

ASSOCIAÇÃO CIVIL INSTITUTO ESCOLHAS

CNPJ. : 23.586.236/0001-57

“INDEPENDENT AUDITORS’ OPINION ON ACCOUNTING STATEMENTS”

Opinion on the accounting statements

We have examined the individual accounting statements of **ASSOCIAÇÃO CIVIL INSTITUTO ESCOLHAS** composed of the balance sheet as of Tuesday, December 31, 2019 and the corresponding income statements, comprehensive income, changes in shareholder's equity and cash flow for the fiscal year ended on that date, as well as the summary of the main accounting practices.

In our opinion, the financial statements above referred represent, adequately, in all relevant aspects, the equity and financial position of the institute on Tuesday, December 31, 2019, the results of its operations and cash flows corresponding to the period ended at such date, according to accounting practices adopted in Brazil.

Grounds for qualified opinion on the accounting statements

Our audit was lead according to the audit Brazilian and international standards. Our responsibilities, in accordance with such standards, are described in the following section entitled “Auditor's responsibilities for auditing the accounting statements”. We are independent in relation to the Institute and 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 obtained is sufficient and appropriate to base our opinion.

Management responsibility for the accounting statements.

The management is responsible for the elaboration and adequate presentation of such financial statements, in accordance with the accounting practices in use in Brazil, as well as for the internal controls that it has determined as necessary to allow the elaboration of these accounting statements without any relevant distortions, either caused by fraud or error.

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

Those responsible for the management of the Institute are those responsible for supervising the process of preparing the financial statements.

Auditor's responsibilities for auditing the financial statements

Our objectives are to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error, and to issue an audit report containing our opinion. Reasonable security is a high level of security, but not a guarantee that the audit carried out in accordance with Brazilian and international auditing standards always detects any relevant existing distortions. The distortions can be due to fraud or error and are considered relevant when, individually or jointly, they can influence, within a reasonable perspective, the economic decisions of users made based on said financial statements.

As part of the audit carried out in accordance with Brazilian and international auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition:

- We identify and assess the risks of material misstatement in the financial statements, whether caused by fraud or error, plan and perform audit procedures in response to such risks, and obtain sufficient and appropriate audit evidence to support our opinion. The risk of not detecting material misstatement resulting from fraud is greater than that arising from error, since fraud may involve circumventing internal controls, collusion, forgery, omission or intentional misrepresentation.
- We obtain an understanding of the internal controls relevant to the audit in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal controls.
- We assessed the adequacy of the accounting policies used and the reasonableness of the accounting estimates and respective disclosures made by management.
- We conclude on the appropriateness of the use, by management, of the accounting basis for operational continuity and, based on the audit evidence obtained, whether there is significant uncertainty in relation to events or conditions that may raise significant doubts regarding the Company's operational continuity capacity. If we conclude that there is material uncertainty, we must draw attention in our audit report to the respective disclosures in the financial statements or include changes in our opinion, if the disclosures are inappropriate. 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 remain in business continuity.

- We assess the general presentation, structure and content of the financial statements, including disclosures and whether the financial statements represent the corresponding transactions and events in a manner consistent with the purpose of proper presentation.

We communicate with those charged with governance regarding, among other things, the planned scope, timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identified during our work.

São Paulo - SP, Monday, March 23, 2020

AUDISA AUDITORES ASSOCIADOS
CRC/SP 2SP 024298/O-3

Alexandre Chiaratti do Nascimento
Accountant
CRC/SP 187.003/ O- 0
CNAI – SP – 1620

