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(A free translation of the original in Portuguese)

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***WRI Brasil***  
***Financial statements at***  
***December 31, 2020***  
***and independent auditor's report***





(A free translation of the original in Portuguese)

## ***Independent auditor's report***

To the Management and Members  
WRI Brasil

### **Opinion**

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We have audited the accompanying financial statements of WRI Brasil ("Entity"), which comprise the statement of financial position as at December 31, 2020 and the statements of surplus, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WRI Brasil as at December 31, 2020, and its financial performance and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil for small and medium-sized entities - CPC Technical Pronouncement PME - Accounting for Small and Medium-sized Entities, including the provisions in Technical Interpretation ITG 2002 - "Non-profit Entities".

### **Basis for opinion**

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We conducted our audit in accordance with Brazilian and International Standards on Auditing. 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 Company in accordance with the ethical requirements established in the Code of Professional Ethics and Professional Standards issued by the Brazilian 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.

### **Responsibilities of management and those charged with governance for the financial statements**

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Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices adopted in Brazil for small and medium-sized entities (CPC - Technical Pronouncement PME - "Accounting for Small and Medium-sized Entities"), including the provisions in Technical Interpretation ITG 2002 - "Non-profit Entities", 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 unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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



WRI Brasil

### **Auditor's responsibilities for the audit of the financial statements**

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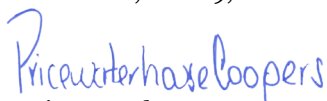
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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.

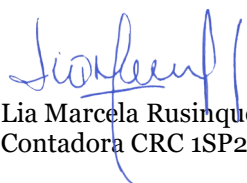
As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 these 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, June 9, 2021

  
PricewaterhouseCoopers  
Auditores Independentes  
CRC 2SP000160/O-5

  
Lia Marcela Rusinque Fonseca  
Contadora CRC 1SP291166/O-4



**WRI Brasil**  
**Balance sheet at December 31**  
 All amounts in reais

(A free translation of the original in Portuguese)

<b>Assets</b>	<b>2020</b>	<b>2019</b>	<b>Liabilities and equity</b>	<b>2020</b>	<b>2019</b>
Current assets			Current liabilities		
Cash and cash equivalents (Note 3)	10,600,767	11,159,671	Accounts payable	44,753	15,454
Accounts receivable (Note 4)	442,145	463,459	Tax liabilities (Note 6)	13,855	46,933
Other receivables	270,639	62,433	Social charges (Note 7)	1,376,992	1,384,019
	<u>11,313,551</u>	<u>11,685,563</u>	Donations received in advance	6,960,934	7,791,258
				<u>8,396,534</u>	<u>9,237,664</u>
Non-current assets			Non-current liabilities		
Escrow deposits	66,724	66,724	Tax liabilities (Note 6)	109,159	98,577
Fixed assets (Note 5)	440,253	492,249		<u>109,159</u>	<u>98,577</u>
Intangible assets	23,610	12,316			
	<u>530,587</u>	<u>571,289</u>	Net assets		
			Net assets (Note 9)	3,338,445	2,920,611
				<u>3,338,445</u>	<u>2,920,611</u>
Total assets	<u>11,844,138</u>	<u>12,256,852</u>	Total liabilities and equity	<u>11,844,138</u>	<u>12,256,852</u>

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



**WRI Brasil**  
**Statement of surplus**  
**Years ended December 31**

All amounts in reais

(A free translation of the original in Portuguese)

	<u>2020</u>	<u>2019</u>
<b>Operating income</b>		
<b>Restricted funds</b>		
Voluntary donations (Note 8)	17,534,695	23,674,303
Fixed assets (Note 11)	200,000	-
Voluntary work (Note 13)	23,120	33,524
	<u>17,757,815</u>	<u>23,707,827</u>
<b>Unrestricted funds</b>		
Voluntary donations (Note 8)	25,000	90,322
Rendering of services (Note 10)	2,276,463	868,528
	<u>2,301,463</u>	<u>958,850</u>
	<u>20,059,278</u>	<u>24,666,677</u>
<b>Operating costs and expenses</b>		
General and administrative expenses (Note 12)	(19,712,166)	(24,952,820)
Tax expenses	(137,362)	(258,985)
Finance result (Note 15)	231,204	595,175
Voluntary work (Note 13)	(23,120)	(33,524)
	<u>(19,641,444)</u>	<u>(24,650,154)</u>
<b>Surplus for the year</b>	<u>417,834</u>	<u>16,523</u>

