

(A free translation of the original in Portuguese)

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***Associação Direitos  
Humanos em Rede***  
***Financial statements  
at December 31, 2021  
and independent auditor's report***



(A free translation of the original in Portuguese)

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

To the Board of Directors and fiscal and deliberative councils  
Associação Direitos Humanos em Rede

### **Opinion**

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We have audited the accompanying financial statements of Associação Direitos Humanos em Rede ("Association"), which comprise the statements of financial position as at December 31, 2021 and the statements of surplus, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary significant accounting policies and other explanatory information.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Associação Direitos Humanos em Rede as at December 31, 2021, 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 contained in Technical Interpretation ITG 2002 (R1) - "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 Association 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.

### **Other matters**

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#### **Prior-year information**

The original financial statements of the Association for the year ended December 31, 2020, presented for comparison purposes were audited by another firm of auditors whose report, dated February 26, 2021, expressed an unmodified opinion on those statements.

#### **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 the 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) and in accordance with the Technical Interpretation ITG 2002 (R1) - "Non-Profit Entities", which regulates the accounting of non-profit entities and for the internal controls that it has determined to be necessary to enable the preparation of financial statements free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Association or to cease operations, or has no realistic alternative but to do so.

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Associação Direitos Humanos em Rede

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

### **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 Association 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 Association 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 Association 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, April 7, 2022

  
PricewaterhouseCoopers  
Auditores Independentes Ltda.  
CRC 2SP000160/O-5

Ricardo Barth de Freitas  
Contador CRC 1SP235228/O-5

Statements of financial position  
At December 31, 2021 and 2020  
(In Brazilian Reais)

| <b>Assets</b>              |              |                   |                   | <b>Liabilities and net equity</b>       |              |                   |                   |
|----------------------------|--------------|-------------------|-------------------|---|--------------|-------------------|-------------------|
|                            | <b>Notes</b> | <b>2021</b>       | <b>2020</b>       |   | <b>Notes</b> | <b>2021</b>       | <b>2020</b>       |
| <b>Current</b>             |              |                   |                   | <b>Current</b>                          |              |                   |                   |
| Cash and cash equivalents  | 3            | 24,037,006        | 20,325,888        | Accounts payable                        |              | 322               | 11,204            |
| Other accounts receivables | 4            | 70,606            | 64,253            | Social charges                          | 6            | 528,446           | 404,836           |
|                            |              | <b>24,107,612</b> | <b>20,390,141</b> | Advance donations                       | 7            | 17,238,531        | 14,945,737        |
|                            |              |                   |                   |   |              | <b>17,767,299</b> | <b>15,361,777</b> |
| <b>Noncurrent</b>          |              |                   |                   | <b>Noncurrent</b>                       |              |                   |                   |
| Court deposits             |              | 128,779           | 114,393           | Tax liabilities                         | 15           | 129,848           | 116,377           |
| Fixed assets               | 5            | 320,839           | 211,643           |   |              | <b>129,848</b>    | <b>116,377</b>    |
| Intangible assets          | 5            | 45,371            | 26,956            | <b>Net equity</b>                       |              |                   |                   |
|                            |              | <b>494,988</b>    | <b>352,992</b>    | Net equity                              | 8            | 6,705,453         | 5,264,979         |
| <b>Total assets</b>        |              | <b>24,602,600</b> | <b>20,743,133</b> | <b>Total liabilities and net equity</b> |              | <b>24,602,600</b> | <b>20,743,133</b> |

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

**Statements of surplus**  
**For the years ended December 31, 2021 and 2020**  
**(In Brazilian Reais)**

|   | <b>Note</b> | <b>2021</b>        | <b>2020</b>        |
|---|-------------|--------------------|--------------------|
| <b>Donations revenues</b>                 |             |                    |                    |
| Domestic donations                        | 7           | 508,823            | 378,025            |
| Foreign donations                         | 7           | 9,117,209          | 7,174,454          |
| Volunteers services                       | 11          | 732                | 2,542              |
|   |             | <b>9,626,764</b>   | <b>7,555,021</b>   |
| <b>Expenses from activities</b>           |             |                    |                    |
| Cost of theme areas                       | 9           | (5,967,844)        | (4,960,790)        |
| Continued expenses                        | 10          | (3,294,303)        | (2,407,142)        |
| Volunteers services                       |             | (732)              | (2,542)            |
| Tax expenses                              |             | (39,189)           | (38,129)           |
| Recovery of expenses                      | 12          | 128,065            | 116,119            |
|   |             | <b>(9,174,003)</b> | <b>(7,292,484)</b> |
| (Deficit/Surplus) before financial income |             | 452,761            | 262,537            |
| <b>Financial income</b>                   | 13          | <b>987,713</b>     | <b>317,962</b>     |
| <b>Surplus for the year</b>               |             | <b>1,440,474</b>   | <b>580,499</b>     |

