

(Convenience translation into English from the original
previously issued in Portuguese)

ASSOCIAÇÃO DIREITOS HUMANOS EM REDE

Independent auditor's report

Financial statements

As at December 31, 2020

ASSOCIAÇÃO DIREITOS HUMANOS EM REDE

**Financial statements
As at December 31, 2020**

Contents

Independent auditor's report on the financial statements

Statement of financial position

Statement of activities

Statement of comprehensive income

Statement of changes in net assets

Statements of cash flows

Notes to the financial statements

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

To the
Board Members and Management of
Associação Direitos Humanos em Rede
São Paulo - SP

Opinion on the financial statements

We have audited the financial statements of **Associação Direitos Humanos em Rede ("Conectas")**, which comprise the statement of financial position as at December 31, 2020 and the respective statements of activities, comprehensive income, changes in net assets and cash flows for the year then ended, as well as the corresponding notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying financial statements present fairly, in all material respects, the financial position of **Associação Direitos Humanos em Rede** as at December 31, 2020, its financial performance and its cash flows for the year then ended in accordance with Brazilian accounting practices for small and medium-sized enterprises - Technical Pronouncement CPC SME - "Accounting for small and medium-sized enterprises" and in accordance with ITG 2002 - Non-profit entities approved by Resolution 1,409 / 12 of the Federal Accounting Council.

Basis for opinion on the financial statements

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 principles established in the Code of Ethics for Professional Accountants and in the professional standards issued by the Brazilian Federal Association of Accountants (CFC), and we have fulfilled our other ethical responsibilities in accordance with these standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Brazilian accounting practices, 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.

The Entity's management is 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 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 (ISAs) 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 based on these financial statements.

As part of an audit in accordance with Brazilian standards and ISAs, 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 controls 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 controls that we identify during our audit.

The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, February 26, 2021.

ASSOCIAÇÃO DIREITOS HUMANOS EM REDE



Statements of financial position At December 31, 2020 and 2019 (In Brazilian Reals)

Assets				Liabilities and net assets			
	Notes	2020	2019		Notes	2020	2019
Current				Current			
Cash and cash equivalents	3	20,325,888	8,313,935	Accounts payable		11,204	16,177
Other accounts receivables	4	64,253	18,304	Social charges	6	404,836	333,003
		<u>20,390,141</u>	<u>8,332,239</u>	Advance donations	7	14,945,737	3,549,762
						<u>15,361,777</u>	<u>3,898,942</u>
Noncurrent				Noncurrent			
Court deposits		114,393	105,376	Tax liabilities	13	116,377	107,150
Fixed assets	5	211,643	216,744			<u>116,377</u>	<u>107,150</u>
Intangible assets	5	26,956	36,213	Net assets			
		<u>352,992</u>	<u>358,333</u>	Net assets	8	5,264,979	4,684,480
Total assets		<u>20,743,133</u>	<u>8,690,572</u>	Total liabilities and net assets		<u>20,743,133</u>	<u>8,690,572</u>

The accompanying notes are an integral part of this quarterly information.

Statements of activities
For the years ended December 31, 2020 and 2019
(In Brazilian Reais)

	Note	2020	2019
Donations revenues			
Domestic donations	7	378,025	886,444
Foreign donations	7	7,174,454	7,307,762
Volunteers services	10	2,542	74,654
		<u>7,555,021</u>	<u>8,268,860</u>
Expenses from activities			
Cost of theme areas	9	(4,960,790)	(5,699,024)
Continued expenses		(2,407,142)	(2,510,880)
Volunteers services	10	(2,542)	(74,654)
Tax expenses		(38,129)	(48,340)
Recovery of expenses		116,119	146,064
Other expenses		-	(5,622)
Other incomes		-	28,957
		<u>(7,292,484)</u>	<u>(8,096,126)</u>
(Deficit/Superavit) before financial income (loss)		262,537	172,734
Financial income	11	<u>317,962</u>	<u>524,442</u>
Surplus for the year		<u>580,499</u>	<u>697,176</u>
Other comprehensive income		-	-
Comprehensive income for the year		<u><u>580,499</u></u>	<u><u>697,176</u></u>

The accompanying notes are an integral part of this quarterly information.

Comprehensive income
For the years ended December 31, 2020 and 2019
(In Brazilian Reais)

	<u>2020</u>	<u>2019</u>
Income for the year	580.499	697.176
Comprehensive income flow and adjustments	-	-
Comprehensive income total	<u><u>580.499</u></u>	<u><u>697.176</u></u>

The accompanying notes are an integral part of this quarterly information.

ASSOCIAÇÃO DIREITOS HUMANOS EM REDE



Statements of changes in net assets (In Brazilian Reais)

	Net assets	Accumulated surplus	Total
As at December 31, 2018	3,209,333	777,971	3,987,304
Surplus incorporation	777,971	(777,971)	-
Surplus for the year	-	697,176	697,176
As at December 31, 2019	3,987,304	697,176	4,684,480
Surplus incorporation	697,176	(697,176)	-
Surplus for the year	-	580,499	580,499
As at December 31, 2020	4,684,480	580,499	5,264,979

The accompanying notes are an integral part of this quarterly information.