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



**WRI Brasil**  
**Statement of changes in net assets**  
 All amounts in reais

(A free translation of the original in Portuguese)

	<u>Net assets</u>	<u>Accumulated surplus</u>	<u>Total</u>
<b>At January 1, 2019</b>	2,904,088		2,904,088
Surplus for the year		16,523	16,523
Transfer to net assets	16,523	(16,523)	
<b>At December 31, 2019</b>	<u>2,920,611</u>		<u>2,920,611</u>
Surplus for the year		417,834	417,834
Transfer to net assets	417,834	(417,834)	
<b>At December 31, 2020</b>	<u>3,338,445</u>		<u>3,338,445</u>

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



## WRI Brasil

### Statement of cash flows Years ended December 31

All amounts in reais

(A free translation of the original in Portuguese)

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>		
<b>Surplus for the year</b>	417,834	16,523
<b>Adjustments for non-cash expenses</b>		
Depreciation and amortization	163,455	163,024
Write-off of fixed assets and intangible assets	1,156	28,000
<b>Surplus for the year - restated</b>	<b>582,445</b>	<b>207,547</b>
Decrease in accounts receivable	21,314	217,254
Decrease (increase) in other receivables	(208,206)	40,052
Increase (decrease) in accounts payable	29,299	(15,135)
Increase (decrease) in social charges	(7,027)	90,388
Increase (decrease) in taxes	(22,496)	23,515
Decrease in deferred revenue	-	(86,450)
Decrease in donations received in advance	(830,324)	(966,486)
<b>Net cash used in operating activities</b>	<b>(434,995)</b>	<b>(489,315)</b>
<b>Cash flows from investing activities</b>		
Purchases of fixed assets and intangible assets	(123,909)	(57,153)
<b>Net cash used in investing activities</b>	<b>(123,909)</b>	<b>(57,153)</b>
<b>Decrease in cash and cash equivalents</b>	<b>(558,904)</b>	<b>(546,468)</b>
<b>Cash and cash equivalents at the end of the year (Note 3)</b>	<b>10,600,767</b>	<b>11,159,671</b>
<b>Cash and cash equivalents at the beginning of the year (Note 3)</b>	<b>11,159,671</b>	<b>11,706,139</b>
<b>Decrease in cash and cash equivalents</b>	<b>(558,904)</b>	<b>(546,468)</b>

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



(A free translation of the original in Portuguese)

## **WRI Brasil**

### **Notes to the financial statements at December 31, 2020**

**All amounts in reais unless otherwise stated**

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#### **1 Operations**

WRI Brasil ("Entity") is a private, non-profit organization founded in February 2014, in São Paulo, Brazil, which started operations in June 2014, for the purpose of inspiring human society to live in a way that protects the Earth's environment and its capacity to meet the needs and aspirations of present and future generations. In order to achieve this goal, WRI Brasil works with other organizations of the World Resources Institute, its partners in Brazil and abroad, in the development of research-based solutions.

WRI Brasil was granted the status of Civil Society Organization of Public Interest (OSCIP) on September 19, 2014, as published in the Federal Official Gazette at that date. It has been certified as an Environmental Organization by the Ministry of the Environment, and holds a Statement of Exemption from Inheritance and Donation Tax (ITCMD). The Treasury Department of the State of São Paulo, together with the Secretary of the Environment, issued Resolution SFP/SIMA 02/2019 at the end of 2019, published on December 13, 2019, which determines that, from then on, the Certificate of Environmental Organization and the Statement of Exemption from Inheritance and Donation Tax will be effective for three years. Accordingly, the new deadline for WRI Brasil to renew its Certificate of Environmental Organization is March 1, 2022.

WRI Brasil and the World Resources Institute ("WRI Washington DC") are organizations legally bound by a Cooperation Agreement and a trademark license, which are based on the alignment between the mission, values, and approach of both organizations.

These organizations are committed to working together to achieve their common goal of encouraging human society to live in a manner that protects the environment, in order to meet the needs and expectations of the present and future generations.

To that end, they share strategic work plans, financial management, and control systems under a synergistic governance system for collaborative and strategic decision making. The organizations contribute to each other by raising funds from national and international donors, among other actions and activities that are relevant to the accomplishment of their common mission.

In 2015, WRI Brasil opened an office in the city of Porto Alegre, State of Rio Grande do Sul, named WRI Brasil Cidades Sustentáveis (translated as WRI Brasil Sustainable Cities).