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

**Statement of comprehensive income**  
**For the years ended December 31, 2021 and 2020**  
**(In Brazilian Reais)**

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|   | <u>Nota<br/>explicativa</u> | <u>2021</u>             | <u>2020</u>           |
|---|-----------------------------|-------------------------|-----------------------|
| Surplus for the year                      |                             | 1,440,474               | 580.499               |
| Comprehensive income flow and adjustments |                             | -                       | -                     |
| <b>Comprehensive income total</b>         |                             | <b><u>1,440,474</u></b> | <b><u>580.499</u></b> |

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**The accompanying notes are an integral part of this financial statements.**

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**Statements of changes in equity**  
**(In Brazilian Reais)**

|                                | <u>Equity</u>    | <u>Accumulated surplus</u> | <u>Total</u>     |
|--------------------------------|------------------|----------------------------|------------------|
| <b>As at December 31, 2019</b> | <b>4,684,480</b> | -                          | <b>4,684,480</b> |
| Net Surplus                    | -                | 580,499                    | 580,499          |
| Destination of the surplus     | 580,499          | (580,499)                  |                  |
| <b>As at December 31, 2020</b> | <b>5,264,979</b> | -                          | <b>5,264,979</b> |
| Net Surplus                    | -                | 1,440,474                  | 1,440,474        |
| Destination of the surplus     | 1,440,474        | (1,440,474)                |                  |
| <b>As at December 31, 2021</b> | <b>6,705,453</b> | -                          | <b>6,705,453</b> |

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

**Statements of cash flows**  
**For the years ended December 31, 2021 and 2020**  
**(In Brazilian Reais)**

|  | <u>2021</u>      | <u>2020</u>       |
|--|------------------|-------------------|
| <b>Cash flows from operating activities</b>      |                  |                   |
| Surplus for the year                             | 1,440,474        | 580,499           |
| Depreciation                                     | 64,803           | 73,672            |
| Depreciation adjustments                         | (72)             | -                 |
| <b>Adjusted surplus for the year</b>             | <u>1,505,205</u> | <u>654,171</u>    |
| <b>Increase/(decrease) in assets</b>             |                  |                   |
| Other accounts receivable                        | (6,375)          | (45,949)          |
| Court deposits                                   | (14,386)         | (9,017)           |
| <b>Increase (decrease) in liabilities</b>        |                  |                   |
| Accounts payable                                 | (10,787)         | (4,973)           |
| Social charges                                   | 123,610          | 71,833            |
| Tax liabilities                                  | 13,471           | 9,227             |
| Advance donations                                | 2,292,794        | 11,395,975        |
| <b>Net cash from operating activities</b>        | <u>3,903,532</u> | <u>12,071,267</u> |
| <b>Cash flows from investing activities</b>      |                  |                   |
| Acquisition of fixed assets                      | (214,165)        | (59,314)          |
| Write-off of fixed assets                        | 21,751           | -                 |
| <b>Net cash from investing activities</b>        | <u>(192,414)</u> | <u>(59,314)</u>   |
| <b>Net increase in cash and cash equivalents</b> | <u>3,711,118</u> | <u>12,011,953</u> |
| Cash and cash equivalents at end of year         | 24,037,006       | 20,325,888        |
| Cash and cash equivalents at beginning of year   | 20,325,888       | 8,313,935         |
| <b>Net increase in cash and cash equivalents</b> | <u>3,711,118</u> | <u>12,011,953</u> |

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



Notes to the financial statements  
For the years ended December 31, 2021 and 2020  
(In Brazilian Reais)

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**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.

**Effects of the pandemic caused by COVID-19**

In March 2020, the World Health Organization (WHO) declared COVID-19 a pandemic. Government authorities in several countries, including Brazil, imposed restrictions to contain the virus. Conectas established a management plan for the pandemic, with measures to prevent and mitigate its effects, in line with the guidelines established by national and international health authorities.

In this scenario, Conectas has been monitoring the effects of its activities evaluating the main estimates and critical accounting judgments, as well as other balances with the potential to generate uncertainties and impacts on the financial statements.

**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 11.

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.

**Notes to the financial statements**  
**For the years ended December 31, 2021 and 2020**  
**(In Brazilian Reais)**

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These financial statements shall be submitted to the approval of the Conectas Board of Directors in April 07, 2022.

**Functional and Reporting Currency**

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

**Summary of 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 Conectas to meet its short-term commitments.

**2.2. Financial assets**

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

Financial investments are classified as measured at net value. Their measurement is detailed in item (a) below.

**(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. Conectas's loans and receivables comprise other accounts receivable. Loans and receivables are stated at amortized cost, using the effective interest rate method, if applicable.

Notes to the financial statements  
For the years ended December 31, 2021 and 2020  
(In Brazilian Reais)

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**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.

**(b) Intangible**

Intangibles are software that have been purchased and are needed for use on the organization's computers (mostly Windows and Office operating systems).

**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**

Conectas 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

**Notes to the financial statements**  
**For the years ended December 31, 2021 and 2020**  
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known or estimated amounts, plus the related charges and monetary changes incurred through the balance sheet date, if applicable.

