUTO TERRA

FINANCIAL STATEMENTS ENDED DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

To
Administrators and advisers of the
Instituto terra
Aimorés - MG

Opinion on financial statements

We have examined the financial statements of **Instituto Terra ("Entity or Institute")**, respectively, which comprise the balance sheet as of December 31, 2020 and the respective statements of income, comprehensive income, changes in equity and cash flows for the year ended on that date, as well as the corresponding explanatory notes, including a summary of the main accounting policies.

In our opinion, the aforementioned financial statements adequately present, in all material respects, the equity and financial position of the **Institute** as of December 31, 2020, the performance of its operations and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

Basis for the opinion on the financial statements

We conducted our audit in accordance with the Brazilian and international auditing standards. Our responsibilities in accordance with these standards are described in the following section entitled "Auditor's Responsibilities for the Audit of Financial Statements". We are independent from the **Institute**, in accordance with the relevant ethical principles set out in the Accountant's Code of Professional Ethics and in the professional standards issued by the Federal Accounting Council, and we comply with other ethical responsibilities in accordance with these standards. We believe that the audit evidence we have obtained is sufficient and appropriate to substantiate our opinion.

Management's and administration's responsibilities for the financial statements

The Company's Management is responsible for the preparation and appropriate presentation of these financial statements in accordance with the accounting policies adopted in Brazil and as such internal control as it determines to be necessary to enable the preparation of financial statements free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue operating, disclosing, when applicable, matters related to its going concern and the use of this accounting basis in the preparation of the financial statements, unless the management intends to liquidate the Entity or cease its operations, or has no realistic alternative to avoid the closure of operations.

Those responsible for the Entity's governance are those responsible for overseeing the process of preparing the financial statements.

Responsibility of the auditor for the audit of the financial statements

Our goals are to obtain reasonable assurance that the financial statements, taken as a whole, are free from relevant misstatement, whether caused by fraud or error, and issue an audit report with our opinion. Reasonable assurance is a high level of security, but not a guarantee that an audit conducted in accordance with Brazilian and international auditing standards always detect any existing distortions. Distortions may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably influence the economic decisions of users taken on the basis of these financial statements.

As part of the audit conducted in accordance with Brazilian and international auditing standards, we exercise our professional judgement and maintain professional scepticism throughout the audit. Additionally:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatement resulting from fraud is greater than that arising from error, since fraud may involve the act of circumventing internal controls, collusion, forgery, omission, or false intentional representations.
- We obtain an understanding of internal controls relevant to the audit in order to design audit procedures appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the **Institute's** internal controls.
- We evaluate the adequacy of the accounting policies used and the reasonableness of the accounting estimates and respective disclosures made by management.
- We conclude on the adequacy of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether there is material uncertainty regarding events or conditions that may raise significant doubts regarding the **Institute's** ability to continue as a going concern. If we conclude that there is significant uncertainty, we must call attention to our audit report for the related disclosures in the financial statements or include modification in our opinion, if the disclosure is inadequate. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the **Institute** to no longer be operational.
- We evaluated the overall presentation, the structure and the content of the financial statements, including the disclosures and whether the financial statements represent the corresponding transactions and events in a manner compatible with the purpose of fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial information of the group's entities or business activities to express an opinion on the financial statements. We

are responsible for the direction, supervision, and performance of the group audit and, accordingly, the audit opinion.

We communicate with those charged with governance regarding, among other aspects, the planned scope, timing of the audit and significant audit findings, including any suggestions for improvements in internal controls that we identify during our work.

Vitória/ES, June 30, 2021.



RSM ACAL Auditores Independentes S/S
CRC 2 RJ 4080/O-9 - S - ES



Breno Mamari Pessoa
Counter CRC 1 ES 15.212/O-9



Robson Luiz Perim
Counter CRC 1 ES 14.255/O-6

Terra Institute

CNPJ.: 02.776.897/0001-75

Balance Sheets

December 31, 2020 and 2019

In thousands of Brazilian reais

Asset	Explanatory note	2020	2019	Liabilities and net equity	Explanatory note	2020	2019
Current				Current			
Cash and free cash equivalents	4	393	1.215	Social and labor obligations	12	482	467
Related financial investments	4	1.666	100	Tax liabilities		13	12
Values applied in projects	5.b.	1.912	1.559	Agreements to be executed	5.a	3.564	1.657
Accounts receivable from clients	6	219	5	Suppliers and Other Accounts Payable	13	134	102
Advances	7	283	83	Loans	14	335	135
Stocks	8	524	516			4.528	2.373
		4.997	3.478				
Non-current				Net equity	15		
Legal Deposits	9	133	129	Shareholders' Equity		4.924	4.924
Fixed Assets	10	4.277	4.365	Accumulated surplus		(26)	701
Intangible asset	11	19	26	Total net equity		4.898	5.625
		4.429	4.520				
Total Assets		9.426	7.998	Total liabilities and shareholders' equity		9.426	7.998

The explanatory are an integral part of the financial statements.