#### **a) Effects of the Covid-19 pandemic**

In line with WRI's global guidelines and the organization's values, which include respect, diversity, and valuing its people, WRI Brasil has taken careful measures to protect the safety of its staff throughout the pandemic period. Besides having all employees work from home from March 16, 2020, domestic and international travel plans were suspended, as were all external in-person activities such as seminars, meetings, events, etc.





## **WRI Brasil**

### **Notes to the financial statements at December 31, 2020**

**All amounts in reais unless otherwise stated**

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Despite requiring employees to work from home throughout 2020, the two offices of WRI Brasil in São Paulo and Porto Alegre have been adapted to comply with the new enhanced health standards.

From a financial viewpoint, revenue remained as expected for the year; part of expenses related to on-site activities and displacements were either postponed or reduced.

Although some seminars, meetings and events had to be postponed or canceled, most of these activities were performed through virtually meetings without significantly affecting the delivery of the respective projects.

Expenses for these events were either reduced or postponed to 2021, and although some activities were affected, no projects were cancelled.

## **2 Financial statement presentation and significant accounting practices**

The issue of these financial statements was authorized by the Entity's Executive Board on June 9, 2021.

The financial statements were prepared in accordance with accounting practices adopted in Brazil for small and medium-sized entities - CPC PME Technical Pronouncement - "Accounting for Small and Medium Entities" and Technical Interpretation ITG 2002 (R1) - "Non-profit Entities", and disclose all information of significance to the financial statements, which is consistent with the information utilized by management in the performance of its duties. The financial statements were prepared under the historical cost convention, except for voluntary work and donations, which are measured at fair value, in accordance with ITG 2002 (Note 13).

The preparation of these financial statements required the use of estimates to account for certain assets, liabilities, and other transactions, including estimates related to the selection of the useful lives of fixed assets, the determination of the useful lives of financial assets and the provisions for liabilities, among others. The actual results may differ from the estimates.

### **2.1 Functional and presentation currency Transactions and balances**

The financial statements are presented in Brazilian Real (Reais), which is the functional and presentation currency of WRI Brasil.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currency are recognized in the statement of surplus.



## **WRI Brasil**

### **Notes to the financial statements at December 31, 2020**

**All amounts in reais unless otherwise stated**

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#### **2.2 Cash and cash equivalents**

Cash and cash equivalents include funds available in local currency and other short-term highly liquid investments with original maturities of three months or less, with immaterial risk of change in value, which are held to meet short- and long-term term commitments.

#### **2.3 Accounts receivable**

Accounts receivable are recognized initially at the transaction cost and are subsequently measured at amortized cost using the effective interest rate method,

#### **2.4 Financial assets**

The Entity classifies its financial assets in the following categories:

- . measured at amortized cost;
- . measured at fair value (through profit or loss, or other comprehensive income); and

This classification depends on the entity's business model for managing financial assets and the contractual terms of the cash flows. Management determines the classification of financial assets upon initial recognition. Currently, financial assets are classified at amortized cost.

#### **(a) Assets carried at amortized cost**

These are included in current assets, except for maturities longer than 12 months after the reporting period, which are classified as non-current assets. The assets carried at amortized cost comprise Cash and cash equivalents (Note 3), Accounts receivable, and Escrow deposits.

#### **2.5 Fixed assets**

Fixed assets are stated at historical cost of acquisition, and depreciation is calculated on the straight-line method, using rates that take into consideration the useful lives of the assets (Note 5).

#### **2.6 Intangible assets**

Acquired software licenses are capitalized on the basis of the costs incurred to purchase the specific software and bring it to use. These costs are amortized over the software's estimated useful life of five years.



## **WRI Brasil**

### **Notes to the financial statements at December 31, 2020**

**All amounts in reais unless otherwise stated**

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#### **2.7 Accounts payable**

These are obligations to pay for goods or services that have been acquired in the ordinary course of business, and are recognized at the amount stated in the invoice or in the related contract. These payables are classified as current liabilities if payment is due in one year or less. If not, they are presented as non-current liabilities.