ASSOCIAÇÃO CIVIL INSTITUTO ESCOLHAS

CNPJ: 23.586.236/0001-57

Balance sheets

Periods ended on Tuesday, December 31, 2019 and 2018

(In Reais)

| Assets | | | | Liability and Net Equity | | | |
|---|------|-------------------------|-------------------------|--|------|-------------------------|-------------------------|
| | Note | 2019 | 2018 | | Note | 2019 | 2018 |
| Current | | | | Current | | | |
| Cash and cash equivalents | 5 | | | Suppliers | 12 | 15.203 | 2.653 |
| cash | | 806 | 969 | Tax and social obligations | 13 | 12.553 | 15.694 |
| Bank accounts movement - Unrestricted Resources | | 90 | 281 | Labor obligations | 14 | 16.861 | 32.610 |
| Financial investments - Unrestricted resources | | 27.180 | 1.263.469 | Obligations with projects | 15 | 1.030.506 | - |
| Financial investments - Restricted resources | | 832.071 | | | | <u>1.075.123</u> | <u>50.957</u> |
| Advances | 7 | 821 | 413 | | | | |
| Taxes Recoverable | 8 | - | 27.824 | | | | |
| | | <u>860.968</u> | <u>1.292.956</u> | | | | |
| Non-current | | | | Net equity | | | |
| Financial applications - LT | 9 | 543.633 | - | Social equity | 16 | 1.263.896 | 541.673 |
| Fixed asset | 10 | 32.264 | 17.814 | Deficit / Surplus for the Period | | (898.794) | 722.223 |
| Intangible | 11 | 3.360 | 4.083 | | | <u>365.102</u> | <u>1.263.896</u> |
| | | <u>579.257</u> | <u>21.897</u> | | | | |
| Total assets | | <u><u>1.440.225</u></u> | <u><u>1.314.853</u></u> | Total of liabilities and net equity | | <u><u>1.440.225</u></u> | <u><u>1.314.853</u></u> |

The explanatory notes attached hereto are an integral part of the financial statements.

Raimundo Sergio Barros Leitão

CPF: 262.316.113-53

José Carlos Moraes Pinto

Accountant CRC 1SP 061813/O-2

ASSOCIAÇÃO CIVIL INSTITUTO ESCOLHAS

CNPJ: 23.586.236/0001-57

Income Statements

Periods ended on Tuesday, December 31, 2019 and 2018

(In Reais)

| | Note | 2019 | 2018 |
|----------------------------------|------|-------------------------|-----------------------|
| Ordinary income | | | |
| Income from donations | 17 | 1.854.791 | 2.390.154 |
| Income from sponsorships | 18 | - | 250.000 |
| Income from service | | - | 45.000 |
| Income from voluntary service | 19 | 133.200 | 108.000 |
| (-) Incident taxes | | - | (5.070) |
| | | <u>1.987.991</u> | <u>2.788.084</u> |
| Ordinary expenses | | | |
| General and administrative | 20 | (649.388) | (487.884) |
| Expenses with services | 21 | (1.896.439) | (1.201.706) |
| Expenses with personnel | 22 | (265.180) | (323.675) |
| Tax expenses | 23 | (33.569) | (16.899) |
| Expenses with voluntary work | 19 | (133.200) | (108.000) |
| | | <u>(2.977.776)</u> | <u>(2.138.164)</u> |
| Financial result | | | |
| Financial income | 24 | 97.840 | 75.248 |
| Financial expenses | 24 | (6.849) | (2.945) |
| | | <u>90.991</u> | <u>72.303</u> |
| (=) Result for the period | | <u><u>(898.794)</u></u> | <u><u>722.223</u></u> |

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ASSOCIAÇÃO CIVIL INSTITUTO ESCOLHAS

CNPJ: 23.586.236/0001-57

Comprehensive income statements

Periods ended on Tuesday, December 31, 2019 and 2018

(In Reais)

| | <u>2019</u> | <u>2018</u> |
|--|------------------|----------------|
| (=) Result for the period | (898.794) | 722.223 |
| (=) Total of comprehensive income statements | <u>(898.794)</u> | <u>722.223</u> |

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ASSOCIAÇÃO CIVIL INSTITUTO ESCOLHAS

CNPJ: 23.586.236/0001-57

Statements of changes in net worth equity

Periods ended on Tuesday, December 31, 2019 and 2018

(In Reais)

| | Asset social | Surplus / Deficit of the Period | Total |
|--|------------------|------------------------------------|------------------|
| Balances at Sunday, December 31, 2017 | <u>848.433</u> | <u>(306.760)</u> | <u>541.673</u> |
| Fiscal surplus / deficit | - | 722.223 | 722.223 |
| Transfer to equity | (306.760) | 306.760 | - |
| Balances at Monday, December 31, 2018 | <u>541.673</u> | <u>722.223</u> | <u>1.263.896</u> |
| Surplus / Deficit for the Period | - | (898.794) | (898.794) |
| Transfer to equity | 722.223 | (722.223) | - |
| Balances at Tuesday, December 31, 2019 | <u>1.263.896</u> | <u>(898.794)</u> | <u>365.102</u> |

The explanatory notes attached hereto are an integral part of the financial statements.