Terra Institute

CNPJ.: 02.776.897/0001-75

Income statements

December 31, 2020 and 2019

In thousands of Brazilian reais

	Explanatory note	2020	2019
Operating revenues	16	5.225	7.133
With restriction		2.054	4.190
Education and culture.		106	291
Environmental activities		1.948	3.899
Unrestricted		3.171	2.943
Revenue from services and products sold		317	313
Voluntary contributions and donations		1.538	1.927
Other gratuities		1.314	703
Other resources received		2	-
Cost of services provided	16	(5.004)	(6.261)
Project Activities		(5.004)	(6.261)
Education and culture.		(666)	(882)
Environmental activities		(3.503)	(4.701)
Costs of services and products sold		(835)	(678)
Raw score		221	872
Operating Expenses/Incomes			
Administrative	16	(939)	(633)
Salaries		(362)	(189)
Social charges		(126)	(71)
Employee Benefits		(58)	(23)
General expenses		(105)	(86)
Maintenance and preservation		(9)	(8)
Third-party services		(248)	(225)
Depreciation and amortization		(31)	(31)
Operating result before financial result		(718)	239
Financial incomes		24	75
Financial Investment Income		24	75
Financial expenses		(33)	(38)
Bank charged		(7)	(13)
Interest and fines		(10)	(18)
income tax on financial investment		(1)	(1)
IOF on financial transaction		(10)	(6)
Losses on financial investment		(5)	
Net financial result		(9)	37
(=) Surplus/Deficit for the year		(727)	276

The explanatory are an integral part of the financial statements.

Terra Institute

CNPJ.: 02.776.897/0001-75

Comprehensive income statements

December 31, 2020 and 2019

In thousands of Brazilian reais

	<u>2020</u>	<u>2019</u>
Surplus/deficit for the year	<u>(727)</u>	<u>276</u>
Comprehensive income	<u><u>(727)</u></u>	<u><u>276</u></u>

The explanatory are an integral part of the financial statements.

Terra Institute

CNPJ.: 02.776.897/0001-75

Statement of changes in owners' equity

December 31, 2020 and 2019

In thousands of Brazilian reais

	<u>Shareholders' Equity</u>	<u>Accumulated Surplus/(Deficit)</u>	<u>Total equity</u>
Balances in January 01, 2019	4.924	423	5.347
Previous exercise adjustment	-	2	2
Surplus for the year	-	276	276
Balance on December 31, 2019	4.924	701	5.625
Deficit for the year	-	(727)	(727)
Balance on 31 December, 2020	4.924	(26)	4.898

The explanatory are an integral part of the financial statements.

Terra Institute

CNPJ.: 02.776.897/0001-75

Cash flow statements

December 31, 2020 and 2019

In thousands of Brazilian reais

	<u>2020</u>	<u>2019</u>
Cash flow from operating activities		
Surplus/(Deficit) for the year	(727)	276
Prior-Year Adjustment	-	2
Depreciation	143	146
Amortization	7	4
Gain with monetary correction	(4)	(7)
Changes in assets and liabilities:		
Advances	(200)	(83)
Values Applied in Projects	(353)	376
Accounts receivable from clients	(214)	8
Stocks	(8)	(41)
Social and labor obligations	15	5
Tax liabilities	1	1
Agreements to be executed	1.907	(1.544)
Donations and Grants	200	-
Other liabilities	32	(13)
Net cash from operating activities	<u>799</u>	<u>(870)</u>
Cash Flows from Investment Activities		
Acquisition of fixed assets	(116)	(31)
Net write-offs of fixed assets	61	62
Net cash used in investment activities	<u>(55)</u>	<u>31</u>
(Decrease)/net increase in cash and cash equivalents	<u>744</u>	<u>(839)</u>
Cash and cash equivalents at the beginning of the year	1.315	2.154
Cash and cash equivalents at the end of the year	2.059	1.315
(Decrease)/net increase in cash and cash equivalents	<u>744</u>	<u>(839)</u>

The explanatory are an integral part of the financial statements.