## 2.7 Non-current liabilities

Non-current liabilities consist of contingencies due to lawsuits described in Note 15.

## 2.8. Equity

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

## 2.9. Income statement

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 classified in liabilities as “Advance donations” and their recognition in income will occur when these resources are used.

## 3. Cash and cash equivalents

|                                | <u>2021</u>       | <u>2020</u>       |
|--------------------------------|-------------------|-------------------|
| Checking accounts              | 1                 | 8,941             |
| Financial investments (*) (**) | 24,037,005        | 20,316,947        |
|                                | <u>24,037,006</u> | <u>20,325,888</u> |

(\*) These are represented by Bank Certificate of Deposits (CDBs), remunerated at fixed rates at 99,70% (2020 – 93,73%) of the Interbank Deposit Rate (CDI) annually, and by repurchase agreements, with daily liquidity and used by the Conectas for management of its short-term commitments.

(\*\*) Part of these resources refer to advance donations of financing under our responsibility (see Note 7)

## 4. Other accounts receivable

As at December 31, 2021, these mainly refer to advance payments of rent, advances to employees, D&O liability and patrimonial insurances.

Notes to the financial statements  
 For the years ended December 31, 2021 and 2020  
 (In Brazilian Reais)

## 5. Fixed and Intangible assets

|                              | 2021           |  |                | 2020           | Annual<br>Depreciation<br>Armotization<br>rates (%) |
|------------------------------|----------------|--|----------------|----------------|---|
|                              | Cost           | Annual<br>Depreciation<br>Armotization | Net            | Net            |   |
| <b>Movables</b>              |                |  |                |                |   |
| Drone                        | 5,500          | (2,074)                                | 3,426          | 4,492          |   |
| Furniture and fixtures       | 169,241        | (121,746)                              | 47,495         | 64,094         | 10  |
| IT equipment                 | 418,424        | (203,227)                              | 215,197        | 72,147         | 20  |
| Telecommunications equipment | 65,841         | (24,360)                               | 41,481         | 47,526         | 10  |
| Electronic devices           | 27,506         | (14,266)                               | 13,240         | 18,615         | 20  |
| Fixed assets in progress (a) | -              | -                                      | -              | 4,769          |   |
|                              | <b>686,512</b> | <b>(365,673)</b>                       | <b>320,839</b> | <b>211,643</b> |   |
| <b>Intangible assets</b>     |                |  |                |                |   |
| Software                     | 102,336        | (56,965)                               | 45,371         | 26,956         | 20  |
|                              | <b>788,848</b> | <b>(422,638)</b>                       | <b>366,210</b> | <b>238,599</b> |   |

The changes in fixed and intangible assets were as follows:

|                             | 2021           | 2020           |
|-----------------------------|----------------|----------------|
| <b>At beginning of year</b> | <b>238,599</b> | <b>252,957</b> |
| Acquisition of assets       | 214,165        | 59,314         |
| Write-off of assets         | (21,751)       |                |
| Depreciation/Amortization   | (64,803)       | (73,672)       |
| <b>At end of year</b>       | <b>366,210</b> | <b>238,599</b> |

(a) The amount recorded in the Fixed assets in progress account refers to the acquisition of an equipment in 12/2020 that was found to be defective and was returned to the supplier on 01/2021, with no incorporation into fixed assets

In 2021, unused, obsolete and damaged machines were donated in the total amount of R\$16,982, which did not affect the financial result as they were fully devalued. The write-off and adjustment were made through a physical report provided by AFIXCODE to update the assets according to accounting standards established by NBC TG 1000.

There was an adjustment in the depreciation balance to corroborate the managerial equity control in an amount without relevance to highlight.

## 6. Social charges

These mainly refer to the provision for vacation pay.

Notes to the financial statements  
 For the years ended December 31, 2021 and 2020  
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## 7. Donations and advance donations

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

Of the total funds received in 2021, in the amount of **R\$ 26,865,295** (2020 - R\$ 22,498,216), **R\$ 9,626,764** (2020 - R\$ 7,552,479) were used this year and **R\$ 17,238,531** (2020 - R\$ 14,945,737) will be used in 2022 to continue the projects.

## 8. Equity

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

In the event the Conectas 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 Conectas 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.

## 9. Expenses from activities

|                                     | <u>2021</u>               | <u>2020</u>               |
|-------------------------------------|---------------------------|---------------------------|
| Services rendered by legal entities | (1,454,436)               | (941,309)                 |
| Services rendered by natural person | (29,507)                  | (25,543)                  |
| Personnel expenses                  | (1,575,711)               | (1,227,673)               |
| Travel expenses                     | -                         | (3,332)                   |
| Theme areas/Initiative costs        | (5,967,844)               | (4,960,790)               |
| Other expenses                      | (146,505)                 | (133,837)                 |
| <b>Total</b>                        | <b><u>(9,174,003)</u></b> | <b><u>(7,292,484)</u></b> |