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ASSOCIAÇÃO CIVIL INSTITUTO ESCOLHAS

CNPJ: 23.586.236/0001-57

Statement of cash flow

Periods ended on Tuesday, December 31, 2019 and 2018

(In Reais)

| | 2019 | 2018 |
|---|------------------|----------------|
| Cash flow of operational activities | | |
| Surplus / Deficit for the year | (898.794) | 722.223 |
| Adjustments to reconcile the surplus for the year to cash from (applied to) operating activities | | |
| Depreciation and amortization | 6.735 | 5.502 |
| | (892.059) | 727.725 |
| Increase / (decrease) in assets and liabilities: | | |
| Decrease / (increase) in advances to suppliers | (408) | (393) |
| Decrease / (increase) in recoverable taxes | 27.824 | - |
| Decrease / (increase) anticipation of resources in projects | 1.030.506 | 2.595 |
| Increase / (decrease) in suppliers | 12.550 | 552 |
| Increase / (decrease) in labor and social security liabilities | (18.890) | 21.362 |
| Increase / (decrease) in other accounts payable | - | - |
| Cash generated by operating activities | 1.051.582 | 24.116 |
| Cash flow of investment activities | | |
| Financial investments, net of withdrawals | (543.633) | |
| Acquisition of fixed goods | (20.462) | (9.831) |
| Cash Used in Investment Activities | (564.095) | (9.831) |
| Net cash decrease | (404.572) | 742.010 |
| Cash at the beginning of the period | 1.264.719 | 522.709 |
| Cash at the end of the period | 860.147 | 1.264.719 |
| Net cash decrease | (404.572) | 742.010 |

The explanatory notes attached hereto are an integral part of the financial statements.

Raimundo Sergio Barros Leitão
CPF: 262.316.113-53

José Carlos Moraes Pinto
Accountant CRC 1SP 061813/O-2

ASSOCIAÇÃO CIVIL INSTITUTO ESCOLHAS

Explanatory from Administration notes to the accounting statements Periods ended on Tuesday, December 31, 2019 and 2018 (In Reais)

1 Operational context

Associação Escolhas Civil Association is an institution organized in the form of a non-economic civil association, founded on September 25, 2015, with headquarters and venue at Avenida das Nações Unidas, 10989, 10th floor, São Paulo, Capital.

Its corporate purpose is promoting the qualification of the debate on socio-environmental sustainability, numerically translating the economic, social and environmental impacts of public and private decisions, supporting new readings and arguments that overcome the ideological polarization that prevents the construction of proposals for concrete solutions for enable the full realization of sustainable development.

In order to achieve its corporate purpose, the "Association" may use any means and activities permitted by law, mainly:

- a) Conduct studies that contribute to the identification and numerical translation of the economic, social and environmental costs of public and private policies and initiatives.
- b) Qualify the arguments and overcome the ideological polarization that prevents the construction of proposals for concrete solutions for the full realization of a truly sustainable development model.
- c) Gather, process and systematize available data and information and, when necessary, create new databases and metrics, capable of enabling innovative analyzes, which are recognized and valued by the community of public policy makers in Brazil, including political class, companies, unions, research centers and NGOs.
- d) Develop products and services for research, analysis and strategies on their own or in partnership with other institutions, as long as they are aligned with their mission.

2 Presentation of the financial statements

The Entity's financial statements were prepared in accordance with the Brazilian Accounting Standards, embodied in the technical pronouncements of the Accounting Statements Committee (CPC) and in the provisions applicable to non-profit institutions, ITG 2002 - "Non Profit Entity" and NBC TG 1000 - "Accounting for Small and Medium Companies", issued by the Federal Accounting Council (CFC), which aims at guiding compliance with legal requirements on accounting procedures to be followed by legal entities under private law for no profit purpose.