ASSOCIAÇÃO DIREITOS HUMANOS EM REDE



Statements of cash flows

For the years ended December 31, 2020 and 2019

(In Brazilian Reals)

	2020	2019
Cash flows from operating activities		
Surplus for the year	580,499	697,176
Depreciation	73,672	66,432
Depreciation write off	-	(29,382)
Write-off of fixed assets	-	35,822
Adjusted surplus for the year	654,171	770,048
Increase/(decrease) in assets		
Other accounts receivable	(45,949)	33,238
Court deposits	(9,017)	(26,738)
Increase (decrease) in liabilities		
Accounts payable	(4,973)	14,034
Social charges	71,833	48,696
Tax liabilities	9,227	24,938
Advance donations	11,395,975	(2,968,868)
Net cash from operating activities	12,071,267	(2,104,652)
Cash flows from investing activities		
Acquisition of fixed assets	(59,314)	(142,853)
Net cash from investing activities	(59,314)	(142,853)
Net increase/(decrease) in cash and cash equivalents	12,011,953	(2,247,505)
Cash and cash equivalents at end of year	20,325,888	8,313,935
Cash and cash equivalents at beginning of year	8,313,935	10,561,440
Net increase/(decrease) in cash and cash equivalents	12,011,953	(2,247,505)

The accompanying notes are an integral part of this quarterly information.

Notes to the financial statements
For the years ended December 31, 2020 and 2019
(In Brazilian Reais)

1. Operations

Associação Direitos Humanos em Rede (“Conectas” or “Entity”) is an international non-profit and non-governmental organization established in September 2001 in São Paulo, Brazil. Its mission is to promote the enforcement of human rights and the democratic rule of law in the Global South - Africa, Latin America and Asia.

Since January 2006, it has advisory status with the United Nations (UN) and, since May 2009, observer status with the African Commission on Human and Peoples’ Rights. Its vision is for a fairer world, with a truly global, diverse and effective human rights movement, in which national institutions and the international order are more transparent, effective and democratic.

2. Presentation of financial statements and description of main significant accounting practices

The financial statements have been prepared and are being presented in accordance with Brazilian accounting practices applicable to non-profit entities, in accordance with accounting practices adopted in Brazil for small and medium-sized companies - Technical Pronouncement CPC SME - "Accounting for small and medium-sized enterprises" and in accordance with ITG 2002 - Non-profit entities approved by Federal Council Resolution 1,409/12 Accounting.

The fair value of voluntary and donated services is also recorded and is presented in explanatory note 10.

Financial reporting requires the use of estimates to account for certain assets, liabilities and other transactions, including the determination of useful lives of fixed assets, the valuation of financial assets at fair value, necessary provisions for liabilities and other evaluations. Actual results may differ from these estimates. Conectas reviews these estimates and assumptions at least upon the preparation of financial statements.

These financial statements shall be submitted to the approval of the Entity’s Board of Directors in January 26, 2021.

Functional and Reporting Currency

The financial statements are being presented in Brazilian Reais, which is the functional and reporting currency of the Entity.

Description of main significant accounting practices

2.1. Cash and cash equivalents

Cash and cash equivalents include funds in domestic currency and financial investments, with daily liquidity with insignificant risk of change in fair value and which are used by the Entity to meet its short-term commitments.

2.2. Financial assets

Management classifies its financial assets into the following categories: measured at fair value through income (loss) (a) loans and receivables (b). the classification depends on the purpose for which the financial assets were acquired. Management classifies its financial assets upon initial recognition.

Marketable securities are classified as “Trading securities”. These include securities acquired for the purpose of frequent and active trading, accounted for at market value with the respective realized and unrealized losses and gains directly recognized in income (loss).

(a) Measured at fair value through income (loss) (surplus/deficit)

Financial assets measured at fair value through income are financial assets held for active and frequent trading. Assets of this category are classified as current. Gains or losses on changes in fair value of financial instruments stated at fair value through surplus (deficit) are presented in the statement of activities as “Financial revenues” in the period they are reported, unless the instrument has been entered into in connection with another transaction. In this case, fluctuations are recognized in the same statement of activities caption affected by the transaction.

(b) Loans and receivables

These include loans granted and receivables that are non-derivative financial assets with fixed or calculable payments, but not quoted on an active market. They are recorded as current assets, except those with maturity higher than 12 months after the balance sheet date. The Entity's loans and receivables comprise other accounts receivable. Loans and receivables are stated at amortized cost, using the effective interest rate method, if applicable.

2.3. Fixed assets

Fixed asset items are stated at historical acquisition cost. Items received through donation are recognized at the amount declared by the donor or at the taken amount of one Brazilian real (R\$1), with a corresponding entry to revenues from donations.

Depreciation is calculated at the straight-line method at rates that consider the useful lives of the assets, as stated in Note 5.

(a) Impairment of non-financial assets

Non-financial assets are periodically reviewed to verify their recoverable values. Where there is any indication that an asset may be impaired, the carrying value of the asset is tested for impairment.

An impairment loss is recognized for the excess of the carrying amount of the asset over its recoverable amount. This amount is the higher between the fair value less sales costs and the value in use.

2.4. Accounts payable

Trade accounts payable are obligations payable for assets or services acquired in the ordinary course of activities, being recognized at the value of the corresponding invoice or contract. These payables are classified as current liabilities if payment is due within one year or less. Otherwise, accounts payable are presented as noncurrent liabilities.