### Theme Areas

|   | <u>2021*</u>              | <u>2020</u>               |
|---|---------------------------|---------------------------|
| Fighting Institutional Violence Program           | (1,503,442)               | (1,438,306)               |
| Strategic Litigation                              | (1,069,643)               | (707,528)                 |
| Strengthening Democratic Space Program            | (1,803,512)               | (1,696,641)               |
| Development and Socioenvironmental Rights Program | (1,591,247)               | (1,118,315)               |
| <b>Total</b>                                      | <b><u>(5,967,844)</u></b> | <b><u>(4,690,790)</u></b> |

(\*) Represented by:

**Notes to the financial statements**  
**For the years ended December 31, 2021 and 2020**  
**(In Brazilian Reais)**

| Theme Areas                               | Initiative   | 2021             |
|---|--|------------------|
| Fighting Institutional Violence           | People deprived of liberty                         | 433,809          |
|   | Oversight of police activity                       | 375,796          |
|   | Drug policy  | 387,566          |
|   | Arms control                                       | 184,101          |
|   | Right to protest                                   | 122,170          |
|   | <b>Sutotal</b>                                     | <b>1,503,442</b> |
| Strategic Litigation                      | Strategic Litigation                               | 1,069,643        |
|   | <b>Subtotal</b>                                    | <b>1,069,643</b> |
| Strengthen Democratic Space               | In defense of civil society                        | 279,120          |
|   | Migration and asylum                               | 488,905          |
|   | Religious mobilization and the rights agenda       | 209,474          |
|   | In defense of racial affirmative action            | 173,958          |
|   | Advocacy   | 256,125          |
|   | Sur Journal  | 352,655          |
|   | Conectas 20 years                                  | 43,275           |
|   | <b>Subtotal</b>                                    | <b>1,803,512</b> |
| Development and Socioenvironmental Rights |  | 324,287          |
|   | Financing for development                          |                  |
|   | Impact of the extractive industry                  | 391,233          |
|   | Combating contemporary slavery and precarious work | 375,983          |
|   | Climate Justice                                    | 499,744          |
| <b>Subtotal</b>                           | <b>1,591,247</b>                                   |                  |
| <b>Total</b>                              |  | <b>5,967,844</b> |

**DESCRIPTION OF THE PROGRAMS**  
**(descriptive information are not audited)**

**FIGHTING 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.

For example, Conectas participated in a public hearing to discuss the state of the Brazilian prison system. Convened as part of the Collective Habeas Corpus No. 165704 – which determines the substitution of pre-trial detention with house arrest for prisoners who are responsible for children under the age of 12 or for persons with disabilities – the event was chaired by the Supreme Court Justice who is the rapporteur of the case, Gilmar Mendes, and

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**For the years ended December 31, 2021 and 2020**  
**(In Brazilian Reais)**

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was attended by civil society organizations, the Public Prosecutor's Office, the Public Defender's Office and other bodies. Representing Conectas, Elaine Bispo da Paixão, the coordinator of the Bahia State Front for Decarceration, said that overcrowding in Brazilian prisons is one of the main causes of human rights violations against detainees and that structural racism is ingrained in the criminal justice system in the state of Bahia and across Brazil.

Furthermore, a statement released in 2021 by more than 120 human rights organizations, including Conectas, warned about the suspension of the work of the CNPCT (National Committee to Combat and Prevent Torture), the body responsible for investigating and preventing torture and mistreatment in prisons, nursing homes and psychiatric hospitals.

Finally, Conectas and other organizations participated in a hearing staged by the Inter-American Commission on Human Rights (IACHR) in 2021 to debate whether pre-trial custody hearings should be held by video conference and, more specifically, the effects of so-called virtual justice on the right to a legal defense and on the physical integrity of persons deprived of liberty in the region. On this occasion, Conectas argued that the suspension of in-person custody hearings – one of the primary ways of curbing police abuse – is currently one of the main obstacles in the combat of torture in Brazil and Latin America.

#### **Control of Law Enforcement and Use of Force**

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.

The ADPF Favelas Case was one of our most important cases in 2020, and in 2021 we continued to work hard to protect the lives of the people directly affected by police operations in Rio de Janeiro. Our work on the ADPF case involves support for the victims' movements; monitoring the implementation; filing appeals to improve the court ruling; and reflecting critically on the lessons learned.

One victory this year was the response to the appeals we filed in 2021. **The Supreme Court approved the proposed requirement for the creation of a plan to reduce the lethality of police operations in the favelas of Rio de Janeiro.** The state government of Rio de Janeiro has 90 days to present the document. The plan must contain objective measures, timelines and an estimate of the resources needed for its implementation. In addition to the proposal to create the plan to reduce police lethality, the justices also approved the creation of a Citizen Police Judicial Observatory, the priority to investigate operations in which children or adolescents are killed, the requirement for ambulances to be present when there is armed confrontation and the recognition that the use of lethal force by officers is only justified in extreme cases, with priority always given to the protection of life.



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**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.