Financial Statements

December 31, 2020 and 2019

In thousands of Brazilian reais

1. OPERATIONAL CONTEXT

Instituto Terra is a non-profit civil association, founded in 1998, headquartered at Fazenda Bulcão, located in the Municipality of Aimorés, in the State of Minas Gerais, which was assigned to the Institute, for an indefinite period, through a Private Instrument of Lease of July 4, 2000, by their owners, Mr. Sebastião Ribeiro Salgado Júnior and Mrs. Lélia Deluiz Wanick Salgado, the founders and lifetime founding partners of Instituto Terra. In August 2007, the owners donated the property to Instituto Terra through a "Public Indenture for Donation with charge", a charge related to the achievement of the Institute's social objectives and perennial and unrestricted compliance with the legal precepts applicable to the Private Natural Heritage Reserve (RPPN).

Bulcão Farm, with an area of 709.8 hectares, was recognized as a RPPN by Decree IEF/MG No. 081, enacted on October 7, 1998, and is the first RPPN created in a degraded area of Atlantic Forest in Brazil. It is managed by Instituto Terra with the aim of **stimulating sustainable development through the recovery and conservation of forests and the correct use of natural resources**. In this sense, Instituto Terra has been working in five areas: ecosystem restoration, environmental education, production of native seedlings, environmental extension/Olhos D'água Program and applied research.

On December 17, 1999, Instituto Terra was declared of public utility by the City Hall of Aimorés, through Law No. 1,613/1999, becoming exempt from municipal taxes, as long as it fulfills its statutory objective.

Instituto Terra obtained the title of Advanced Post of the Atlantic Forest Biosphere Reserve – RBMA (2009) – the first RBMA in Minas Gerais – proving that it regularly and measurably develops significant actions in the three basic functions of the Biosphere Reserves: conservation, knowledge and sustainable development, as defined by the UNESCO MaB Program.

It also obtained the state public utility titles, by Minas Gerais (2005) and Espírito Santo (2011), and federal (2011).

In 2011, commercial activities were started with a view to the economic and financial sustainability of Instituto Terra, such as the sale of Atlantic forest seedlings and souvenirs.

Although Instituto Terra has been carrying out initiatives for the recovery of springs in the Rio Doce watershed since 2010, in 2015 the "Olhos D'água Program" was launched, whose objective is basically to seek the recovery of all springs located in all of the 228 municipalities within the perimeter of Vale do Rio Doce, in the states of Minas Gerais and Espírito Santo.

The initial estimate of the program is the recovery of around 345,000 springs, through the planting of more than 50 million native trees, in areas that will have to be protected through protection fences. As a strategy to achieve better results, the projects are focused on acting in hydrographic microbasins. In addition, the program also provides for the installation of mini sewage treatment stations, construction of small dams (barraginhas), application of various cultural treatments as well as the regularization of the Rural Environmental Registry - CAR, of properties with recovered springs that adhere

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December 31, 2020 and 2019

In thousands of Brazilian reais

to the program. In addition to revenue from donations, services and specific projects linked to the program, Instituto Terra has also been receiving national and international donations from individuals and other entities to help in the cause of the recovery of Vale do Rio Doce as a whole, although without specific contractual purposes. Both contractually linked agreements and free donations are being allocated and directed to the Olhos D'água Program.

With the COVID 19 worldwide pandemic, there was a profound change in the scenario of activities in society as a whole. The preservation of health and life is above all, and in this way, the Institute was forced to take extreme measures, closing its doors to the public, suspending visits, assuming activities when possible in the home office and concomitantly with the delay in closing new partnerships . There was a great effort to adapt on the part of everyone, whether cultural or procedural changes. The Institute sought to respond quickly and assertively, and in this way there was no reduction in the number of employees and it was possible to avoid contamination between the teams.

Instituto Terra systematically assesses whether the impacts caused by Coronavirus will have significant effects on the financial statements, on the accounting estimates adopted, or on the Entity's continuity. Additionally, the Institute continues to assess the effects of the pandemic in order to consider the need to disclose any information that may cause material changes to its accounting estimates and financial statements, or that may generate possible risks to the company's continuity.

For the year 2021, the indicators confirm that the Institute has the capacity to settle its current obligations, due to the availability and in part by the receipt of short-term receivables (from previously signed agreements and recurring donations), having a financial balance with no forecast of liquidity problems.

2. Preparation basis

a. Conformity declaration

The financial statements were prepared in accordance with accounting practices adopted in Brazil, including the pronouncements issued by the Accounting Pronouncement Committee for Small and Medium Enterprises (CPC PME), applicable to small and medium enterprises, in particular with regard to NBC ITG 2002 (R1), which deals with non-profit entities

The issuance of the financial statements was authorized by management on May 20, 2021.

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In thousands of Brazilian reais

b. measurement basis

The financial statements were prepared based on historical cost, with the exception of non-derivative financial instruments measured at fair value through profit or loss, applicable.

c. Functional and presentation currency

These financial statements are presented in Real, which is the Institute's functional currency.