The issuance of these financial statements was authorized by the Governance Board in March 2020.

3 Summary of main accounting practices

ASSOCIAÇÃO CIVIL INSTITUTO ESCOLHAS

Explanatory from Administration notes to the accounting statements Periods ended on Tuesday, December 31, 2019 and 2018 (In Reais)

The financial statements have been prepared under the historical cost as the base value. The preparation of financial statements requires the use of certain accounting estimates and also the exercise of judgment by the Entity's management in the process of applying accounting policies, however, there are no areas or situations of greater complexity that require a higher level of judgment or significant estimates for the financial statements.

The criteria adopted for the preparation of the financial statements consist basically of:

(a) Functional currency and presentation currency

The financial statements are presented in thousands of reais, which is the Entity's functional currency and, also, its presentation currency.

(b) Cash and cash equivalents

They comprise cash on hand and bank deposits, stated at cost, and short-term and highly liquid financial investments, with an insignificant risk of change in value, shown at cost plus income earned up to the balance sheet date, with the result of the exercise. These applications are not linked to specific projects.

(c) Financial instruments

The administration classifies its financial assets based on the purpose for which the financial assets were acquired. The Board determines the classification of its financial assets at initial recognition.

(d) Derivative financial instruments

During the years of 2019 and 2018, the Entity did not operate with derivative financial instruments.

(e) Further current assets

Are stated at cost or realizable value, including, when applicable, related income and monetary and exchange variations earned.

(f) Fixed Assets

Stated at the acquisition, formation or constitution cost. Depreciation is calculated using the straight-line method considering the estimated useful life as follows: (i) furniture and fixtures, installations and communication devices - ten years and (ii) computer equipment and sound equipment - five years.

Expenses are capitalized only when there is an increase in the economic benefits of such fixed asset item. Any other type of expense is recognized in result statement as expense upon being incurred as fixed asset maintenance.

The carrying value of an asset is written down immediately to its recoverable value if the asset's carrying value is greater than its estimated recoverable amount.

(g) Intangible

Intangible assets are considered to have an indefinite useful lifetime. Amortization is calculated using the linear method to allocate cost over the estimated life. It is represented by purchased

ASSOCIAÇÃO CIVIL INSTITUTO ESCOLHAS

Explanatory from Administration notes to the accounting statements Periods ended on Tuesday, December 31, 2019 and 2018 (In Reais)

software licenses that are capitalized based on the costs incurred in acquiring and preparing the software for use. Costs are amortized over the estimated useful lifetime .

(h) Provision for *impairment losses on non-financial assets*

Assets subject to depreciation or amortization are reviewed annually to verify the recoverable amount. When there is an indication of *impairment* , the carrying amount of the asset is tested. Upon losses such will be recognized at the amount in which the asset's accounting value exceeds its recoverable value, which is the higher between the net sale price and value in use of an asset. During the years of 2019 and 2018, the Entity did not identify any indications of *impairment*.

(i) Current liabilities

These are stated at known or calculable values, plus, when applicable, the corresponding incurred charges and monetary variations.

(j) Social Equity

Consists of donations received from third parties, plus or minus the surplus or deficit found in each year.

The transfer of the surplus/deficit to the social patrimony occurs through the approval of the associates' assembly.

(k) Calculation of the surplus/deficit

Donation receipts are recognized upon actual receipt.

The surplus/deficit of the activities is evaluated according to the pertinent accounting regime of the year.

(l) Benefits to employees

The Entity does not maintain pension plans, private pension plans or any other retirement plan for employees and officers. Nor does it maintain a benefit plan for officers and employees in the form of bonus or participation plans.

4 Critical accounting estimates and judgments

Accounting estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events.

During the years of 2019 and 2018, no events or assumptions were identified that could present significant risks of causing a material adjustment to the carrying amounts of the Entity's assets.

5 Cash and cash equivalents

Bank balances are represented by current accounts held with national financial institutions.

