

INSTITUTO HOMEM PANTANEIRO

*Financial statements for the year
ended December 31, 2020 and
Independent Auditor's Report*

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INDEPENDENT AUDITOR'S REPORT

To the Management of

INSTITUTO HOMEM PANTANEIRO

Corumbá - MS

Opinion

We have audited the accompanying financial statements of INSTITUTO HOMEM PANTANEIRO ("Entity"), which comprise the balance sheet as of December 31, 2018, and the statement of surplus, statement of comprehensive income, and statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of INSTITUTO HOMEM PANTANEIRO as of December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with accounting practices adopted in Brazil.

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Entity in accordance with the relevant ethical requirements set forth in the Code of Ethics for Professional Accountants and the professional standards issued by the Federal Accounting Council and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of matter

Deforestation fires:

In 2020, devastating deforestation fires occurred. Virtually all Serra do Amolar area was destroyed by fire. According to data provided by the Laboratory for Environmental Satellite Applications (“LASA”) of the Department of Meteorology of the Federal University of Rio de Janeiro (“UFRJ”), around 90% of the areas comprised by “Rede do Amolar” (Amolar Network) were burnt. Despite the conservation status created by the set of private reserves in Rede do Amolar, the extent of the impacts is still unknown.

Due to this situation, taking strategic actions was required to mitigate the impact of the deforestation fires, protect the forest, life and properties of populations. Sources of income and donations were created for “Brigada Alto Pantanal Bri” (fire brigade), as reported in Note 18, and “Serra do Amolar Preservation”, as reported in Note 19.

Financial statements expressed in US dollars (US\$)

As mentioned in note 2, the financial statements were prepared in accordance with the accounting practices adopted in Brazil. For reporting purposes, additionally, they are presented in American dollars (US\$). The financial statements have been remeasured from Brazilian reais (R\$) into US dollars (US\$) using the exchange rate prevailing at December 31, 2020 and 2019 for current assets and liabilities, and income and expenses. As a general rule, noncurrent assets and liabilities are remeasured at the historical acquisition rate whereas revenues and expenses, at the monthly average rate, resulting in an adjustment to equity due to the foreign-currency translation (adjustment to equity due to currency translation). However, as inflation rates in Brazil are relatively low, only the current rate was used to remeasure the financial statements as of December 31, 2020 and 2019. This simplified practice does not require a translation adjustment. However, if historical rates had been used, there would be no differences in the Entity’s yearend net assets.

Responsibilities of Management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices adopted in Brazil, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are 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 as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial

statements, unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative to avoid doing so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements taken as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition, we:

- 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 a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve override of internal control, collusion, forgery, intentional omissions or misrepresentations.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our

auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

São Paulo, April 16, 2021



SGS Auditores Independentes
CRC 2 SP 020.277/O-5

Silvio de Jesus
CRC 1 SP 141.676/O-7

INSTITUTO HOMEM PANTANEIRO**Balance sheets as of December 31, 2020 and 2019
In US\$**

<u>ASSETS</u>	Note	2020	2019
CURRENT ASSETS			
Cash and cash equivalents			
Cash		5	6
Banks – unrestricted		63,157	7
Banks – restricted		143	-
Operational reserve – Unrestricted	4	167,434	13,670
Project reserve – Restricted	5	25,648	35,869
Sustainability fund – Restricted	6	102,464	73,753
Receivables	7	3,149	2,240
Total current assets		362,001	125,545
NONCURRENT ASSETS			
Property and equipment	8	210,007	217,517
Intangible assets	9	2,500	6,966
Total noncurrent assets		212,507	224,483
TOTAL ASSETS		574,508	350,028

The accompanying notes are an integral part of these financial statements.