Transactions in foreign currency are translated into the functional currency based on the exchange rates in effect on the base dates of the transactions.

d. Use of estimates and judgments

The preparation of financial statements in accordance with accounting practices adopted in Brazil requires the Entity's management to use its judgment in determining and recording accounting estimates.

Estimates and assumptions are permanently revised. The reviews of the estimates are recognized prospectively.

Accounting balances subject to these estimates and assumptions applicable to the Entity's financial statements include the residual value of property, plant and equipment. The settlement of transactions involving these may result in different amounts from those estimated due to inaccuracies in the process of their inherent determination. The Institute reviews estimates and assumptions annually.

Information on assumptions and estimates that have a significant risk of resulting in a material adjustment within the next fiscal years are included in the following explanatory notes:

- **Explanatory Note No. 9:** fixed assets (useful life);
- **Explanatory Note No. 10:** judicial deposit;

3. Summary of adopted accounting practices

The financial statements were prepared and are being presented in accordance with accounting practices adopted in Brazil.

3.1. Untied contributions and donations

Contributions or donations in cash and in untied free goods and services are those whose donor does not stipulate a specific purpose or conditions to be met by the Institute. Such donations are classified directly in the income statement for the year.

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In thousands of Brazilian reais

3.2. Linked donations

Linked donations are those whose donor stipulates a specific purpose or obligations and conditions to be fulfilled by the Institute. The donations and respective applications are registered in the result when the donor of the resources formally confirms that the referred obligations have been fulfilled by the Institute.

3.3. Patrimonial contributions and donations

Patrimonial contributions and donations are those received exclusively for the acquisition and/or construction of property, plant and equipment and are recorded in equity, under the heading "Donations and Subsidies Funds".

3.4. Calculation of surplus or deficit

Revenues and expenses are calculated on the accrual basis. Revenues unrelated to donations to fund the Institution are recognized in income when received and are intended to fund the various activities developed that do not have a specific sponsor.

3.5. Accounts receivable from customers

Accounts receivable arise from sales of products or services, made through credit card, bank slip and bank deposit and are recorded at their nominal value.

The allowance for doubtful accounts is set up when there is objective evidence that the Institute will not receive all receivables in accordance with the original conditions of accounts receivable.

3.6. Cash and cash equivalent

Cash and cash equivalents include cash on hand, bank deposits and other highly liquid short-term investments with original maturities of up to three months (with insignificant risk of change in value).

3.7. Values applied in projects

These are applications of agreements linked to projects that have not yet been submitted for approval and/or are awaiting approval of accountability by the donor.

3.8. Inventories

They are presented at the cost of goods purchased for resale, seedlings produced or goods received as a donation for application in the Olhos D'Água Program. Inventories are stated at the cost or net realizable value, whichever is the lowest. Cost is determined using the "weighted average cost" inventory valuation method and the net value is the estimated selling price in the normal course of business, less estimated completion costs and costs necessary to make the sale.

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In thousands of Brazilian reais

The nature of the products in inventories are souvenirs, foodstuffs, seedlings ready and in progress, inputs used in the production of seedlings and inputs for fencing springs on rural properties.

3.9. Agreements to be executed

The balance in agreements to be executed corresponds to the amounts released by the donors, not yet applied in their respective projects until the balance sheet date and/or if they have been applied in the respective projects, which have not yet been submitted for approval or are awaiting approval by the donor .

3.10. Immobilized

Items of property, plant and equipment are stated at acquisition, formation or construction cost less the depreciation amount. Depreciation is calculated using the straight-line method at the rates mentioned below and takes into account the estimated useful life of the assets. Depreciation charges were allocated to costs relating to environmental education initiatives, as well as administrative expenses relating to properties used for this purpose. Historical cost includes directly attributable expenses necessary to prepare the asset for its intended use by management excluding financing costs.

The Institute includes in the book value of an item of property, plant and equipment the cost of replacement parts, only when it is probable that this cost will provide future economic benefits, and the book value of replaced parts is written off. All other repairs and maintenance are expensed as incurred.

The residual values, useful life and depreciation methods of assets are reviewed and adjusted annually, considering the estimated fiscal useful life of the respective components:

<u>Components</u>	<u>Tax annual depreciation</u>
Buildings	25
Machinery and equipment	10
Furniture and utensils	10
Vehicles	5
Forest nursery	10
Improvements in own facilities	10

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In thousands of Brazilian reais

3.11. intangible asset

Separately acquired trademarks, licenses (including software licenses) and contractual relationships are stated at historical cost less amortization. Amortization is calculated using the straight-line method, at the rates mentioned below:

<u>Components</u>	<u>Tax annual amortization</u>
Trademarks and patents	5
Software	5

3.12. Suppliers

Suppliers and other accounts payable are recognized at fair value and paid in the short term.