2019

2018

ASSOCIAÇÃO CIVIL INSTITUTO ESCOLHAS

Explanatory from Administration notes to the accounting statements Periods ended on Tuesday, December 31, 2019 and 2018 (In Reais)

| | | |
|---|----------------|------------------|
| Foreign currency cash (dollar) | 806 | 969 |
| Bank accounts movement - Unrestricted Resources | 90 | 281 |
| Financial investments - Unrestricted resources | 27,180 | 1,263,469 |
| Financial investments - Restricted resources | 832,071 | - |
| | <u>860,147</u> | <u>1,264,719</u> |

Financial investments refer substantially to investments held with Itaú Unibanco SA

6 Financial instruments

| <u>Description</u> | <u>2019</u> | <u>2018</u> |
|--|------------------|------------------|
| Financial Assets Measured at Amortised Costs | | |
| Cash and cash equivalents | 860,147 | 1,264,719 |
| Advances | 821 | 413 |
| Recoverable taxes | - | 27,824 |
| Financial applications - LT | 543,633 | - |
| | <u>1,404,601</u> | <u>1,292,956</u> |
| Financial Liabilities measured at amortized cost | | |
| Suppliers | 15,203 | 2,653 |
| Tax and social obligations | 12,553 | 15,694 |
| Labor obligations | 16,861 | 32,610 |
| Obligations with projects | 1,030,506 | - |
| | <u>1,075,123</u> | <u>50,957</u> |

7 Advances

The item "Advances" is represented substantially by amounts paid to service providers to be paid after the conclusion of the provision of the contracted services.

| | | |
|-------------------------------|-------------|-------------|
| | <u>2019</u> | <u>2018</u> |
| Advances to service providers | 821 | 413 |
| | <u>821</u> | <u>413</u> |

8 Taxes Recoverable

Corresponds to the administrative proceeding with the São Paulo State Finance Department regarding the reimbursement of undue payment of ITCMD in 2016 in the amount of R\$ 27,824.

9 Financial Applications

The financial applications have term longer than 12 months. The following are the financial investments detailed by financial institution:

ASSOCIAÇÃO CIVIL INSTITUTO ESCOLHAS

Explanatory from Administration notes to the accounting statements Periods ended on Tuesday, December 31, 2019 and 2018 (In Reais)

| | <u>2019</u> | <u>2018</u> |
|------------------|----------------|-------------|
| CDB DI Santander | 330,000 | - |
| CDB PLUS Itaú | 71,924 | - |
| CDB DI Itaú | 141,709 | - |
| | <u>543,633</u> | <u>-</u> |

10 Fixed assets

As of December 31, 2019 and 2018, the balances of these accounts are composed as follows:

| | <u>Annual depreciation rates</u> | <u>Cost</u> | <u>Accumulated depreciation</u> | <u>Net</u> | |
|--------------------------|--|----------------------------------|-------------------------------------|--------------------|----------------------------------|
| | | | | 2019 | 2018 |
| IT Equip. | 20% | 40,329 | (12,045) | 28,284 | 15,338 |
| Machinery & equipment | 10% | 1,899 | (142) | 1,757 | - |
| Furniture and Equipment | 10% | 2,540 | (317) | 2,223 | 2,476 |
| | | <u>44,768</u> | <u>(12,504)</u> | <u>32,264</u> | <u>17,814</u> |
| | | Balance on 12/31/2018 | Additions | Settlements | Balance on 12/31/2019 |
| Cost transactions | | | | | |
| IT Equip. | | 22,539 | 17,790 | - | 40,329 |
| Machinery & equipment | | - | 1,899 | - | 1,899 |
| Furniture and equipment | | 2,540 | - | - | 2,540 |
| | | <u>25,079</u> | <u>19,689</u> | <u>-</u> | <u>44,768</u> |

11 Intangible

| | <u>Annual depreciation rates</u> | <u>Cost</u> | <u>Accumulated amortization</u> | <u>Net</u> |
|--|--|-------------|-------------------------------------|------------|
|--|--|-------------|-------------------------------------|------------|