INSTITUTO HOMEM PANTANEIRO**Balance sheets as of December 31, 2020 and 2019
In US\$**

<u>LIABILITIES AND NET ASSETS</u>	Note	2020	2019
CURRENT LIABILITIES			
Suppliers of goods and services		8,249	8,047
Employee obligations	10	14,172	7,208
Leases	14	5,773	7,443
Payroll taxes	11	9,917	3,818
Taxes payable	12	1,679	1,162
Other payables	13	3,451	16,484
Funds - projects in progress	15	25,648	35,853
Total current liabilities		68,889	80,015
NONCURRENT LIABILITIES			
Leases	14	69,275	96,757
Total noncurrent liabilities		69,275	96,757
NET ASSETS			
Net worth		436,344	173,256
Total net assets		436,344	173,256
TOTAL LIABILITIES AND NET ASSETS		574,508	350,028

The accompanying notes are an integral part of these financial statements.

INSTITUTO HOMEM PANTANEIRO

Statements of surplus for the years ended December 31, 2020 and 2019 In US\$

		2020	2019
OPERATING INCOME	Note		
Restricted			
Special agreements with government	17	10,948	16,563
Nongovernment sponsorship	17	4,718	69,382
Volunteer work	22	32,001	40,985
		47,667	126,930
Unrestricted			
Donations - Alto Pantanal Brigade	18	248,272	-
Donations - Serra do Amolar Preservation	19	151,148	-
Services rendered		30,517	63,045
Partnership Agreement - Instituto Acaia	17	67,696	85,042
Donations from legal entities		37,059	110,808
Donations from individuals		76,724	120,230
Income from TCRAE	20	125,753	117,908
Finance income		1,978	1,295
Other income		52	-
		739,201	498,327
Other operating income – unrestricted		156	248
Donations of fixed assets			
Other income		156	248
Total income		787,025	625,505
OPERATING COSTS AND EXPENSES			
Environmental programs			
Operating costs and expenses		(338,806)	(437,813)
Volunteer work	22	(32,001)	(40,985)
		(370,807)	(478,798)
Gross revenue		416,218	146,707
Operating and administrative expenses		(113,797)	(94,843)
Surplus for the period		302,421	51,864
Adjustments to equity		(354)	1,952
Comprehensive income		302,067	53,816

The accompanying notes are an integral part of these financial statements.

INSTITUTO HOMEM PANTANEIRO**Statements of changes in net assets for the years ended December 31, 2020 and 2019
In US\$**

	Net assets	Translation adjustment	Surplus (deficit)	Total
BALANCE AT DECEMBER 31, 2018	151,814	(27,568)	-	124,246
Surplus for the period			51.864	51.864
Adjustments to net assets			1,952	1,952
Translation adjustment		(4.806)		(4.806)
Transfer of surplus	53.816		(53.816)	-
BALANCE AT DECEMBER 31, 2019	205.630	(32.374)	-	173,256
Surplus for the period			302,421	302,421
Adjustments to net assets			(458)	(458)
Translation adjustment		(38.875)		(38.875)
Transfer of surplus	301,963		(301,963)	-
BALANCE AT DECEMBER 31, 2020	507.593	(71.249)	-	436,344

The accompanying notes are an integral part of these financial statements.

INSTITUTO HOMEM PANTANEIRO

Statements of cash flows for the years ended December 31, 2020 and 2019 In US\$

	2020	2019
OPERATING ACTIVITIES		
Surplus for the year	302,421	51,864
Increase (decrease) in items not affecting cash:		
Depreciation and amortization	14,257	19,613
Adjustment to net assets	(458)	1,952
Translation adjustment - Cash and cash equivalents	(27,667)	(3,400)
Decrease (increase) in assets		
Receivables	(1,412)	852
Increase (decrease) in liabilities		
Suppliers of goods and services	2,007	195
Employee obligations	8,582	(2,906)
Payroll of self-employed workers	-	-
Payroll taxes	6,956	(554)
Taxes payable	778	339
Other payables	(9,335)	12,304
Cash provided by (used in) operating activities	296.129	80,259
INVESTING ACTIVITIES		
Increase in property and equipment and intangible assets	(52,650)	(110,486)
Cash provided by (used in) investing activities	(52,650)	(110,486)
FINANCING ACTIVITIES		
Proceeds from projects in progress	(2,160)	(38,596)
Increase (decrease) in leases	(5,774)	104,200
Cash provided by (used in) investing activities	(7,934)	65,604
Increase (decrease) in cash and cash equivalents	2235.545	35,377
Cash and cash equivalents at beginning of period	123,306	87,929
Cash and cash equivalents at end of period	358,851	123,306
Increase (decrease) in cash and cash equivalents	235,545	35,377

The accompanying notes are an integral part of these financial statements.