2.5. Taxes on operations

Associação Direitos Humanos em Rede is a non-profit entity, exempted from the payment of Income Tax and Social Contribution Tax (Note 12). The status of other taxes on operating activities is as follows: (a) Social Integration Program (PIS) - contribution of 1% levied on the payroll; (b) Social Security Contribution (INSS) - full payment of the employer's and employees' contributions; (c) Withholding Income Tax (IRRF) on revenues from financial investments - carried out regularly by the financial institutions; (d) Severance Pay Fund (FGTS) - contribution of 8% levied on the payroll.

2.6. Other current assets and liabilities

The assets are stated at their acquisition cost, including, when applicable, the income and foreign currency variations incurred, net of the provision for adjustment to the realizable amount, when applicable.

The liabilities are stated at known or estimated amounts, plus the related charges and monetary changes incurred through the balance sheet date, when applicable.

Notes to the financial statements
 For the years ended December 31, 2020 and 2019
 (In Brazilian Reais)

2.7. Net Assets

Net assets include the initial donation of the founders and donations received from third parties, increased or decreased by the surplus or deficit computed each year.

2.8. Results of operations

Revenues from donations and contributions are recorded upon receipt. Other revenues and expenses are recognized on the accrual basis.

At the end of the year, the funds not used and that are committed to projects are reclassified in liabilities as “Advance donations”.

3. Cash and cash equivalents

	2020	2019
Checking accounts	8,941	970
Financial investments (*)	20,316,947	8,312,965
	20,325,888	8,313,935

(*) These are represented by Bank Certificate of Deposits (CDBs), remunerated at fixed rates at 93,79% of the Interbank Deposit Rate (CDI) annually, and by repurchase agreements, with daily liquidity and used by the Entity for management of its short-term commitments.

4. Other accounts receivable

As at December 31, 2020, these mainly refer to advance payments of rent, advances to employees, D&O liability and patrimonial insurances.

5. Fixed and Intangible assets

	2020			2019	
	Custo	Depreciação amortização acumulada	Líquido	Net	Annual Depreciation Amortization rates (%)
Movables					
Drone	5,500	(1,009)	4,491		
Furniture and fixtures	169,241	(105,146)	64,095	80,699	10
IT equipment	253,358	(181,211)	72,147	64,315	20
Telecommunications equipment	65,841	(18,315)	47,526	50,019	10
Electronic devices	27,506	(8,891)	18,615	21,711	20
Fixed assets in progress	4,769	-	4,769	-	
	526,215	(314,572)	211,643	216,744	
Intangible assets					
Software	70,218	(43,261)	26,957	36,213	20
	596,433	(357,833)	238,599	252,957	

Notes to the financial statements
For the years ended December 31, 2020 and 2019
(In Brazilian Reais)

The changes in fixed and intangible assets were as follows:

	2020	2019
At beginning of year	252,957	182,976
Acquisition of assets	59,314	142,853
Write-off of assets		(35,822)
Depreciation/Amortization	(73,672)	(37,050)
At end of year	<u>238,599</u>	<u>252,957</u>

Unused printer was donated to another NGO. The impairment and adjustments were made observing a technical report prepared by AFIXCODE to re-evaluate the assets in accordance with the accounting practices set forth in NBC TG 1000.

6. Social charges

These mainly refer to the provision for vacation pay.

7. Donations and advance donations

The Entity has received donations with the purpose of maintaining and implementing the social projects it runs.

Of the total funds received in 2020, in the amount of R\$ 22,498,216 (2019 - R\$ 11,818,262), R\$ 7,552,479 (2019 - R\$ 8,194,206) were used this year and R\$ 14,945,737 (2019 - R\$ 3,549,762) will be used in 2021 to continue the projects.

8. Net assets

Net assets are presented at adjusted amounts and comprise initial net assets, adjusted by surplus and deficit.

In the event the Entity is terminated, its assets will be obligatorily destined for a non-profit entity or entities with similar purposes, qualified under the terms of Law nº 9.790/99.

If the Entity loses the qualification established in Law 9.790/99, the respective assets available, obtained with public funds during the period the qualification lasted, will be transferred to another legal entity qualified under the provisions of Law nº 9.790/99, preferably with the same activity purpose.

Notes to the financial statements
 For the years ended December 31, 2020 and 2019
 (In Brazilian Reais)

9. Expenses from activities

	<u>2020</u>	<u>2019</u>
Services rendered by legal entities	(941,309)	(991,611)
Services rendered by natural person	(25,543)	(43,769)
Personnel expenses	(1,227,673)	(1,159,219)
Travel expenses	(3,332)	(88,195)
Theme areas/Initiative costs	(4,960,790)	(5,699,024)
Other expenses	(133,837)	(114,308)
Total	<u>(7,292,484)</u>	<u>(8,096,126)</u>

Theme Areas

	<u>2020*</u>	<u>2019</u>
Institutional Violence Program	(1,438,306)	(1,512,464)
Strategic Litigation	(707,528)	0
Strengthening Democratic Space Program	(1,696,641)	(2,610,640)
Development and Socioenvironmental Rights Program	(1,118,315)	(1,575,920)
Total	<u>(4,960,790)</u>	<u>(5,699,024)</u>

(*) Represented by:

Theme Areas	Initiative	2020
Combat Institutional Violence	Persons Deprived of liberty	(437,676)
	Police Oversight and Militarization	(337,165)
Strategic Litigation	Drug Policy	(360,993)
	Right to Protest	(302,472)
Strengthening Democratic Space	Strategic Litigation	(707,528)
	Defense of Civil Society	(444,895)
	Foreign Policy and Human Rights	(254,597)
	Sur Journal	(504,232)
	Migration	(241,390)
	Religious Mobilization and the Rights Agenda	(141,640)
	Tackling Structural Racism	(109,887)
Development and Socioenvironmental Rights	Financing of Development	(272,699)
	Impacts of the extractive industry	(309,208)
	Combating Contemporary Slavery	(237,616)
	Climate Litigation	(298,792)
	Total	<u>(4,960,790)</u>

Description of the programs

Program to Combat Institutional Violence

Persons Deprived of Liberty

Brazil has the world's fourth largest prison population and this situation has not changed for years. Conectas has a long history of pressuring for change in the country's prison system. Using national and international strategic litigation, research, regular inspections of prisons and political and legal advocacy, Conectas seeks to hold accountable public officials who violate rights and to call for the improvement of transparency and control mechanisms in detention facilities.

**Notes to the financial statements
For the years ended December 31, 2020 and 2019
(In Brazilian Reais)**

In late 2019, a court ruling that suspended the privatization of prisons in the state of São Paulo was overturned. We were the plaintiff in this case and in 2020 we worked together with our partners to ensure that the initial ruling was restored. In November 2020, after the staging of public hearings, the support of the Public Prosecutor's Office and the participation of the association of prison officers, the original ruling to halt the privatization of prisons in the state was restored.

We appeared as an amicus curiae in the Collective Habeas Corpus case of the North Region Detention Center (Uninorte). We contributed to the decision of the Supreme Court that required all Brazilian states to respect the maximum capacity levels of the detention centers that make up the youth detention system, thereby guaranteeing the dignity and health of these adolescents.

In April 2020, the National Prison Department (Depen) requested authorization from the National Criminal and Prison Policy Council (CNPCC) to use shipping containers as prison cells during the Covid-19 pandemic. In response, more than 70 civil society organizations, including Conectas, submitted complaints to the UN and the Inter-American Commission on Human Rights asking them to take steps to prevent shipping containers from being used to hold prisoners in Brazil. The containers lacked adequate ventilation, exposed prisoners to high temperatures and violated the principle of human dignity by placing prisoners in degrading situations.

In June last year, 213 organizations from across the country submitted a complaint to the United Nations and the Organization of American States (OAS) against the management of Covid-19 in Brazilian prisons. The document presented data and evidence on violations of international rules and recommendations in at least six areas: lack of access to health, obstacles to detention, incommunicability, problems with the registration of deaths, riots, and the use of precarious temporary structures for detaining prisoners. The organizations asked the international bodies to demand explanations from Brazil and recommend the adoption of emergency measures to prevent a catastrophe.

Police Oversight and Militarization

Conectas defends a profound change in law enforcement. Conectas denounces abuses committed by law enforcement officers and seeks to hold the State accountable for inaction or even collusion with violent acts committed by its armed wing against its citizens. Conectas also draws on international standards to produce studies and make proposals for institutional change that encourage good practices related to mechanisms for the external oversight of law enforcement.

Notes to the financial statements
For the years ended December 31, 2020 and 2019
(In Brazilian Reais)

In April 2020, Conectas was admitted as an amicus curiae in the ADPF Case (Allegation of Violation of a Fundamental Precept) submitted to the Supreme Court. Our work with our partners resulted in a ruling by the Supreme Court that reduced killings by the police in the state of Rio de Janeiro. According to a study by the Fluminense Federal University, the suspension of police operations in the state's favelas, if respected, could save more than 400 lives in one year.

Together with public defenders, prosecutors, judges, human rights organizations, legal institutions and social movements from across Brazil in 2020, Conectas opposed holding pre-trial custody hearings by video conference. Although to begin with, the **National Justice Council (CNJ) approved a resolution forbidding custody hearings from being held by video conference during the pandemic**, in November the Council decided to permit these hearings to be held virtually again. Conectas and other organizations asked the president of the CNJ to uphold the ban and, to step up the pressure, the organizations launched the hashtag campaign **#TorturaNãoSeVêpelaTV** (**#YouCantSeeTortureOnTV**) to demonstrate that video is an inadequate format to prevent mistreatment and torture, since it does not enable the detainees to report possible aggressions suffered at the time of their arrest. Without in-person custody hearings, an arrested person is at risk of not being seen personally by any executor of the law.

Drug Policy

For years now, Conectas has been denouncing the limitations and impacts of Brazil's 2006 Drug Law, particularly its effect on the criminal justice system. Together with a broad network of civil society organizations, Conectas conducts research, engages in legislative advocacy to prevent further setbacks and proposes measures aimed at decriminalizing the use or regulating the production, sale and consumption of certain substances. It also uses international mechanisms to lodge complaints and encourage ongoing public debates with different sectors of society.

In 2020, the Superior Court of Justice - Brazil's highest appellate court for non-constitutional matters - granted a collective Habeas Corpus banning the São Paulo justice system from holding in secure prison facilities people convicted of "privileged trafficking", i.e. first-time offenders with good records who are not members of criminal organizations. The Court based its decision on the research "Prison at Any Cost", produced by Conectas in partnership with the Defense of the Right to a Defense Institute (IDDD).