For example, in 2021 Conectas and INNPD (Black Initiative for a New Drug Policy) submitted a complaint against Brazil at the 47th session of the HRC (Human Rights Council) of the United Nations, on account of the country's drug control policy.

The organizations drew attention to the risks of the actions being taken based on a "policy of abstinence for people who use drugs, undermining community services and universal access to public health, while investing heavily in private treatment centers without adequate supervision". The complaint went on to state that "people are often sent to these places through coercion by police authorities".

**Gun control**

Since assuming the Presidency of the Republic in January 2019, Bolsonaro has issued a series of decrees to change aspects of the Disarmament Law – a law passed in 2003 that has successfully slowed the growth in the number of homicides caused by firearms in the country.

These federal government measures relax controls, requirements and limits on the ownership and possession of guns and ammunition, with a view to generating uncertainty and regulatory chaos. In May 2019, ADPF Case (Allegation of Violation of a Fundamental Precept) No. 581 challenged the constitutionality of one such decree, no. 9,785/2019, in the Supreme Court.

Accepted as an amicus curiae in the case, Conectas highlighted the relationship between the rise in the number of firearms and the increase in murders, femicides, suicides and fatal accidents involving children. In this regard, the organization pointed out that the decrees violate the fundamental guarantees that inspired the Disarmament Law – the right to life and to public security and the dignity of the human person – and leave black youth particularly exposed to the increase in violence.

In April 2021, the rapporteur of the case, Justice Rosa Weber, issued an injunction suspending several provisions of four decrees signed by President Jair Bolsonaro. The case was taken to the full session of the Court, together with a number of other cases challenging other decrees, and is currently pending judgment following an adjournment requested by Justice Kássio Nunes Marques. In the meantime, the suspension ordered by Rosa Weber remains in effect.

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**Right to Protest**

Conectas has long stood against initiatives that attempt to restrict the right to protest. 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 2021, for example, Conectas and nearly 650 other organizations sent a letter to the IACHR (Inter-American Commission on Human Rights) requesting a visit to Colombia and the creation of mechanisms to investigate the crimes committed at demonstrations in the country. The request was made after protests in Colombia were targets of repression and excessive use of force by security forces. The protests began in Colombia in April due to civil discontent with the political context in the country, triggered by discontent over a tax reform proposed by the government. The demonstrations were violently repressed by security agents, in a context of systematic violation of human rights.

**STRENGTHENING DEMOCRATIC SPACE**

**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 complemented by actions of solidarity with partners in countries that also suffer similar threats.

Conectas – together with the Igarapé Institute, the Sou da Paz Institute and Transparency International – filed a petition with the Federal Audit Court to prevent the Ministry of Justice and Public Security from contracting the Harpia spyware system.

Harpia Tech, the company responsible for the system, won a bidding process staged by the Ministry of Justice for the contracting of spying services. To begin with – as exposed in an article on the UOL web portal – the ministry wanted to buy the Pegasus surveillance software. This system, developed by the Israeli company NSO Group, has been used by dozens of governments in different countries to hack the mobile phones of political opponents, journalists and human rights defenders. However, the company withdrew from the negotiations with the Brazilian government due to alleged irregularities.

The organizations stated that although NSO Group had already withdrawn, the main problem was the lack of transparency in the handling of this bidding process, preventing “the population from knowing the limits of exactly what is being contracted with public money”. In November 2021, the Federal Audit Court unanimously ruled to suspend the acquisition of the Harpia spyware system by the Ministry of Justice. And in January 2022, the Court upheld its November 2021 ruling suspending the acquisition of the Harpia system by the Ministry.

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The latest issue of the Sur Journal includes a section dedicated to surveillance and its impacts on human rights.

**Migration and asylum**

In 2021, 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.

Conectas helped organize a hybrid mission (remote and on-site) by the CNDH (National Human Rights Council) to Boa Vista and Pacaraima, in the northern state of Roraima, to verify the rights violations that have occurred in these places and issue recommendations on the human rights of migrants and refugees. On April 5, in the first stage in this process, a public hearing was held with local organizations and other interested parties. More than 80 people registered to participate and the hearing was also broadcast on the Conectas YouTube channel (there was a technical difficulty and the CNDH was unable to broadcast its own channels). The mission included other stages, such as requests for information and virtual meetings with authorities. Additionally, in the second half of 2021 we made an in-person visit during which we monitored the mission and engaged with various people working in the field.

With the intention of enforcing the regularization of documents provided for in the Migration Law and taking into account the large number of undocumented people in Brazil due to the government decrees closing the borders, we organized through the Collaborative Advocacy Network a meeting between partners and the current rapporteur of Bill 2699/2020, Congressman Jefferson Campos, on emergency immigration regularization, to present our technical support for the bill. As a result of our engagement with the bill since the beginning of the pandemic, Conectas was invited to participate in a public hearing at the Committee on Human Rights and Minorities of the Lower House of Congress on immigration regularization and border closures.