ASSOCIAÇÃO CIVIL INSTITUTO ESCOLHAS

Explanatory from Administration notes to the accounting statements Periods ended on Tuesday, December 31, 2019 and 2018 (In Reais)

| | | | | 2019 | 2018 |
|--------------------------|-----------------------------------|----------------------------------|------------------|--------------------|----------------------------------|
| Software | 20% | 7,393 | (4,033) | 3,360 | 4,083 |
| | | <u>7,393</u> | <u>(4,033)</u> | <u>3,360</u> | <u>4,083</u> |
| | | Balance on 12/31/2018 | Additions | Settlements | Balance on 12/31/2019 |
| Cost transactions | | | | | |
| Software | | 6,620 | 773 | - | 7,393 |
| | | <u>6,620</u> | <u>773</u> | <u>-</u> | <u>7,393</u> |
| 12 | Suppliers and other debts | | | 2019 | 2018 |
| | Suppliers | | | <u>15,203</u> | <u>2,653</u> |
| | | | | <u>15,203</u> | <u>2,653</u> |
| 13 | Tax and social obligations | | | 2019 | 2018 |
| | Social debts Law 10.833 | | | <u>4,460</u> | <u>222</u> |
| | INSS | | | 3,646 | 7,218 |
| | IRRF on wages | | | 1,575 | 5,271 |
| | Third-party IRRF | | | 1,401 | 66 |
| | FGTS | | | 1,117 | 2,371 |
| | COFINS on financial income | | | 203 | 239 |
| | PIS on wages | | | 140 | 296 |
| | ISS | | | 11 | 11 |
| | | | | <u>12,553</u> | <u>15,694</u> |
| 14 | Labor obligations | | | 2019 | 2018 |
| | Vacation provision | | | <u>12,536</u> | <u>24,067</u> |
| | INSS Vacation provision | | | 3,197 | 6,378 |
| | FGTS Vacation provision | | | 1,003 | 1,925 |
| | Provision of PIS on vacation | | | 125 | 240 |

ASSOCIAÇÃO CIVIL INSTITUTO ESCOLHAS

Explanatory from Administration notes to the accounting statements Periods ended on Tuesday, December 31, 2019 and 2018 (In Reais)

| | |
|--------|--------|
| 16,861 | 32,610 |
|--------|--------|

15 Obligations with projects

| | 2019 |
|---|------------------|
| Data Advocacy for Low Carbon (a) | 437,036 |
| Meat chain costs in Brazil (b) | 245,035 |
| Chair (c) | 163,200 |
| Manaus Free Zone and Energy Efficiency: the case of the air conditioning sector (d) | 150,000 |
| Manaus Bioeconomy and Free Zone (e) | 35,235 |
| | <u>1,030,506</u> |

(a) Data Advocacy for Low Carbon

The objective of this project is to strengthen tInstituto Escolhas' capacity for articulation and communication. The project intends to expand these actions not only in relation to the different sectors with which to speak, but also to diversify the forms of action that go through (i) production of quality analyzes using own data and other reliable research centers; (ii) articulation with different sectors around specific themes; (iii) intense participation in discussion spaces (forums, networks, commissions).

(b) Meat chain costs in Brazil

The Project has two objectives. The first is to investigate some costs of the Brazilian meat chain, such as the environmental footprint (carbon emissions and water use) and subsidies, use of public money by the chain. The second objective is to map the strategies of action of the Brazilian agro-export sector in the multilateral forums for the definition of the rules of the international food trade.

(c) Chair

The aim of the project is to encourage research in the economic sciences that explores the interface between environmental issues and economic development. To this end, the project develops actions such as the scholarship program for graduate students in economics who study environmental issues and short courses on economics and the environment.

(d) Manaus Free Zone and Energy Efficiency: the case of the air conditioning sector (d)

The general objective of the work to be carried out is to deepen and expand this analysis on the impact of the ZFM regime on efficiency, innovation and competitiveness in the air conditioning sector through an economic approach to its effects and the existing alternatives.