Right to Protest

Conectas has long stood against initiatives that attempt to restrict the right to protest.

**Notes to the financial statements
For the years ended December 31, 2020 and 2019
(In Brazilian Reais)**

In doing so, Conectas works nationally and internationally to prevent demonstrators from being punished for exercising their right to assemble. We denounce abuse by law enforcement and engage at national and international levels to hold perpetrators accountable for the arbitrary repression of demonstrations.

In March 2020, civil society organizations vehemently condemned the police violence employed against demonstrators and communicators covering the protests organized by the Free Fare Movement (MPL) against the increase in public transportation fares in São Paulo. They also requested the urgent repeal of Decree 64,074/2019 that criminalizes the use of masks at demonstrations and the possession of legitimate objects, such as flags. The requests had already been made to the special rapporteurs of the United Nations (UN) and the Inter-American Commission on Human Rights (IACHR) in January 2019, when the international bodies were asked for assistance questioning the Brazilian authorities and requesting the adoption of urgent measures to remedy the situation.

Strategic Litigation

Conectas addressed the Supreme Court and other tribunals to guarantee the rights of the most vulnerable groups. Below is a list of the most important cases we worked on in 2020:

ADPF Favelas Case

In April 2020, Conectas was admitted as an amicus curiae in the ADPF Case (Allegation of Violation of a Fundamental Precept) submitted to the Supreme Court. Our work with our partners resulted in a ruling by the Supreme Court that reduced killings by the police in the state of Rio de Janeiro. Given its impact on the right to life and the close collaboration with organizations from Rio de Janeiro, this was the most important case we work on in 2020.

Slave Labor “Dirty List”

In the Supreme Court, we contributed as an amicus curiae to the court’s decision to maintain this internationally acclaimed transparency instrument. The “dirty list” was created in 2004 to expose employers who keep workers in slave labor conditions and penalize them. Employers included on the list find it harder to secure credit from the banking system and to sell goods and services to companies that are committed to the eradication of slave labor.

Uninorte Collective Habeas Corpus

We served as *amicus curiae* to make sure that the ruling on the merit of the case upheld what had already been decided in the precautionary measures - the establishment of *numerus clausus* limits on capacity at youth detention centers (wherein new offenders may only be accepted when others are released). We were able, through the Supreme Court, to extend the scope of the ruling to all Brazilian states, thereby guaranteeing the dignity and health of young offenders.

Privatization of prisons

In late 2019, a court ruling that suspended the privatization of prisons in the state of São Paulo was overturned. We were the plaintiff in this case and in 2020 we worked together with our partners to ensure that the court restored the initial ruling. In November 2020, after public hearings and with the support of the Public Prosecutor's Office and the association of prison officers, the original ruling to stop the privatization of prisons in the state was restored.

Privileged trafficking

The Superior Court of Justice granted a collective habeas corpus banning the São Paulo justice system from holding in secure prison facilities people convicted of "privileged trafficking", i.e. first-time offenders with good records who are not members of criminal organizations. The Court based its decision on the research "Prison at Any Cost", produced by Conectas in partnership with the Defense of the Right to a Defense Institute (IDDD).

Appointment of secret agent for engagement with NGOs

We challenged the government's decision to appoint an intelligence officer - who cannot be identified - as the person in charge of the government department responsible for engaging with NGOs and international organizations. We won an injunction and, even though this was overturned after an appeal by the federal government, the case had tremendous repercussions. Given the pressure and the visibility of the judgment, the government decided to appoint another non-intelligence official to the position. The case also placed the role of the intelligence agency in the Bolsonaro government on the public agenda.

Access of refugees to health care

A municipal law in Boa Vista (state of Roraima) limited the number of Venezuelans who could access municipal public health facilities. After a case filed by Conectas and legal officials from the Federal Public Defender's Office, the courts ordered the law to be suspended.

Indigenous peoples and the pandemic

We consolidated our partnership with indigenous organizations (APIB and Hutukara) and served as an amicus curiae in the ADPF Case on indigenous peoples and Covid-19.

Strengthening Democratic Space Program

Defense of Civil Society

Conectas works to denounce and roll back attempts to criminalize and limit the activities and the very existence of human rights organizations, movements and defenders, in particular the use of restrictive legislation and policies. A strong commitment in Brazil is accompanied by actions of solidarity with partners in countries that also suffer similar threats.

We challenged the Brazilian government's decision to appoint an intelligence officer - who cannot be identified - as head of the government department responsible for engaging with NGOs and International Organizations. We won an injunction and, although it was overturned by an appeal from the federal government, the incident had major repercussions. Given the pressure and the visibility of the case, the government decided to appoint another non-intelligence official to the position. The case also placed on the public agenda the role of the intelligence agency in the Bolsonaro government.

Foreign Policy and Human Rights

The international work of Conectas involves monitoring Brazilian foreign policy, building international solidarity, engaging international mechanisms and expressing the voice of the Global South in international forums. Brazilian foreign policy has changed profoundly, now assuming a position in international forums against the rights of women and the LGBTI + population. In this context, Conectas has worked to give visibility to these positions taken by the representatives of Brazil in international forums, particularly in the sessions of the UN Human Rights Council.

Conectas provides training to organizations in Brazil on the use of international human rights mechanisms. The COVID-19 pandemic has been a major challenge in our international work.