In 2021, we had a victory from a lawsuit initiated in 2020. Conectas and the Federal Public Defender's Office filed a Public Civil Action in the federal courts against a municipal law in the city of Boa Vista that restricted treatment for migrants in public health clinics and children's hospitals. Despite being denied an injunction, we appealed to the TRF-1 (Federal Appeals Court of the First Region), which accepted our appeal and ordered the municipality to refrain from establishing any discrimination based on nationality in basic health services. In April 2021, there was a favorable ruling in the federal courts, which also established that non-compliance would result in a daily fine of BRL 100,000.

Finally, another victory we had on this topic was the decision of the Office of the Federal Comptroller General made in November 2020, which accepted an appeal that we filed with regard to the freedom of information request made to the Ministry of Justice requesting that minutes of meetings of Conare (National Committee for Refugees) be published on the website. None had been published since March 2018.

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**Religious Mobilization and the Rights Agenda**

Conectas works to defend a Secular State, freedom of religion and religious pluralism. In 2021, we published a report on our website on [“Religious LGBTI+ and the importance of the dispute for space”](#). The initiative also had a component for protecting the rights of politically minority groups that are affected by legislation. Accordingly, it was fundamental to monitor any legislation that could violate the rights of religious minorities, women, girls and LGBTI+ people in our attempt to prevent setbacks.

**Defense of Racial Affirmative Action**

Conectas works actively in the Defense of Racial Affirmative Action. For example, in 2021 we conducted a study of all the bills related to racial quotas and together with other organizations we monitored and reacted to the proposals that could put the Quotas Law at risk. Furthermore, we worked on the framework of the discussions for the celebration of the 20 years of the Durban Conference, submitting as one of the priority topics the defense of the Quotas Law in Higher Education in Brazil.

We also monitored the internalization and implementation of the Inter-American Convention against Racism, Racial Discrimination and Related Forms of Intolerance. And we are working to get other countries to recommend that Brazil keep the Quotas Law during the country’s passage through the UN Human Rights Council’s Universal Periodic Review in Geneva.

**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.

Issue number 31 of the Sur Journal features a series of discussions on the topic “Human rights in the context of a Pandemic: impacts and responses”. The journal, published by Conectas, is available for free online in Portuguese, English and Spanish.

With authors from Peru, Chile, India, Colombia, Brazil and South Africa, the articles reflect on the impacts of the Covid-19 pandemic on the Global South through analyses, discussions and experiences of different groups, and include responses to Covid-19, social mobilization, vaccine geopolitics and the challenges of surveillance and data accumulation for human rights. The issue also intersects local contexts, such as favelas and indigenous and black communities, with the broader scenario involving justice systems and international organizations.

**DEVELOPMENT AND SOCIOENVIRONMENTAL RIGHTS**

**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.

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In August 2021, Conectas published a series of three articles and a video discussing the impacts of installing Brazil's largest wind farm complex (Ventos do Araripe III Complex – built by the Brazilian company Casa dos Ventos Energias Renováveis SA with financing from BNDES (Brazilian Development Bank) and NDB (New Development Bank) – on the neighboring community of Araripe. The articles addressed how the installation of wind farms in the Northeastern hinterlands impacts traditional communities; how the quilombola communities view the projects; and the role of development banks.

In partnership with the International Accountability Project and community leaders, we prepared a session at the People's Forum on the BRICS in October 2021. The session we organized was entitled "Development Banks and traditional communities: is it possible to ensure sustainable business developments and the protection of human rights?". It was an important opportunity for Araripe's community leaders to voice their concerns about the impacts of the wind farm on their communities before an international audience, with a view to raising international awareness of the case. Therefore, at the event we presented the material that we produced in the community of Araripe and the impacts caused by the installation of the wind farms of the Ventos do Araripe III Complex.

**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.

Conectas, together with civil society organizations denounced in the UN a policy of environmental dismantling that is in progress in Brazil. Four Brazilian organizations warned the international community about a series of bills that are currently pending in the National Congress and that are intended to further weaken mechanisms for protecting the environment and indigenous peoples. Moreover, we made an oral statement during the judgment in the Supreme Court on indigenous lands (known as the time frame case).

**Combating Contemporary Slavery and Precarious Work**

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.

In 2021, given the dismantling of policies to combat slave labor, various social movements and civil society organizations worked to stop setbacks in the area and guarantee labor rights. Among the actions was the mobilization against a proposed mini labor reform that made its way to the National Congress. Using political advocacy, Conectas and other organizations also worked on different fronts to urge the creation of new regulations to make all production

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processes, in all sectors, more transparent, thereby preventing and eliminating the risk of seeing new cases of contemporary slavery. In September 2021, the Senate rejected the bill establishing the “mini labor reform”.

We wrote to Mariana Neris, National Secretary for Global Protection of the Ministry of Women, Family and Human Rights, and Bruno Bianco Leal, Special Secretary of the Ministry of Economy, pressing for an adequate budget for the implementation of the policy to combat slave labor. The budget was approved in March 2021 with the incorporation of the amendments we proposed to members of Congress to guarantee a budget for actions to combat contemporary slavery. Our work was instrumental to ensure the establishment of this budget.