INSTITUTO HOMEM PANTANEIRO

Notes to the financial statements for the years ended December 31, 2020 and 2019 In US\$

1. GENERAL INFORMATION

Instituto Homem Pantaneiro (“Entity”) is a private nonprofit entity, having administrative, finance and net asset autonomy, headquartered in the city of Corumbá, State of Mato Grosso do Sul. The Entity has indeterminate duration and nation-wide coverage.

The purposes of the Entity are the following:

- a) Promote, support, coordinate, develop, participate in and execute programs, plans, projects, activities, organization and viability of events related to education, monitoring, control, research, preservation and conservation of the environment, natural resources, and the environmental security quality;
- b) Promote, support, disclose, coordinate, develop, participate in and execute programs, plans, projects, activities, organization and viability of events related to education, research, training, qualification and empowerment of human resources in the environmental area;
- c) Promote, support, disclose, coordinate, develop and execute studies, environmental consulting, assessment, reports and environmental impact;
- d) Provide services and consulting to government and nongovernment institutions, private and state-owned companies, individuals and legal entities, in areas such as education, training, empowerment and professional qualification, planning, performance of all activities, organization and viability of events related to the environment, natural resources, quality and environmental security, as well as in all areas covered by its purposes and related activities.

2. PRESENTATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with accounting practices adopted in Brazil, which comprise the Brazilian Corporate Law and the technical pronouncements, instructions and interpretations issued by the Accounting Pronouncements Committee (“CPC”), and specifically ITG 2002 (R1), applicable to Nonprofit Entities and other supplementary provisions.

The financial statements were prepared in accordance with accounting practices adopted in Brazil. For reporting purposes, additionally, they are presented in American dollars (US\$). The financial statements have been remeasured from Brazilian reais (R\$) into US dollars (US\$) using the exchange rate prevailing at December 31, 2020 and 2019 for current assets and liabilities, and income and expenses. As a general rule, noncurrent

assets and liabilities are remeasured at the historical acquisition rate whereas revenues and expenses, at the monthly average rate, resulting in an adjustment to equity due to the foreign-currency translation (adjustment to equity due to currency translation). However, as inflation rates in Brazil are relatively low, only the current rate was used to remeasure the financial statements as of December 31, 2020 and 2019. This simplified practice does not require a translation adjustment. However, if historical rates had also been used, there would be no differences in the Entity's yearend equity.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Functional and presentation currency

The financial statements are presented in Brazilian reais and US dollars – US\$.

b) Income and expense recognition

Income and expenses are recorded on the accrual basis.

c) Accounting estimates

The preparation of financial statements requires the use of estimates to account for certain assets, liabilities and other transactions. Therefore, the financial statements include estimates relating to provisions, receivables and other. Actual results may differ from these estimates.

d) Financial instruments

Non-derivative financial instruments are comprised of cash and cash equivalents, accounts and other receivables, and accounts and other payables.

e) Current and noncurrent assets

Cash and cash equivalents

Amounts recorded in cash and cash equivalents refer to bank accounts and highly liquid short-term investments with an insignificant risk of change in fair value, and which are considered equivalent to cash.

Short-term investments

Stated at cost plus income earned through the end of the reporting period, not exceeding fair or realizable values.

Property and equipment

Represented by the rights acquired in tangible assets to be held and used in the Entity's operations or exercised for this purpose, including those originating from operations that transfer risks, rewards and controls over the Entity's assets.

Stated at cost, less accumulated depreciation calculated under the straight-line method based on the estimated useful life of the assets.

Intangible assets

Correspond to rights acquired in intangible assets that are maintained or used in the Entity's operations or exercised for this purpose. Intangible assets with finite useful lives are generally amortized on a straight-line basis over the period they are expected to generate economic benefits.

f) Current and noncurrent liabilities

Stated at known or estimated amounts, plus charges, inflation adjustment and/or changes in exchange rates incurred through the date of the statement of financial position, when applicable. When applicable, current and noncurrent liabilities are stated at present value based on interest rates that reflect the term, currency and risk of each transaction.