#### **2.8 Taxes on operations**

WRI Brasil is a non-profit entity, exempt from income tax and social contribution on net income (Note 16). Other taxes are levied on its operating activities, including: (a) Social Integration Program (PIS) - contribution of 1% on the payroll amount; (b) Contribution to the National Institute of Social Security (INSS) - employers' and employee's contributions; (c) Income Tax Withheld at Source (IRRF) levied on income from financial investments — withheld on a regular basis by the respective financial institutions. Up to 2019, the services rendered were subject to the Social Contribution on Revenues (COFINS) at the rate of 7.6% and Service Tax (ISS) at the rate of 5%. From 2020, COFINS is no longer levied, as provided for in Normative Instruction on PIS and COFINS (IN 1911/2019). In accordance with Article 23, paragraph 2 of the standard, the Entity's activities, rendering of services, are not subject to the payment of this contribution.

#### **2.9 Other current assets and liabilities**

Other assets are stated at cost of acquisition, including, where applicable, accrued income and indexation adjustments, less a provision for adjust to realizable value, where applicable. Other liabilities are stated at known or estimated amounts including, where applicable, charges and monetary variations incurred up to the balance sheet date.

#### **2.10 Net assets**

Net assets are comprised of donations from third parties, increased or decreased by the surplus or deficit determined for each year.

#### **2.11 Determination of surplus (deficit)**

Donations received by WRI Brasil that are earmarked for specific projects are recorded as "Donations received in advance" in current liabilities, and are recorded as the resources are applied. Other income and expenses are recorded on the accrual basis of accounting.

#### **2.12 Critical accounting estimates and judgments**

Information on critical judgments regarding the accounting policies adopted that have an effect on the amounts recognized in the financial statements is included below.



## WRI Brasil

### Notes to the financial statements at December 31, 2020

All amounts in reais unless otherwise stated

#### Provisions

Provisions are recognized when: (i) the Entity has a present legal or constructive obligation as a result of past events; (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation, using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as finance cost.

#### 3 Cash and cash equivalents

	<u>2020</u>	<u>2019</u>
Cash - petty cash fund	3,044	2,299
Banks	6,802	40
Sweep accounts	22,715	46,530
Investment funds - fixed income(*)	9,871,778	10,299,908
Bank Deposit Certificates (CDBs)(*)	<u>696,428</u>	<u>810,894</u>
	<u>10,600,767</u>	<u>11,159,671</u>

(\*) Investments in fixed income funds, which are readily convertible into a known amount of cash, and subject to an insignificant risk of change in value, were made with the banks Itaú, Bradesco, and Santander.

#### 4 Accounts receivable

At December 31, 2020, Accounts receivable from services rendered totaled R\$ 115,142 (R\$ 16,100 in 2019) and reimbursements receivable from expenses incurred in the Entity's projects supported by donation contracts amounted to R\$ 327,003 (R\$ 447,359 in 2019).



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## WRI Brasil

### Notes to the financial statements at December 31, 2020

All amounts in reais unless otherwise stated

#### 5 Fixed assets

	<u>2020</u>			<u>2019</u>	
	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net</u>	<u>Net</u>	<u>Annual depreciation rates -%</u>
Furniture and fittings	356,494	207,404	149,090	182,637	10
IT equipment	519,499	326,005	193,494	201,609	20
Machinery and equipment	57,488	37,026	20,462	25,288	10
Leasehold improvements	151,958	140,170	11,788	31,035	20
Facilities	105,882	40,463	65,419	51,680	10
	<u>1,191,322</u>	<u>751,069</u>	<u>440,253</u>	<u>492,249</u>	

Changes in fixed assets were as follows:

	<u>2020</u>	<u>2019</u>
At the beginning of the year	492,249	597,848
Additions	104,349	52,749
Write-offs	(1,156)	-
Depreciation	<u>(155,189)</u>	<u>(158,348)</u>
At the end of the year	<u>440,253</u>	<u>492,249</u>

#### 6 Tax liabilities

	<u>2020</u>	<u>2019</u>
COFINS payable (i)	109,159	117,470
ISS payable (i)	11,283	12,525
Contributions withheld	19	3,669
Other taxes and contributions	<u>2,553</u>	<u>11,846</u>
	<u>123,014</u>	<u>145,510</u>
Current	13,855	46,933
Non-current	109,159	98,577

(i) As disclosed in Note 2.8, the invoices issued in respect of services are subject to the levy of COFINS (up to 2019) and ISS. The provision for COFINS on finance income amounted to R\$ 109,159 (R\$ 98,577 in 2019).