In October 2021, we staged a mini-workshop in partnership with INESC (Institute for Socio-Economic Studies) on the public budget and the monitoring of spending for partner organizations. The goal of the training event was to prepare our staff to influence the 2022 public budget for combating contemporary slavery. As a result, we are confident that the need to improve the monitoring of the deployment of funds and initiatives that could be put into practice to ensure that what was achieved for 2021 will be continued this year.

**Climate Justice**

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

In 2021, Conectas published an e-book of articles on the law and climate – “Climate and Human Rights: Voices and Actions”. We also organized the online launch of the e-book with the participation of outside actors involved with the topic, Conrado Hubner and Judge Rafaela Rosa. We also reprinted and sent the Climate Litigation Guide to key actors in Brazil, such as civil society and the legal community. We also staged a three-day workshop on the topics of Climate Justice and Human Rights, with the active participation of nearly 60 people per day from different areas. In addition, we organized a panel on Climate Racism in the Urban Outskirts of São Paulo, at the Urban Circuit event of UN Habitat.

Moreover, we supported a letter to the Brazilian Development Bank (BNDES) with an invitation to discuss environmental and social funds, we participated in the Climate Observatory’s Political Working Group, we signed a letter on the Environmental Licensing and Land Grabbing Bills and we headed up discussions with the IACHR and the EU to step up their pressure.

Finally, we worked on the following cases as amicus curiae: 1. Climate Fund (ADPF 708); 2. Amazon Fund (ADO 59); 3. PPCDam Climate Litigation (ADPF 760); 4. Climate Backpedal Case (Citizen’s Lawsuit No. 5008035-37.2021.4.03.6100).

It is also important to note that we translate and present the IPCC report to the Supreme Court for the cases in which we request admission as amicus curiae.

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### **International Advocacy**

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, 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.

For example, we actively participated in the 46th session of the UNHRC. Together with the Arns Commission, we denounced the federal government's inaction in combating the pandemic. This initiative had repercussions in the national media, including on the prime-time news program Jornal Nacional.

Conectas, together with its partners, made a statement during the interactive dialogue with the UN rapporteur on torture, denouncing the use of videoconferencing for pre-trial custody hearings.

Together with the Igarapé Institute and the Sou da Paz Institute, Conectas presented a complaint against government decrees that, despite the high rates of gun violence in Brazil, increased access to guns and ammunition and reduced the capacity of the State to control these arsenals.

### **Strategic Litigation**

As is clear from the examples of our work in all our areas of activity, Strategic Litigation is a tool used by all the programs, both proactively and reactively, in collaboration with other organizations in the field and in an agile manner.

We worked on 60 cases<sup>1</sup> in 2021, of which 43 were completely new.

#### **Combating Institutional Violence**

National Courts:

1. ADI 5032 - Military Justice Jurisdiction;
2. ADI 5901 - Military Justice Jurisdiction;
3. ADPF 289 - Military Justice Jurisdiction;
4. ADPF 635 - ADPF Favelas Case;
5. ADI 6139 - Gun Decree;
6. ADI 6675 - Gun Decree;
7. ADPF 581 - Gun Decree;
8. ADI 6841 - Custody Hearings by Video Conference;

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- 9. ADPF 347 - Unconstitutional State of Affairs;
- 10. AREsp Appeal - Strip Search;
- 11. Habeas Corpus - Racial Profiling;
- 12: Superior Court of Justice - Fine;

International:

- 13. Forced Disappearance IACHR;
- 14. Cracolândia (Crackland) IACHR;
- 15. Jacarezinho Massacre IACHR;
- 16. Jacarezinho Massacre UN;
- 17. Crimes of May UN;
- 18. Crimes of May (Pq Bristol) IACHR;
- 19. Gerson Mendonça Case IACHR;
- 20. Nova Brasília Favela Case - IAHR Court Sentence Enforcement;
- 21. Hearings to end the video conferences – IACHR;

Local Courts and other bodies:

- 22. ACP - Privatization of Prisons - TJSP Court;
- 23. Cracolândia (Crackland) - TJSP Court;
- 24. Representation Therapeutic Communities - Federal Prosecutor's Office;
- 25. ACP - Therapeutic Communities - Federal Court of Pernambuco;
- 26. Hearings to end the video conferences - National Justice Council;
- 27. Cracolândia (Crackland) - TJSP Court;
- 28. Criminalization Mothers of May - São Paulo Public Prosecutor's Office;
- 29. Criminalization Mothers of May - National Council of the Public Prosecutor's Office;
- 30. Purchase of Rifles by the São Paulo Municipal Civil Guard - TCM Court;

**Strengthening Democratic Space**

National Courts:

- 31. Office of the Prosecutor-General vs Public Defender's Offices - Supreme Court;
- 32. Investigation by National Security Law - Supreme Court;
- 33. ADPF 795 - National Human Rights Plan - Supreme Court;
- 34. ADI 6590 - Inclusive Education;
- 35. ADPF 751 - Inclusive Education - Supreme Court;
- 36. ADI 5901 - Treaties - ILO Convention 169 - Supreme Court;
- 37. ADI 6.544 - UNASUR - Supreme Court;
- 38. ADPF 622 - National Council for the Rights of Children and Adolescents - Supreme Court.