Provisions

Provisions are recognized when the Entity has a legal or constructive obligation as a result of a past event and it is probable that an outflow of funds will be required to settle the obligation. Provisions are recorded based on the best estimates of the risk involved.

4. OPERATIONAL RESERVE – Unrestricted

	2020	2019
Short-term investments	167,434	13,670
Total	167,434	13,670

Operational reserve corresponds to Instituto Homem Pantaneiro's own funds which are not pledged nor restricted to a certain project that is under execution. These reserves may be used for general application to finance the conservation of environment, natural resources, quality, and environmental safety as well as in all areas of the Institute's purposes and related activities.

5. PROJECT RESERVE – Restricted

	2020	2019
Short-term investments	25,648	29,772
Short-term investments - Banco do Brasil	-	6,081
Other investments	-	16
Total	25,648	35,869

6. SUSTAINABILITY FUND – Restricted

	2020	2019
Financial investment - Itaú - 29512-3 (Premium DI)	102,464	73,753
Short-term investments	-	-
Total	102,464	73,753

Operational reserve corresponds to Instituto Homem Pantaneiro's own funds, which are not pledged nor restricted to a certain project that is under execution. These reserves may be used for general application to finance the conservation of environment, natural resources, quality, and environmental safety as well as in all areas of the Institute's purposes and related activities.

7. RECEIVABLES

	2020	2019
Advances to suppliers	2,398	2,072
Salary advances	77	137
Vacation pay advances	650	-
Recoverable taxes	24	31
Total	3,149	2,240

8. PROPERTY AND EQUIPMENT

		2020			2019
	Annual depreciation rate	Cost	Accumulated depreciation	Property and equipment, net	Property and equipment, net
Unrestricted					
Furniture and fixtures	10%	8,477	(2,734)	5,743	3,162
Telephony terminals	20%	855	(381)	474	822
Machinery and equipment	10%	56,845	(14,023)	42,822	34,121
IT equipment	20%	2,360	(1,446)	915	-
Land		2,886	-	2,886	3,721
Vessels	10%	71,339	(18,337)	53,002	31,996
Properties	4%	35,263	(6,465)	28,798	38,948
Restricted					
Machinery and equipment	10%	957	(629)	328	547
IT equipment	20%	-	-	-	-
Properties - Leases		75,048	-	75,048	104,200
Total		254,031	(44,014)	210,017	217,517

Changes in property and equipment

	2019	2020			
	Net	Additions /write-offs	Exchange rate changes	Depreciation	Net
Unrestricted					
Furniture and fixtures	3,162	3,951	(709)	(671)	5,733
Telephony terminals	822	-	(184)	(164)	474
Machinery and equipment	34,121	20,689	(7,656)	(4,332)	42,822
IT equipment	-	1,120	-	(205)	915
Land	3,721	-	(835)	-	2,886
Vessels	31,996	32,663	(7,179)	(4,478)	53,002
Properties	38,948	-	(8,739)	(1,411)	28,798
Restricted					
Machinery and equipment	547	-	(123)	(96)	328
IT equipment	-	-	-	-	-
Properties - Leases	104,200	(5,773)	(80,821)	-	75,048
Total	217,517	52,650	(48,795)	(11,355)	210,017

9. INTANGÍVEL

	Annual amortiza tion rate	2020			2019
		Cost	Accumulated depreciation	Property and equipment, net	Property and equipment, net
Software geomonitoring	20%	30,673	(28,173)	2,500	6,966
Software - computers	20%	51	(51)	-	-
Total		30,725	(28,225)	2,500	6,966

10. EMPLOYEE OBLIGATIONS

	2020	2019
Salaries payable	5,575	2,196
Accrued vacation pay	8,598	5,012
Total	14,172	7,208

11. PAYROLL TAXES

	2020	2019
Social Security Contribution (INSS)	5,165	1,663
Severance Pay Fund (FGTS)	1,660	389
PIS on payroll	184	48
Union dues	30	38
Accrued taxes on vacation pay	2,880	1,679
Total	9,917	3,818