Until the suspension of its activities in March 2020, Conectas participated in the session of the UN Human Rights Council, which took place from February 24 to March 13, 2020, and organized a side event to discuss the impacts of mining on indigenous lands and the current environmental setbacks in Brazil. We also denounced aggression against the press in the country, especially against journalists.

**Notes to the financial statements
For the years ended December 31, 2020 and 2019
(In Brazilian Reais)**

Since the start of the pandemic, Conectas and its partners have filed complaints of human rights violations in the country to different mechanisms to highlight the shortcomings of Brazil's response to the pandemic - particularly attacks on the most vulnerable populations. We also facilitate meetings between Brazilian civil society and international human rights mechanisms.

We have worked, together with our partners, to keep spaces open for civil society engagement in the international human rights forums. Conectas participated in all the virtual meetings staged by the UN Human Rights Council, as well as the meetings staged by the Inter-American Commission on Human Rights (IACHR), and we actively defended remote participation through online mechanisms in all meetings held in the context of the pandemic.

In early 2020, a virtual session of the IACHR was held - in which we participated in a bilateral meeting with the Commission to discuss a case of police violence for which we are petitioners together with the relatives of the victims.

Sur Journal

The goal of Sur - International Journal on Human Rights is to influence the global human rights agenda by producing, promoting and disseminating research and innovative ideas, primarily from the Global South, on the practice of human rights.

August 2020 saw the release of issue number 30 of the Sur Journal, an international journal published by Conectas. The issue carried a series of articles on the topic "Human Rights Defenders - their roots, faces and stories". The articles, all of them produced during the coronavirus pandemic, were written by authors from 15 countries - including Brazil, Colombia, India, Syria and South Africa - and they reflect the challenges faced by people who work in the defense of rights. The publication is available for free online in Portuguese, English and Spanish. In four months, we received a total of 198,460 visits to the three languages of the issue.

In November 2020, based on the question "what does it mean to you to be a human rights defender in Brazil today?", Conectas staged an online debate as part of the launch of the 30th issue of Sur Journal. To answer the question, Conectas invited activists from different fields to deepen the dialogue on the realities and challenges of fighting for human rights in the country.

Migration

In 2020, Conectas continued its efforts to protect the rights of migrants and refugees in Brazil. This was done mainly through the protection provided by the already existing Migration Law and by barring government actions that violated the rights of these groups.

Notes to the financial statements
For the years ended December 31, 2020 and 2019
(In Brazilian Reais)

We released a technical statement together with other organizations warning of the danger of COVID-19 containment measures that violate the basic rights of migrants and refugees. The statement was published in March in response to a federal government decree that closed Brazil's borders and established restrictions on the entry of refugees. In the document, the organizations criticized the disproportionality of the measure, especially the possibility of returning people to countries where their life may be at risk due to political persecution or war.

A municipal law in Boa Vista (state of Roraima) limited the number of Venezuelans who could access municipal public health services. However, following a lawsuit filed by Conectas and the Federal Public Defender's Office, the courts ordered the law to be suspended.

We participated actively in the drafting of CNDH Recommendation No. 17 of December 9, 2020, which deals with the procedure for handling asylum applications in Brazil. The recommendation of the National Human Rights Council (CNDH), of which Conectas is a member, was written after the National Committee for Refugees (Conare) rejected 17 asylum requests without conducting interviews. In the recommendation, the Council drew on the constitutional values that ensure a full defense and the right of applicants to be interviewed and to have their situations properly assessed. Interviews in cases of asylum applications are even a requirement established by the Office of the United Nations High Commissioner for Refugees (UNHCR) as a minimum guarantee that cannot be ignored.

The Office of the Federal Comptroller General accepted an appeal that we filed with regard to the freedom of information request we made to the Ministry of Justice requesting that minutes of meetings of Conare be published on the website (none have been published since March 2018).

Religious Mobilization and the Rights Agenda

Conectas works to defend a Secular State, freedom of religion and religious pluralism. In December 2020, Conectas together with other human rights, religious and black organizations staged the inter-religious service **My Faith is Antiracist - in Defense of All Black Lives**. The event marked a month since the brutal killing of the black man José Alberto Freitas and took up the call made by the black movement on November 20 for a real and concrete antiracist commitment.

Tackling Structural Racism

Over the course of 2020, we stepped up our participation in the working group coordinated by employees of the National School of Public Administration (ENAP) that was set up to debate the processes for the assessment and defense of racial quota policies for accessing technical and higher federal public education and public sector employment.

**Notes to the financial statements
For the years ended December 31, 2020 and 2019
(In Brazilian Reais)**

Also in 2020, we were involved in the creation of a working group of the organization *Coalizão Negra Por Direitos* (Black Coalition for Rights) for the same purpose, bringing together long-time players in the debate on the quota policy in Brazil. Our main contribution to both groups on which we serve was the preparation of a plan to influence the process of assessment, review and defense of this public policy.

Development and Socioenvironmental Rights Program

Financing for Development

Conectas conducts monitoring and advocacy activities that are aimed at raising the accountability of institutions that finance development and at promoting reforms in the institutional and regulatory framework that governs the actions of these organizations.

Conectas and its partners have taken on the role of reviewing the Brazilian Development Bank (BNDES) for some years now. As part of this work, Conectas has carried out several activities to improve the policies and practices of transparency, engagement and accountability at the bank. Conectas pressured the BNDES for more transparency on its environmental and social impact, including the monitoring of projects it finances.