## WRI Brasil

### Notes to the financial statements at December 31, 2020

All amounts in reais unless otherwise stated

#### 7 Payroll charges

	<u>2020</u>	<u>2019</u>
Provision for vacation pay	1,023,474	1,028,998
Social charges	353,156	355,021
National Institute of Social Security (INSS)	<u>362</u>	<u>-</u>
	<u>1,376,992</u>	<u>1,384,019</u>

#### 8 Donations received in advance

The Entity received donations for the purpose of implementing and maintaining its operational structure and running the projects under its responsibility.

Donations received in 2020 totaled R\$ 16,820,412 (R\$ 22,703,024 in 2019), of which R\$ 25,000 referred to unrestricted resources (R\$ 90,322 in 2019) and R\$ 16,795,412 to restricted resources (R\$ 22,612,702 in 2019). Of the restricted resources received, R\$ 17,534,695 (R\$ 23,674,303 in 2019) was applied during the period, and the remaining amount of R\$ 6,960,934 (R\$ 7,791,258 in 2019) will be used in the next year to give continuity to the operations and projects.

The donations of restricted funds resources from legal entities were as follows:

	<u>2020</u>	<u>2019</u>
Donations from legal entities	16,795,412	22,612,702
Inheritance and Donation Tax (ITCMD)	<u>(11,250)</u>	<u>(20,613)</u>
Voluntary donations, net	<u>16,784,162</u>	<u>22,592,089</u>

(i) 75% of the donations of restricted funds received during the year (69% in 2019) are subgrants transferred by the World Resources Institute (Note 14 (a)).

#### 9 Net assets

Net assets comprises accumulated surplus, represented by R\$ 3,313,445 (R\$ 2,920,611 in 2019).

In the event of dissolution, the balance of net assets must be transferred to a non-profit entity or entities with a similar purpose under the terms of Law 9,790/99.

In the event that the entity loses the qualification established by Law 9,790/99, the respective net assets available, acquired with public resources during the period in which said qualification was held, will be transferred to another legal entity duly qualified under the terms of Law 9,790/99, preferably having the same purpose.



## WRI Brasil

### Notes to the financial statements at December 31, 2020

All amounts in reais unless otherwise stated

#### 10 Rendering of services

In conformity with its by-laws, WRI Brasil provides support services to other programs, projects, and actions intended to, either directly or indirectly, promote systemic and long-lasting changes in the areas of climate and energy, people and ecosystems, markets and companies, institutions and governance, sustainable urbanization and mobility. In addition to the collection of donations, the Entity earns revenue from the rendering of services which include the development of studies to map knowledge gaps and the need for research involving forestry and sustainable exploitation of native species, the development of guidance manuals on safety and urban mobility for municipalities and companies, and the development of a diagnosis and plan to improve pedestrian mobility in different municipalities. The invoices issued for these services are subject to the levy of Service Tax (ISS) at the rate of 5%, and, up to 2019, Social Contribution on Revenues (COFINS) at the rate of 7.6%. The balance of services invoiced and not rendered, if any, is recorded within Deferred revenue. In 2020 and 2019, no deferred revenue was recorded.

Breakdown of revenue from services rendered:

	<u>2020</u>	<u>2019</u>
Revenue from services	2,406,803	952,746
Taxes on sales	<u>(130,340)</u>	<u>(84,218)</u>
	<u>2,276,463</u>	<u>868,528</u>

#### 11 Sponsorship

In 2020, Banco Itaú sponsored the *RUAS COMPLETAS* (Complete Streets) project (with restricted funds) in the amount of R\$ 200,000, implemented by WRI Brasil. This project addresses street design changes focused on people's quality of life in Brazilian cities for the period from September/2019 to July/2020.

	<u>2020</u>	<u>2019</u>
Sponsorship	<u>200,000</u>	<u>-</u>
	<u>200,000</u>	<u>-</u>



## WRI Brasil

### Notes to the financial statements at December 31, 2020

All amounts in reais unless otherwise stated

#### 12 General and administrative expenses

	<u>2020</u>	<u>2019</u>
Services provided by legal entities	(3,985,930)	(3,412,451)
Personnel	(13,228,413)	(13,327,742)
Travel expenses (i)	(415,680)	(2,568,629)
Project costs (i)	(821,932)	(4,427,315)
Expenses with chattels and properties	(903,925)	(778,950)
Other expenses (ii)	<u>(356,286)</u>	<u>(437,733)</u>
	<u>(19,712,166)</u>	<u>(24,952,820)</u>

- (i) Due to the pandemic, there was a reduction in air travel (domestically and abroad), lodging, communication (advertising/publicity), fairs and exhibitions, discounts on the rental payable for the two offices, and on various consultancy services.
- (ii) Other expenses consisted mainly of depreciation, utilities, and other general expenses.