3.13. Loans

Loans are initially recognized at transaction value (ie, at the amount received from the bank, including transaction costs) and subsequently stated at amortized cost.

3.14. Social assets

It represents the Institute's initial social assets, the "Donations and Subsidies" of its constitution and the result of the surplus (deficit) for the years. The surpluses generated are fully used in their social objectives, as well as the deficits are absolved by the social assets.

3.15. revenue recognition

a) Sale of products

The Institute produces forest seedlings native to the Atlantic Forest, in its own nursery, for use in its reforestation activities, selling the surplus. It also sells souvenirs, guided visitation services and rental of its facilities for events or accommodation, all as a source of sustainability.

Receipt of sales is usually made in cash, credit card, bank payment slip or bank deposit. The income from these revenues is fully reverted to the Institute's general objective.

b) Provision of Services

The Institute provides ecosystem restoration, protection and spring recovery services through its various programs. These services are generally covered by contracts.

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In thousands of Brazilian reais

Revenue from services rendered is recognized in profit or loss in accordance with each contract, taking into account the stage of execution of the contracted service.

3.16. Other current and non-current assets and liabilities

Current and non-current assets are stated at cost or realization value, including, when applicable, monetary variations and the corresponding income earned. Current and non-current liabilities are stated at known or estimated amounts, plus, when applicable, monetary variations and the corresponding charges incurred. There are no assets or liabilities subject to material adjustments to bring their measurement to present realization value.

3.17. Contingent assets and liabilities and legal obligations

The accounting practices for recording and disclosing contingent assets and liabilities and legal obligations are as follows: (i) contingent assets are recognized only when there are real guarantees or favorable court decisions, which are final and unappealable. Contingent assets with probable success are only disclosed in an explanatory note; (ii) Contingent liabilities are accrued when losses are assessed as probable and the amounts involved can be reliably measured. Contingent liabilities assessed as possible losses are only disclosed in an explanatory note and contingent liabilities assessed as remote losses are neither provisioned nor disclosed; and (iii) legal obligations are recorded as liabilities regardless of the assessment of the probability of success, of processes in which the Entity questioned the unconstitutionality of taxes.

3.18. Gratuities

The Institute recognizes in its financial statements the gratuities that are available to it in the form of services/professional activities received free of charge and with the same quality and responsibility as a paid service/activity. These gratuities, also known as “Pro Bono”, are recognized at their fair value.

3.19. Special taxation regime

As it is a non-profit institution, the assets, income and services provided by the Institute are exempt from Income Tax and Earnings of Any Nature, Social Contribution on Net Income and COFINS - Contribution to Security Financing Social), in accordance with constitutional provisions and Law No. 9,532/1997. In turn, the PIS – Social Integration Program is calculated at the rate of 1% on the payroll. It is also exempt from the payment of municipal taxes (ISS – Tax on Services and IPTU – Tax on Territorial and Urban Property).

3.20. Financial instruments and derivatives

The Entity evaluates financial instruments through operating strategies and internal controls, aiming at liquidity, profitability and security. The control policy consists of permanently monitoring contracted conditions versus prevailing

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In thousands of Brazilian reais

market conditions. The Institute does not make speculative investments, in derivatives or any other risky assets that are not intended for protection.

3.20.1. Key Risk Considerations

(i) Credit risk

The indicators confirm that the Institute has the capacity to settle its current obligations, due to the availability and in part to the receipt of short-term receivables (from previously signed agreements and recurring donations), having a financial balance without foreseeing liquidity problems.

Financial Instruments	Category	2020	2019
Loans and Receivables			
Free cash and cash equivalents	Loans and Receivables	393	1.215
Vinculated Cash and cash equivalents	Loans and Receivables	1.666	100
Values applied in projects	Loans and Receivables	1.912	1.559
Accounts Receivable Customers	Loans and Receivables	5	5
		3.976	2.879
Other financial liabilities			
Suppliers and other payables	Other financial liabilities	136	102
Agreements to be executed	Other financial liabilities	3.564	1.657
Loans	Other financial liabilities	335	135
		4.035	1.894

4. Cash and cash equivalents

	2020	2019
Banks - free resources	85	8
Banks - linked resources	1	-
Financial investments - free resources	308	1.207
Financial investments - linked resources	1.665	100
	2.059	1.315

a) Free cash and cash equivalent

	bank deposit checking account	short term bank deposit	2020	2019
Free	85	297	382	1.188
Olhos D'água Program	-	11	11	27
	85	308	393	1.215