In early April 2020, Conectas invited its partner organizations (International Rivers, INESC, International Accountability Project, IDEC and IEMA, among others) to discuss and monitor BNDES investments during the pandemic.

In August 2020, together with another 50 civil society organizations, Conectas published a letter addressed to the BNDES asking the bank to free up R\$2 billion under its management, but currently inactive, for the Amazon Fund, the Climate Fund and the Social Fund. The organizations also called for new measures to block financing for areas with illegal deforestation.

Additionally, Conectas is conducting field research on the first project of the New Development Bank (NDB) in Brazil, a wind farm in Araripe (state of Ceará), and the impacts on the communities living in the proximity of the project.

Impacts of the extractive industry

Conectas believes that the United Nations Guiding Principles on Business and Human Rights are an important tool for protecting human rights and promoting corporate responsibility. We work to raise awareness about the principles and pressure the Brazilian government to implement them, while also exposing the situation in the country at international forums.

**Notes to the financial statements
For the years ended December 31, 2020 and 2019
(In Brazilian Reais)**

Conectas has worked at the OECD's National Contact Point (NCP) and in other areas of the organization, attempting to hold transnational corporations responsible for the impact of their activities. In June 2020, for example, the NCP completed a complaint process that began in 2015 on the violations committed against traditional communities in the region of Suape, on the southern coast of the state of Pernambuco.

The NCP report was based on a petition signed by the Z8 Fishing Colony, formed by families from the region of Gaibu, by the Suape Forum, a network of fishing and shellfishing associations, and by the civil society organizations Conectas and Both Ends.

Our complaint identified several environmental impacts and serious violations committed against the original inhabitants of the area during the dredging of the Port of Suape carried out in 2011 to open and deepen a channel, which enabled the expansion of a shipyard at the site. The five-year assessment included five mediation sessions between representatives of the affected communities and the company. The organization concluded that there were serious environmental and human rights impacts for the communities that lived there and it presented recommendations to be adopted by the company.

Conectas also represents victims in a pending case in which it denounces large transnational corporations for lack of transparency and failures in monitoring production lines that resulted in slave labor on coffee farms in the south of the state of Minas Gerais.

Combating Contemporary Slavery

In combating contemporary slavery, Conectas works through partnerships with local workers organizations. Together with these organizations, Conectas monitors Brazilian policies and works nationally and internationally to prevent setbacks.

We stopped an attempt to weaken public policy to combat forced labor. We participated as an amicus curiae in a case before the Supreme Court that challenged the constitutionality of Inter-Ministerial Decree MTPS/MMIRDH No. 04/2016 that sets the rules for the so-called slave labor "dirty list". Fortunately, the Supreme Court ruled on September 14, 2020, to uphold this decree that created the slave labor "dirty list", one of the primary mechanisms in the fight against contemporary slave labor. By means of amicus curiae, we managed to maintain this internationally recognized transparency instrument.

Climate, Environment and Human Rights

Conectas seeks an alignment of political, economic and social processes with the commitments to reduce greenhouse gas emissions and combat climate racism.

Notes to the financial statements
For the years ended December 31, 2020 and 2019
(In Brazilian Reais)

In 2020, we started activities to promote more engagement by investors on climate and socioenvironmental issues. We staged a private event in December, in partnership with the Business and Human Rights Resource Centre (London) and the International Service for Human Rights (Geneva). The event featured speakers from Conectas, APIB (Association of Indigenous Peoples of Brazil) and PRI (Principles for Responsible Investment), which presented an overview of the actions taken by investors in other parts of the world to protect rights defenders, indigenous peoples and the environment.

In the second half of 2020, we filed requests for admission as amicus curiae in two cases pending in the Supreme Court: ADPF Case 708 (Climate Fund) and ADO Case 59 (Amazon Fund). In the Climate Fund case, we participated as exhibitors in a public hearing held by the reporting judge, Justice Roberto Barroso.

10. Fair value of voluntary and donated services

Voluntary work identified by management, as well as its fair value, may be described as follows:

	<u>2020</u>	<u>2019</u>
Volunteers		
Theme Areas	2,542	67,373
Continued expenses	-	7,281
Total	<u>2,542</u>	<u>74,654</u>

These amounts were recognized in the statement of activities as “Donated services”, with a corresponding entry to “Expenses from activities”.

The fair value of the voluntary work described above is stated according to Interpretation ITG-2002 (R1 - 2015), resulting from CFC Resolution No.1409/12. It was established according to the value the Entity would be willing to pay to a third party to render the same services rendered by the volunteers. Accordingly, management made its best fair value estimate based on the information given by the service provider, since, in general, they also provide the same service to other entities, but for remuneration, and/or based on market information, especially in the case of services for which there is an active and established market, in which information on the service cost is widely disclosed or easily obtained, always considering the size and complexity of the operations of Conectas.

As for donated services, the Entity understands that the work performed by the Board Members is not voluntary work, considering the legal obligations involved in this non-remunerated position. Therefore, this work is provided for free and for this reason allocated into donated services. The calculation basis of the work hour value was defined as the cost of the Executive Director’s salary, the highest salary paid by the Entity.