12. TAXES PAYABLE

	2020	2019
Withholding income tax – individuals	732	443
Withholding income tax - legal entities	107	123
Service tax (ISS)	503	208
Other payables	336	387
Total	1,679	1,162

13. OTHER PAYABLES

	2020	2019
Advances from customers	1,923	15,230
Reimbursable expenses	62	80
Cost-of-living allowance	826	-
Electric power	623	286
Water	-	-
Telephone	18	888
Total	3,451	16,484

14. LEASES

Type	Finance charges	Current		Noncurrent	
		2020	2019	2020	2019
Property leases	IGPM p.a.	5,773	7,443	69,275	96,757
Total		5,773	7,443	69,275	96,757

Refers to the lease of properties: Fazenda Acurizal, Fazenda Penha and Fazenda Rumo Oeste, owned by ECOTRÓPICA – Fundação de Apoio à Vida nos Trópicos. The lease contract is effective until November 22, 2033.

In 2020, IHP and Ecotropica agreed not to adjust lease contracts, with a 5-year grace period, considering the Institute's financial scenario, the high IGP-M cost for 2020, and the amount invested by IHP to protect areas affected by the deforestation fires occurred in 2020. IHP's attorney (Dr. Sebastião Rolon Neto) is currently preparing an addendum to the lease contract to formalize such agreement.

15. FUNDS - PROJECTS IN PROGRESS

Special agreements with government – Restricted short-term investments

Type and Agency	Related responsibilities	2020 US\$	2019 US\$
Vale S.A.	Refers to the single installment released under Project Cabeceiras do Pantanal. The purpose of the project is to cooperate with the production of qualified environmental information about Pantanal, particularly springs and Permanent Preservation Areas (APPs) in Alto Paraguai Basin (BAP). The Project seeks to create or strengthen mechanisms whereby social, economic and scientific evaluations may be converted into quality information for the planning and definition of environmental policies.	-	6,081
3 PRONAC 191717 - MEMORIAL DO HOMEM PANTANEIRO	Preparation and implementation of the “Homem Pantaneiro Memorial”	25,648	29,772
Total		25,648	35,853

16. PROVISION FOR RISKS

Provisions are recognized by the Entity’s management based on its legal counsel’s opinion in amounts aligned with estimated losses arising from lawsuits.

Likelihood of loss on lawsuits may be classified as:

- (a) Probable – one or more future events are more likely than not to occur.
- (b) Possible – one or more future events are more than remote but less than likely to occur.
- (c) Remote – one or more future events are unlikely to occur.

The Entity is not party to labor, civil and tax involving risks of losses. Therefore, recognizing a provision for risks was not necessary.

17. SPONSORSHIPS AND SPECIAL AGREEMENTS – Revenues

Special agreements with government – Restricted

Type and Agency	Project	Related responsibilities	2020 US\$	2019 US\$
Fund for the Defense and Remediation of Diffuse and Aggrieved Interests (FUNLES), managed by the Secretariat for Environment, Economic Development, Production and Family Agribusiness).	GEOPANTANAL: Technology-enabling conservation tool.	-Execute the Work Plan; -Apply the fund received for executing the project; -Keep the accounting bookkeeping up-to-date; -Be responsible for payroll taxes; -Comply with the provisions of State Decree No. 14494; -Enable oversight and supervision by the Grantor; -Return any remaining balances; -Accountability for the funds received.	-	16,563
Pronac 191717 - Memorial do Homem Pantaneiro	PRONAC - Memorial do Homem Pantaneiro	Preparation and implementation of the "Homem Pantaneiro Memorial"	10,948	-
Total			10,948	16,563

Partnership Agreement – Instituto Acaia – Unrestricted

Entity	Project / partnership description	2020 US\$	2019 US\$
Instituto Acaia	Partnership agreement for paying the maintenance of the communications system in the areas covered by the RPCSA	5,964	57,012
Instituto Acaia	Partnership agreement for monitoring and oversight actions in the areas covered by the RPCSA	45,895	6,001
Instituto Acaia	Partnership agreement for developing Project Alto Pantanal.	6,549	13,345