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In thousands of Brazilian reais

b) Financial investments - linked resources

	bank deposit checking account	short term bank deposit	2020	2019
Public Defender's Office - ES	-	7	7	5
Energest SA	-	57	57	-
Le Marchand Foundation	-	165	165	-
Renova Foundation - Olhos D'Água	-	513	513	30
Everyone for the Rio Doce Movement	-	-	-	3
Pnuma United Nations Environment Programme	-	26	26	26
Attorney of the Republic of the State of Espírito Santo - Barraginhas	-	52	52	20
Suzano Papel e Celulose S / A	-	-	-	16
Zurich Insurance Company Ltd	1	845	846	-
	1	1,665	1,666	100

The balance of restricted financial investments refers to funds to be applied strictly within the scope of the respective agreements. The amounts are invested in banks recognized in the market and have immediate liquidity to be used in related projects.

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5. Agreements to be performed

Refer to amounts received from institutional agreements intended to be invested in specific projects and expenses (linked projects). These amounts will be recognized against the result of the fiscal years, as the estimated expenses are actually made, or when the rendering of accounts is approved by the respective donors, in the required cases.

a) Movement of health insurance resources

	Covenant	Balance on 2019	Resources released + income	Resources used	Balance in 2020
Public Defender's Office - ES	-	23	3	-	26
Energest SA	-	-	57	-	57
Lemarchand Foundation	125	-	165	-	165
National Environment Fund - FNMA	497	119	-	119	-
State Forest Institute – IEF MG (2011)	1,096	832	-	-	832
Public Ministry of the State of Espírito Santo - Barraginhas	-	20	60	16	64
Public Ministry of the State of Espírito Santo - Colatina Olhos D'Água	4	9	-	-	9
Everyone for the Rio Doce Movement	-	15	-	1	14
Pnuma United Nations Environment Programme	-	54	-	29	25
Suzano Papel e Celulose S / A	120	120	-	120	-
Zurich Insurance Company Ltd	14,025	-	1,490	-	1,490
	15,867	1,192	1,775	285	2682
Renova Olhos D'Água Foundation	4,488	465	1,963	1,546	882
	20,355	1,657	3,738	1,831	3,564

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In thousands of Brazilian reais

b) Reconciliation of health insurance balances

	Values applied in 2019 projects	expenses incurred	Approved values	Values applied in 2020 projects
Public Defender-ES	18	-	-	18
Renova Foundation - Olhos D'Água	435	845	943	337
National Environment Fund - FNMA	119	-	119	-
State Forest Institute I - IEF/SEMAD (2011)	832	-	-	832
Public Ministry of the State of Espírito Santo -Barraginhas	-	13	-	13
Public Ministry of the State of Espírito Santo - Colatina	9	-	-	9
Everyone for the Rio Doce Movement	12	2	-	14
Pnuma United Nations Environment Programme	28	-	28	-
Suzano Papel e Celulose S / A	106	-	106	-
Zurich Insurance Company Ltd	-	689	-	689
	1,559	1,549	1,196	1,912

(i) Amounts pending approval of the rendering of accounts are accounted for under "Amounts invested in projects" (current assets).

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In thousands of Brazilian reais

6. Amounts receivable

	<u>2020</u>	<u>2019</u>
Accounts Receivable Customers	5	5
Receivables - Donors	214	-
	<u>219</u>	<u>5</u>

The provision for estimated losses on doubtful debts (PECLD) is constituted in accordance with the Entity's corporate policies, and are based on loss histories.

In the year ended December 31, 2020, management, after historical analysis, did not identify any allowance for doubtful accounts.

The provision, when constituted, is considered sufficient by management for credits whose recovery is considered remote or possible.

Amounts receivable from donors correspond to donations signed in contracts, and which were already received on February 12, 2021.

7. Advances

	<u>2020</u>	<u>2019</u>
Vacation Advances	10	33
Advancement to suppliers	200	-
Project partnership resources	73	50
	<u>283</u>	<u>83</u>

Vacation advances occur when employees go on vacation and receive payment at the time the vacation begins, while the respective vacation takes place in immediately subsequent periods.

Advances to suppliers refer to advances made for the Refloresta campaign in December/2020, and will be amortized as the service is performed.

Advances of funds from partnerships in projects refer to administrative fees for transfers from agreements, but are only recognized in the result after approval of the rendering of accounts by the donors.