International:

- 39. Precautionary Measure, health crisis in the state of Amazonas - IACHR.

Local Courts and other bodies:

- 40. ACP Magazine Luiza - TRT 10 Court;
- 41. REsp Appeal in ACP 007 Case - TRF-3 Court;
- 42 ACP - Borders - State of Acre - TRF-1 Court;
- 43. Appeal - Clamor do Rio Eviction - TRF-1 Court;
- 44. State ADI - Health Law - Municipality of Boa Vista - State Court of Roraima;
- 45. Surveillance System - TCU Court;
- 46. Citizen's Lawsuit - National Human Rights Plan - Federal Court of Bahia;
- 47 ACP - State of Roraima - Shelters - Request for Non-Deportation - Federal Court of Roraima;
- 48. Notification of Occurrence - Pazuello - Health Decree - Misconduct - Federal Prosecutor's Office;



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**Defense of Social and Environmental Rights**

National Courts:

- 49. ADPF 742 - Quilombola Communities - Supreme Court;
- 50. ADPF 709 - Indigenous Peoples and Covid - Supreme Court;
- 51. ACO 1100 - Time Frame;
- 52. RE 1.017.365/SC - Supreme Court - Time Frame;
- 53. ADPF 708 - Climate Fund - Supreme Court;
- 54. ADO 59 - Amazon Fund - Supreme Court;
- 55. ADPF 623 - National Environment Council (CONAMA) - Supreme Court;

Local Courts and other bodies:

- 56. Civil Suit - Climate Backpedal - Federal Court of São Paulo;
- 57. Slave Labor - Dunkin - NCP;
- 58. Slave Labor - JDE - NCP;
- 59. Slave Labor - Nestlé - NCP;
- 60. Slave Labor - McDonalds - NCP.

**Conectas 20 Years**

Conectas commemorated **20 years** of working with human rights. To celebrate, it launched a book that tells the story of these 20 years. Launched on International Human Rights Day, the publication “Conectas 20” compiles the stories of 20 prominent figures from these two decades, showing how the organization became a key player in the consolidation of an innovative human rights movement formed by various actors who transform social realities in the Global South.

**10. Continuing Expenses**

These are expenses related to the organization's basic areas, namely: administrative and financial, fundraising, communication and institutional development; These areas support Conectas' programs (thematic areas), as well as deal with general institutional matters (governance, people management, relationship with grantees and donors, institutional communication, etc).

**11. Fair value of voluntary and donated services**

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

|                   | 2021       | 2020         |
|-------------------|------------|--------------|
| <b>Volunteers</b> |            |              |
| Theme Areas       | 732        | 2,542        |
| <b>Total</b>      | <b>732</b> | <b>2,542</b> |

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

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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.

## 12. Recovery of expenses

Conectas and Instituto Pro Bono, (CNPJ nº 04.613.118/0001-46) have a Memorandum of Understanding, in which Conectas supports the Instituto Pro Bono by sharing the space and receives a reimbursement of part of the monthly operating expenses.

## 13. Financial income (loss)

|                                 | <u>2020</u>           | <u>2020</u>           |
|---------------------------------|-----------------------|-----------------------|
| Income on financial investments | 989,609               | 320,257               |
| Other financial income          | 8                     | 63                    |
| Bank expenses                   | (1,846)               | (2,133)               |
| Other financial expenses        | (58)                  | (225)                 |
|                                 | <u><b>987,713</b></u> | <u><b>317,962</b></u> |

## 14. 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.

Conectas 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.

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**15. Legal claims**

Decree nº 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. 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\$ 129,848, according to the statements of financial position - "Tax Liabilities" for the proper payment in court, while it awaits the outcome of the legal challenge.

**16. Other information**

- (a) In the years ended December 31, 2021 and 2020, Conectas did not utilize derivative financial instruments;
- (b) Conectas 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:

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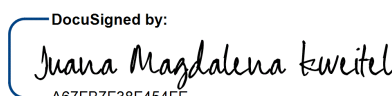
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- Coverage for legal, administrative or arbitration proceedings, including but not limited to civil, consumer, social security or criminal liability;
- Costs of investigation conducted by a governmental body;
- Claims related to tax liability;
- Employment Practices Liability (EPL);
- Errors and omissions in the provision of professional services and product failure;
- Defense costs in the event of fines and penalties;
- 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 Conectas 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.

## 17. Subsequent events

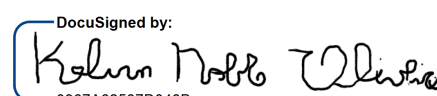
We did not observe any subsequent event between the closing date and the issue of this document that was worth mentioning.

\* \* \*

DocuSigned by:  
  
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**Juana Magdalena Kweitel**  
Executive Director

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