Instituto Acaia	Transfer for payment of lease of ECOTRÓPICA areas.	5,773	8,683
Instituto Acaia	Transfer for emergency assistance to fight forest fires	3,516	-
Total		67,696	85,042

Non-governmental sponsorships – Restricted

Type and Agency	Project	Related responsibilities	2020 US\$	2019 US\$
Vale SA	Environmental Monitoring of Rivers	Perform an ecological and environmental diagnosis of water springs and Permanent Preservation Areas (APP's) in the region, by identifying the conservation status, the economic activities and the utilization of the spring soil of Alto Paraguay Basin and its main water streams.	4,718	69,382
Total			4,718	69,382

18. DONATIONS - ALTO PANTANAL BRIGADE

	2020	2019
Revenues from donations - Alto Pantanal Brigade	248,272	-
Total	248,272	

Alto Pantanal Brigade was created due to the need to take strategic actions to mitigate the impact of the deforestation fires and protect the forest, life and properties of populations.

The purposes of Alto Pantanal Brigade are as follows:

- Implement permanent brigades to perform integrated fire prevention and handling activities, in addition to direct fire extinguishment, when necessary, in the Alto Pantanal region;
- Minimize the consequences of the forest fires, avoiding tolls, material and environmental damages and the resulting economic and social losses;

- c) Develop preventive actions;
- d) Enhance actions to assist in case of forest fires as such actions are early planned and disclosed;
- e) Raise awareness of the partners involved in the activities relating to the preparation and training of the teams involved in the plan development; and
- f) Mitigate adverse impacts for the balance of Pantanal biome.

To make the plan above feasible, IHP's Management started a campaign to create a professional brigade with trained, equipped employees who will patrol the Serra do Amolar, Parque Nacional do Pantanal Matogrossense, and Parque Estadual Encontro das Águas regions.

To achieve this, Management made it feasible the following actions scheduled for 2021:

- a) Creation of two Permanent Fire Brigades in the Jaguar Corridor. One of the brigades will be based in Porto Jofre and the other in Serra do Amolar, with prevention patrols and initial firefighting in the area that cover Paraguai Mirim, Serra do Amolar, Parque Nacional do Pantanal, and Parque Estadual Encontro das Águas;
- b) Acquisition of PPE and equipment to fight fire which may increase the efficiency of the field brigade;
- c) Hiring and maintenance of brigade members by covering their expenses on transportation, meal, lodging, and compensation;

19. DONATIONS – SERRA DO AMOLAR PRESERVATION

	2020	2019
Donations - Serra do Amolar Preservation	151,148	-
Total	151,148	

In 2020, devastating deforestation fires occurred. Virtually all Serra do Amolar area was destroyed by fire. According to data provided by the Laboratory for Environmental Satellite Applications ("LASA") of the Department of Meteorology of the Federal University of Rio de Janeiro ("UFRJ"), around 90% of the areas comprised by "Rede do Amolar" (Amolar Network) were burnt. Despite the conservation status created by the set of private reserves in Rede do Amolar, the extent of the impacts is still unknown.

Instituto Homem Pantaneiro, in conjunction with GRETAP (Animal Technical Rescue Group - Pantanal/MS), have worked directly in the region, providing service, rescue, and assistance to Serra do Amolar's fauna, from August to December 2020. General activities consisted of commuting the team to the areas affected by fire to actively search for animals and their trails and carcasses and provide food in low or no availability. Also, support was provided to the local community by providing veterinarian service to needy domestic animals and offering fruits, vegetables, corn, and seed to inhabitants to encourage them to welfarism. During the operation period, 18 animals were assisted, of which 9 wild and 5 domestic. In a period of 60

days, IHP provided care to 9 cases and followed up the cases locally, and four fauna rescues, which involved commuting the animal to CRAS, in the city of Campo Grande.

These actions were financed by donations made in 2020. For 2021, as a continuation of this project, IHP understands that establishing a planning to understand which aspects were modified in relation to fires to establish the next steps and to monitor, evaluate, and allow the restoration of the region is urgent. Therefore, the purpose of Project “Amolar Sobrevive” is to design a restoration plan and the economic and social microzoning in the Serra do Amolar region, with experts from different areas of knowledge. Based on such plan, strategies for the planned actions to be implemented by IHP and its partners will be implemented.