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8. Inventories

	<u>2020</u>	<u>2019</u>
Goods for resale	84	86
Seedlings for sale	63	53
Stock of donations to be distributed	377	377
	<u>524</u>	<u>516</u>

Inventories of donations to be distributed refer to materials for the fencing of springs, donated by ArcelorMittal Brasil SA, whose commitment was signed through a Cooperation Agreement in March 2015, under the aegis of the Olhos D'água Program. The Institute maintains control of the stock of these materials, including periodic inventories. They are non-perishable items, and are in perfect condition for use. There has been no stock movement in recent years, as the Institute has not signed new agreements with the objective of protecting springs.

9. Judicial deposits

Judicial deposits are presented as follows

	<u>2020</u>	<u>2019</u>
Escrow deposits in escrow	133	129
	<u>133</u>	<u>129</u>

It refers to the security deposit made pursuant to process No. 0003402-14.2012.4.01.3813, in an ordinary action filed by Instituto Terra against the Federal Government, aiming at the suspension of the collection of resources transferred to it by the National Environmental Fund (FNMA). The amount is updated monthly with monetary correction calculated under the Selic rate.

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10. Fixed Assets

	balances 31/12/2019	Adição	Baixa	Depreciação	balances 31/12/2020
Properties	2.623	-	-	-	2.623
Buildings	1.462	-	-	(135)	1.327
Improvements in own facilities	105	-	-	(12)	93
Machines and equipment	163	110	(53)	(2)	218
Furniture and utensils	10	1	(8)	6	9
Buildings under construction	2	5	-	-	7
	4.365	116	(61)	(143)	4.277

	balances 31/12/2018	Adição	Baixa	Depreciação	balances 31/12/2019
Properties	2.623	-	-	-	2.623
Buildings	1.597	-	-	(135)	1.462
Improvements in own facilities	117	-	-	(12)	105
Machines and equipment	190	27	(12)	(42)	163
Furniture and utensils	15	2	(50)	43	10
Buildings under construction	-	2	-	-	2
	4.542	31	(62)	(146)	4.365

The Institute uses the straight-line method for depreciation and such charges, in the total amount of R\$204 (2019 - R\$205) were allocated to environmental and education costs, as well as administrative expenses.

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11. Intangible

	Balances 12/31/2019	Addition	Low	Amortization	Balances 12/31/2020
Software	26	-	-	(7)	19
Trademarks and Patents	-	-	-	-	-
	<u>26</u>	<u>-</u>	<u>-</u>	<u>(7)</u>	<u>19</u>

	Balances 12/31/2018	Addition	Low	Amortization	Balances 12/31/2019
Software	30	-	-	(4)	26
Trademarks and Patents	-	-	-	-	-
	<u>30</u>	<u>-</u>	<u>-</u>	<u>(4)</u>	<u>26</u>

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12. Labor obligations

	<u>2020</u>	<u>2019</u>
Social charges	77	71
Labor obligations	131	114
Labor Provisions	<u>274</u>	<u>282</u>
	<u>482</u>	<u>467</u>

Social charges are charges generated on the payroll, guaranteed by law, paid to the worker by the Institution.

Labor obligations comprise obligations relating to wages, as well as benefits to which the employee is entitled.

Labor provisions are estimates of expenses, calculated monthly, based on the full or proportional period to which the employee is entitled, plus the respective charges.

13. Suppliers and other payables

	<u>2020</u>	<u>2019</u>
Providers	60	68
Other bills to pay	<u>74</u>	<u>34</u>
	<u>134</u>	<u>102</u>

Accounts payable to suppliers are obligations to pay for goods and/or services that were purchased in the normal course of business. Other accounts payable are deductions from employees' payroll, by court order and/or negotiation with a financial institution. The other accounts payable account is also part of the management service amounts, of the Renova Olhos D'água Agreement, which can only be recognized in revenue after approval of the rendering of accounts, as per the signed contract.

14. Loans and Financing

	<u>2020</u>	<u>2019</u>
Krenak Empreendimentos Artísticos Ltda.	<u>335</u>	<u>135</u>
	<u>335</u>	<u>135</u>

These refer to loans without fixed interest, taken from Krenak Empreendimentos Artísticos Ltda. (donor of resources to the Institute), and that have indeterminate maturity terms.

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In 2020, the Institute took out a new loan from Krenak Empreendimentos Artísticos Ltda, following the same rules as the previous loan.

The amounts are monetarily restated based on a government index and do not affect the result, being recognized in revenue and expense.

The resources were used to fund the Institute's corporate purpose, in projects of a permanent nature. Loans were and eventually are taken mainly when there are delays in the release of funds committed by the project sponsors.

Composition of loans

<u>Entidade</u>	<u>Juros atrelados</u>	<u>2020</u>	<u>2019</u>
Krenak Emp. Artísticos Ltda.	Selic	335	135
		<u>335</u>	<u>135</u>
Circulante		335	135

15. Social assets

The equity comprises Donations and Subsidies, minus the Deficit for the Year.