ASSOCIAÇÃO CIVIL INSTITUTO ESCOLHAS

Explanatory from Administration notes to the accounting statements Periods ended on Tuesday, December 31, 2019 and 2018 (In Reais)

(e) **Manaus Free Trade Zone and Bioeconomy**

This project aims at developing innovative proposals in Bioeconomics for the regional development of the Amazon in the context of debates on tax reform and the cost benefit analysis of the Manaus Free Trade Zone.

16 **Net Equity**

(a) **Social equity**

The Entity's social assets are made up of movable assets, real estate, rights and values, acquired or received in the form of donations, plus the surpluses and/or deficits found, or in any other lawful manner, and must be managed and used only for the strict fulfillment of its purposes.

Dissolution and winding-up

The dissolution or extinction of the Entity can only be determined by an Extraordinary General Meeting specially called for this purpose and provided that there is a favorable vote of at least 2/3 (two thirds) of the total of its members. So occurring, your any remaining assets will be transferred to another qualified entity under Law No. 9.790/99, preferably having the same social object.

(b) **Administration's Remuneration**

In accordance with the bylaws, the Entity may, observing the legal criteria, remunerate its officers.

17 **Income from donations**

The proceeds from donations made by its members are shown as follows:

| | 2019 | 2018 |
|-----------|------------------|------------------|
| Donations | <u>1,854,791</u> | <u>2,390,154</u> |
| | <u>1,854,791</u> | <u>2,390,154</u> |

(a) In 2019 the institute obtained an exemption from ITCMD

18 **Income from sponsorships**

Sponsorship revenues are shown as follows:

| | 2019 | 2018 |
|--------------------------|-------------|----------------|
| Income from sponsorships | <u>-</u> | <u>250,000</u> |
| | <u>-</u> | <u>250,000</u> |

ASSOCIAÇÃO CIVIL INSTITUTO ESCOLHAS

Explanatory from Administration notes to the accounting statements Periods ended on Tuesday, December 31, 2019 and 2018 (In Reais)

19 Fair value of volunteer work

The voluntary work identified by management as having been provided in the 2019 and 2018 financial years, as well as their fair values, can be described as follows.

| | <u>2019</u> | <u>2018</u> |
|-------------------|----------------|----------------|
| Supervisory board | 28,800 | 24,000 |
| Directive board | 28,800 | 36,000 |
| Scientific board | 75,600 | 48,000 |
| | <u>133,200</u> | <u>108,000</u> |

These amounts were recognized in the income statement under "Income from voluntary services", with a corresponding entry to "Expenses from voluntary services".

The fair value of the volunteer work described above was determined based on the amount that the Entity would be willing to pay to a third party to provide the same service provided by the volunteer.

In this sense, management made its best estimate of fair value based on information from the service provider itself, since, in general, it also provides the same service to other entities, but with remuneration, and/or based on information from market, especially in the case of service provision for which there is an active and mature market, where information on the cost of services is widely disclosed or easily obtained, always considering the size and complexity of the Entity's operations.

20 Administrative and general overheads

| | <u>2019</u> | <u>2018</u> |
|----------------------------------|-------------|-------------|
| Scholarship awards | (192,300) | (156,600) |
| Trips and hosting | (186,966) | (109,894) |
| Rentals | (94,882) | (47,385) |
| Expenses with events | (53,918) | (15,601) |
| Expenses with meals | (29,758) | (8,172) |
| Exp. with parking, toll and taxi | (25,285) | (16,694) |
| Courses | (14,040) | - |

ASSOCIAÇÃO CIVIL INSTITUTO ESCOLHAS

Explanatory from Administration notes to the accounting statements Periods ended on Tuesday, December 31, 2019 and 2018 (In Reais)

| | | |
|-----------------------------------|------------------|------------------|
| Sponsorships | (11,500) | - |
| Ads and publications | (6,968) | (87,821) |
| Stationery | (6,769) | (10,196) |
| Depreciation of amortization | (6,735) | (5,502) |
| Expenses with notarization | (2,128) | (2,777) |
| Delivery and collection expenses | (1,400) | (3,898) |
| Telephone | (873) | (517) |
| Services provided for individuals | (484) | (8,742) |
| Donations | - | (2,687) |
| Other Expenses | (15,382) | (11,398) |
| | <u>(649,388)</u> | <u>(487,884)</u> |