20. INCOME FROM TCRAE (State Environmental Reserve Quota Certificates)

	2020	2019
Income from TCRAE (State Environmental Reserve Quota Certificates)	125,753	117,908
Other income	-	-
Total	125.753	117,908

TCRAE – State Environmental Reserve Quota Certificates:

SEMAGRO Resolution No. 673, of March 14, 2019, published on the Federal Official Gazette of March 22, 2019, provides the rules for legal reserve offset applicable to the State of Mato Grosso do Sul. Such Resolution amends other rules published in 2014 which implement and govern the procedures relating to the Rural Environmental Registry and on the “For a More Sustainable Mato Grosso” program.

As a strategy to pursue sustainability, IHP started legal procedures to comply with the requirements and use the funds provided by the TCRAE.

21. USE OF FUNDS

The Entity’s funds were used in its institutional purposes, as specified in its Bylaws, as shown in the statement of its expenses and investments. Instituto Homem Pantaneiro has two sources of income: Donations and services provided. Income from services is used to finance the preservation of environment, natural resources, environmental quality and safety, as well as to carry out its statutory purposes and related activities.

22. VOLUNTEER WORK

As prescribed by Resolution No. 1409 – Federal Accounting Council (CFC) ITG 2002 – item 19, volunteer work should be recognized at the fair value of the service provided, as if a cash disbursement had been made. According to Appendix A to this Resolution, volunteer work should be treated in income and expenses in the same amount, without affecting the entity's surplus or deficit.

Therefore, no payments were made for volunteer work, since services are not compensated, under Volunteer Work Law.

23. TAX EXEMPTIONS AND WAIVER

	2020	2019
Corporate income tax	82,597	14,607
Social Contribution on Net Profit (CSLL)	27,218	4,723
ISS-QN (service tax)	9,979	7,239
PIS (tax on income)	5,116	4,056
Cofins (tax on income)	23,611	18,720
Total	148,520	49,345

24. INSURANCE

The Entity does not have insurance coverage for its administrative building, as the property has been preserved as a historic site, and insurers do not provide coverage for heritage buildings.

25. PROPERTY PURCHASE RIGHTS

The rural properties named Fazenda Morrinhos and Fazenda Novos Dourados, located in the municipality of Corumbá, State of Mato Grosso do Sul, where Private Natural Reserve Engenheiro Elieser Batista was created, were acquired by Instituto Homem Pantaneiro (IHP) from MMX Corumbá Mineração S.A., under a Purchase and Sale Commitment dated August 11, 2014, amended on April 16, 2015 (Fazenda Novos Dourados) and an Assignment of Rights Commitment dated August 11, 2014 (Fazenda Morrinhos), for the amounts of US\$917,257 (R\$2,089,418.90) and US\$100,851 (R\$310,581.11), which have not yet been paid by the seller to the acquiring party, since conditions precedent contained in the Commitments have not yet been complied with.

On August 11, 2014, the parties also executed a Lease Agreement. The price agreed upon for the lease – US\$63,400 (R\$600,000.00) – was paid by netting outstanding receivables in

favor of the Entity which originated from the Partnership and Management, Maintenance and Performance of Conservation Programs Agreement entered into on January 01, 2010 and amended on February 02, 2011.

Instituto Homem Pantaneiro assigned 95% of the rights it held over the abovementioned properties to a group of individuals, which was formalized on December 10, 2012 under an Assignment of Purchase Rights Agreement, for US\$180,482 (R\$368,815.07) (Faz. Morrinhos) and US\$1,214,183 (R\$2,481,184.93) (Faz. Novos Dourados), to join efforts to continue the environment preservation activities and the scientific and environmental education projects being developed in the properties.

The interest in the partnership established between Instituto Homem Pantaneiro and the group of individuals was lost and, as a way to contribute to the preservation of Serra do Amolar, the amount of US\$88,364 (R\$350,000.00) initially received as down payment when the assignment of rights agreement referred to above was executed, was not returned. Such amount was received by the Entity as a donation.