	<u>2020</u>	<u>2019</u>
Donations and grants	4.924	4.924
Accumulated surplus/deficit	(26)	701
	<u>4.898</u>	<u>5.625</u>

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16. Income and expenses

	<u>2020</u>	<u>2019</u>
Revenues		
with restriction		
Center for Studies in Rest. Ecosystem - Activity Educ.	-	289
Environmental education	120	2
Ecosystem Restoration - Environmental Activities	27	146
Environmental Extension - Environmental Activities	134	-
Nursery - Environmental Activities	25	-
Olhos D'água Program - Environmental Activities	1.499	3.747
Service Revenue Olhos D'água Program - Environmental Activities	249	6
	<u>2.054</u>	<u>4.190</u>
Without restriction		
Revenue from Services and Products Sold	317	313
Voluntary Contributions and Donations	1.538	1.927
Gratuities	1.314	703
Other Resources Received	2	-
	<u>3.171</u>	<u>2.943</u>
Operating income	<u>5.225</u>	<u>7.133</u>
Costs and expenses		
Activities and projects		
Education and Culture	(666)	(882)
Ecosystem Restoration	(801)	(1.088)
Nursery	(366)	(499)
Olhos D'Água Program	(2.204)	(3.114)
Environmental Extension	(132)	-
Cost of Services and Products Sold	(835)	(678)
	<u>(5.004)</u>	<u>(6.261)</u>
Operational expenses		
Administrative	(908)	(602)
Depreciation and amortization	(31)	(31)
	<u>(939)</u>	<u>(633)</u>
Operating Costs and Expenses	<u>(718)</u>	<u>239</u>

The Institute completed its positions and salaries policy in 2019 and due to the positive result of 2019, even with a reduction in operating revenues in that year and a gross result below, it was possible to implement in early 2020 the lagged salary adjustments of the administrative area and the creation of new strategic departments with personnel hiring (Institutional Relations and GRC areas). Due to the pandemic (Covid19), important projects were suspended and the Institute chose to keep employees, both from the operational and administrative teams.

The amount of R\$ 1,314 with gratuities, consists of the partners:

- . Ampfy - advertising agency;
- . Google Grants – online advertising;
- . José Augusto dos Santos Servino - consultancy in human resources;
- . Microsoft – software licensing;
- . City Hall of Aimorés/MG - materials, labor and equipment loan;

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- . Souza Leão Subtil Advogados Associados – legal advice; and
- . Wide Software Desenvolvimento de Soluções Ltda – software licensing.

All members of the Board of Directors, Fiscal and Advisory Boards.

17. Tax Aspects

Pursuant to article 13 of Provisional Measure (MP) No. 2158-35 of 2001, non-profit entities that have employees, as defined by the Labor Legislation, will contribute to the PIS with a fixed fee of 1% on the payroll monthly. Such entities are exempt from PIS on revenues under the terms of §1, of article 14 of MP nº 2158-35/01, provided that they fulfill the requirements set forth in article 15 of Law nº 9532/97.

With regard to COFINS, item X, of article 14 of MP No. 2158-35 of 2001 determines the non-levy on the revenues of non-profit institutions. Also in this case, the enjoyment of the exemption depends on the fulfillment of the requirements foreseen in article 12 of Law nº 9532/97.

Additionally, under the terms of item III and paragraph 1 of article 14 of Provisional Measure (MP) No. 2158-35 of 2001, the revenues from services provided to individuals or legal entities resident or domiciled abroad are exempt from PIS and COFINS. payment represents inflow of foreign currency.

Instituto Terra, a non-profit entity, is exempt from income tax and social contributions, pursuant to article 195, paragraph 7, of the Federal Constitution.

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Instituto Terra's Board of Directors is composed of the following members:

José Armando de Figueiredo Campos	President
Juliano Ribeiro Salgado	Vice-president
Tomaz Benedito de Souza	General Secretary
Carlos Frederico Siqueira	Director
Guilherme Rehder Quintela	Director
Henrique Lobo Gonçalves	Director
Izabella Mônica Vieira Teixeira	Officer
Lélia Deluiz Wanick Salgado	Officer
Miguel Antônio de Goes Calmon	Director
Paulo Henrique Wanick Mattos	Director
Sebastiao Ribeiro Salgado Júnior	Director

Instituto Terra's Fiscal Council is composed of the following members:

Celso Luiz Marques	Counselor
Flavia de Oliveira Rapozo	Advisor
Valcemir Nossa	Counselor

Executive Director
Isabella Salton Marques de Souza

Technical manager
Edna Maria Amorim de Assis
Accountant
CRC MG 095127/0-6