Notes to the financial statements
 For the years ended December 31, 2020 and 2019
 (In Brazilian Reais)

11. Financial income (loss)

	<u>2020</u>	<u>2019</u>
Return on financial investments	320,257	526,215
Other financial revenues	63	504
Bank expenses	(2,133)	(1,956)
Other financial expenses	(225)	(321)
	<u>317,962</u>	<u>524,442</u>

12. Income tax immunity and exemption from Social and Social Security contributions

It is considered a non-profit entity, an entity that does not present surplus in its accounts or if they do present it in a certain year, that it is fully destined to the maintenance and development of the Entity's purposes, if the other legal conditions are met.

The Entity meets the requirements of the legislation and it is immune from Income Tax (IRPJ) (based on article 150 of the Brazilian Constitution) and exempt from Social Contribution Tax (CSLL) and the Contribution for Social Security Funding (COFINS) according to Provisional Executive Order (MP) No. 2.158-35, article 14, item X.

This MP established that for taxable events occurred as from February 1, 1999, the revenues related to own activities of cultural entities, which is referred to in article 15 of Law No. 9.532/97, are exempt from this contribution.

According to the disclosures required by NBC ITG 2002 "Non-profit Entities", if the entity were not exempt, the effective collection rates would be 9% (CSLL) and 7.6% (COFINS), 1.65% PIS on billings, 15% (IRPJ). Conectas has the certificate of Organization Affected with a Public Interest (OSCIP), as set forth by a Resolution of the Federal Department of Justice, published in the Brazilian Federal Register on November 7, 2003.

13. Legal claims

Decree n° 8.426/2015, which came into force on July 1, 2015, determines the levy of PIS and COFINS for legal entities subject to non-cumulative taxation system at the rates of 0.65% and 4%, respectively.

Law No 10.637/02, in article 8, and Law No. 10.833/03, in article 10, meanwhile, had established that tax-exempt organizations are subject to the PIS and COFINS cumulative system.

Notes to the financial statements
For the years ended December 31, 2020 and 2019
(In Brazilian Reais)

Therefore, since they do not have any specific tax treatment, tax-exempt legal entities like Conectas are subject to the non-cumulative system and should therefore have their financial revenues taxed according to Decree No. 8.426/2015, at the rates of 0.65% (PIS/PASEP) and 4% (COFINS). Considering that according to article 13 of Provisional Executive Order No. 2.158-35/01, tax-exempt legal entities calculate PIS/PASEP only on payroll, Conectas only has to calculate the COFINS tax on its financial revenues.

Conectas decided to legally challenge the tax, based on the advice of its lawyers, through a preventive injunction, claiming:

- The unconstitutionality of the tax;
- Tax immunity, supported by article 195, paragraph 7, of the Brazilian Constitution, and article 3 of Law No. 8.742/93 (Social Services Organic Law - LOAS).

Nevertheless, Conectas made a provision for litigation costs of R\$ 105.376, according to the statements of financial position - “Tax Liabilities” for the proper payment in court, while it awaits the outcome of the legal challenge.

14. Other information

- (a) In the years ended December 31, 2020 and 2019, the Entity did not utilize derivative financial instruments;
- (b) The Entity does not maintain pension plans or any other retirement or benefit plans for the employees and officers after their termination or a bonus or profit sharing plan for officers and employees;
- (c) Conectas has D&O liability insurance since February 26, 2016, which covers payment of losses and damages owed to third parties as a result of alleged wrongful acts for which it is responsible, and for which it receives a claim or is notified during the term of the policy or, when contractually agreed, on an earlier date within the retroactive period of the policy, provided that the policyholder had informed the insurer during the term of the policy and that the third party had filed their claim during the term of the policy or during the complementary or supplementary period if this was purchased by the policyholder. The scope of the coverage is global, with the following additional coverage:
 - Coverage for legal, administrative or arbitration proceedings, including but not limited to civil, consumer, social security or criminal liability;
 - Costs of investigation conducted by a governmental body;
 - Claims related to tax liability;
 - Employment Practices Liability (EPL);
 - Errors and omissions in the provision of professional services and product failure;
 - Defense costs in the event of fines and penalties;

Notes to the financial statements
For the years ended December 31, 2020 and 2019
(In Brazilian Reais)

- Prosecution costs;
- Blocked and frozen assets;
- Claims by an insured person;
- Claims by the insured or outside organizations;
- Costs incurred in extradition proceedings;
- Claims for material and bodily damages;
- Claims for moral damages;
- Automatic coverage for new subsidiaries;
- Coverage for existing proceedings against the entity that are refiled, during the term of the policy, against the managers on account of the piercing of the corporate veil;
- Defense costs for claims related to the granting of personal guarantees (sureties and trustees);
- Emergency costs;
- Protection of personal reputation (advertising expenses);
- Coverage for disqualification;
- Extraordinary events with regulators;
- Crisis management.

15. Subsequent events

We did not observe any subsequent event between the closing date and the issue of this document that was worth mentioning.

Juana
Magdalena
Kweitel

Assinado de forma digital
por Juana Magdalena
Kweitel
Dados: 2021.03.12
09:38:15 -03'00'

Juana Magdalena Kweitel
Diretora Executiva

KELVIN NOBRE
OLIVEIRA:3797
1575840

Assinado de forma digital
por KELVIN NOBRE
OLIVEIRA:37971575840
Dados: 2021.03.10
09:57:39 -03'00'

Kelvin Nobre Oliveira
Contador
CRC: 1SP314009-O/0 - SP
CPF: 379.715.758-40