#### 13 Voluntary work

Voluntary work and services provided that did not result in cash disbursements to the Entity related to the Board of Directors' meetings. Had the Entity been required to pay for these services, the estimated amount to be disbursed would have been approximately R\$ 23,120 in 2020 (R\$ 33,524 in 2019).

The fair value of the above mentioned voluntary work is stated in accordance with the Technical Interpretation ITG 2002 , approved by Resolution 1409/12 of the Brazilian Federal Accounting Council (CFC).

#### 14 Related-party transactions

As mentioned in Note 1, WRI Brasil and WRI Washington DC are organizations legally bound by a Cooperation Agreement and a trademark license.

WRI Washington DC takes part in the strategic decisions and management of WRI Brasil.

The following transactions were carried out with related parties:

##### (a) Donations received

	<u>2020</u>	<u>2019</u>
World Resources Institute	<u>12,661,435</u>	<u>15,520,256</u>





## WRI Brasil

### Notes to the financial statements at December 31, 2020

All amounts in reais unless otherwise stated

#### (b) Year-end balances relating to reimbursement of expenses receivable

	<u>2020</u>	<u>2019</u>
Receivables from related parties (Note 4)		
World Resources Institute	218,384	447,359

#### (c) Key management compensation

Key management personnel in 2020 comprised four directors (seven directors in 2019), namely, the executive director, operations director, and two program directors. The total annual compensation paid to key management for their services is shown below:

	<u>2020</u>	<u>2019</u>
Total key management compensation	<u>1,829,197</u>	<u>2,316,468</u>

In 2020, three of the Entity's directors were based at the head office of WRI Brasil in São Paulo, and one at the branch in Porto Alegre. The drop in the number of directors was due to the resignation of the Executive Director (October/20) and the Fundraising Director (January/20).

#### 15 Finance result

	<u>2020</u>	<u>2019</u>
Earnings from financial investments (i)	232,875	562,363
Discounts obtained	1,261	325
Banking expenses	(13,447)	(17,337)
Other finance income (expense)	<u>10,515</u>	<u>49,824</u>
	<u>231,204</u>	<u>595,175</u>

- (i) The decrease in finance result was due to the reduction in gains on financial investments, resulting from the lower resources in the period. Furthermore, In 2020, R\$ 28,466 (R\$ 56,120 in 2019) was transferred from income to projects in progress, and recorded within "Advance donations" in current liabilities, as determined in the contracts with the donors.

#### 16 Tax considerations

A non-profit entity is defined as an organization that does not generate surplus from its activities, or, in the event of surplus generation in a given fiscal year, the surplus is fully intended for the maintenance and development of the organization's social objectives, provided that all other legal conditions are met.



## WRI Brasil

### Notes to the financial statements at December 31, 2020

All amounts in reais unless otherwise stated

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WRI Brasil is exempt from income tax and social contribution (pursuant to Article 150 of the Federal Constitution) and from the Social Contribution on Revenues (COFINS). In accordance with the disclosures required by ITG - 2002 - "Non-Profit Entities", if the Entity were not exempted from the taxes and contributions above, the rates in force for payment would be as follows: 15% for Income Tax, 9% for Social Contribution, 7.6% for COFINS on billings, and 1.65% for PIS on billings.

#### 17 Legal claims

The Entity is not a party to any labor, civil, or tax lawsuit.

#### 18 Other information

- (a) In the years ended December 31, 2020 and 2019, the Entity did not carry out transactions involving derivative financial instruments.
- (b) The Entity does not grant a private pension plan or any other retirement or post-employment benefit plan to its employees and officers, or benefit plans for officers and employees in the form of bonus or profit sharing.

#### 19 Insurance

The Entity has contracted D&O (Civil Liability of Officers, Board Members and Management) insurance, with a limit of R\$ 10,000,000, effective from November 18, 2020 to November 18, 2021.

\* \* \*

*Fernanda Boscaini Bender*

**FERNANDA BOSCAINI BENDER**  
Interim Executive Director

*Ana Paula Salvador de Aguiar da Costa*

**ANA PAULA SALVADOR DE AGUIAR DA COSTA**  
Accountant CRC-1-SP228.935-O-8