21 Expenses with services

| | 2019 | 2018 |
|------------------------------|--------------------|--------------------|
| Consulting | (920,216) | (805,350) |
| Research and studies | (331,682) | (211,178) |
| Advertisement | (312,086) | - |
| Audiovisual and photographic | (130,701) | (15,944) |
| Text revision | (99,065) | (29,272) |
| Website maintenance | (59,765) | (23,955) |
| Accounting | (28,792) | (28,848) |
| Audit | (9,288) | (6,627) |
| Information technology | (4,844) | (5,302) |
| Creation and layout | - | (75,230) |
| | <u>(1,896,439)</u> | <u>(1,201,706)</u> |

22 Expenses with Personnel

| | 2019 | 2018 |
|------------------------|-------------|-------------|
| Salaries | (145,660) | (191,538) |
| INSS | (40,323) | (60,639) |
| Vacation | (20,076) | (22,450) |
| Indemnities and Notice | (18,456) | - |
| 13th Salary | (14,665) | (16,776) |

ASSOCIAÇÃO CIVIL INSTITUTO ESCOLHAS

Explanatory from Administration notes to the accounting statements Periods ended on Tuesday, December 31, 2019 and 2018 (In Reais)

| | | |
|-----------------------|------------------|------------------|
| Fine FGTS indemnified | (12,641) | |
| FGTS | (11,010) | (18,584) |
| PIS on Payroll | (1,591) | (2,288) |
| Occupational Health | (758) | (722) |
| Interns labor | - | (9,100) |
| Bus pass | - | (1,578) |
| | <u>(265,180)</u> | <u>(323,675)</u> |

23 Tax expenses

| | <u>2019</u> | <u>2018</u> |
|--------------------------------|-----------------|-----------------|
| COFINS on financial income | (3,913) | (3,003) |
| IOF | (7,041) | (2,833) |
| IRRF on financial applications | (22,452) | (10,906) |
| Supply inspection fee | (163) | (157) |
| | <u>(33,569)</u> | <u>(16,899)</u> |

24 Financial result

| | <u>2019</u> | <u>2018</u> |
|-----------------------------------|---------------|---------------|
| Incomes of financial applications | 97,652 | 74,974 |
| Active exchange variation | 188 | 274 |
| Bank charges | (3,884) | (2,768) |
| Interest | (1,395) | (27) |
| Penalties | (1,407) | (18) |
| Passive exchange rate | (163) | (132) |
| Financial result | <u>90,991</u> | <u>72,303</u> |

23 Fiscal Aspects

- (a) The Entity is a private, non-profit legal entity, as defined in its bylaws and meets the requirements of the legislation, being exempt from Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL), considering the cumulative fulfillment of the conditions laid down in articles 12 and 15 of Law No. 9,532, of December 10, 1997.
- (b) With regard to social contribution to the Social Integration Program (PIS), the entity is subject

ASSOCIAÇÃO CIVIL INSTITUTO ESCOLHAS

Explanatory from Administration notes to the accounting statements Periods ended on Tuesday, December 31, 2019 and 2018 (In Reais)

to payment of contribution calculated on the payroll at the rate of 1%, as provided in article 13 of Provisional Measure N. 2158-35 , of August 24, 2001.

- (c) Regarding the Social Contribution for the Financing of Social Security (COFINS), even though the entity is characterized as a taxpayer, at the rate of 7.6%, it does not affect the revenues related to the Entity's own activities, as provided for in Article 14, item of Provisional Measure No. 2,158-35, of August 24, 2001.

The Entity started to pay COFINS on its financial income due to Decree No. 8,426 published on April 1, 2015.

- (d) The Entity obtained exemption from the payment of ITCMD as of 09/25/2017.

24 Contingencies

There is no judicial contingency involving the Entity. Accordingly, there is no record as a provision for contingencies in the financial statements ended on December 31, 2019 and 2018.

25 Insurances

For 2019 and 2018, no insurance was contracted to safeguard the Entity's fixed assets.

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