Instituto Natura

Financial statements as of December 31, 2020 and independent auditor's report

Independent auditor's report on the financial statements

To the Board members and
administrators of Instituto Natura

Opinion

We have examined the financial statements of Instituto Natura ("Institute"), which comprise the balance sheet as of December 31, 2020 and the related statements of income, comprehensive income, changes in equity and cash flows for the year ended on that date, as well as the corresponding explanatory notes, including a summary of the main accounting policies.

In our opinion, the aforementioned financial statements fairly present, in all material respects, the equity and financial position of Instituto Natura as of December 31, 2020, the performance of its operations and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and Technical Interpretation ITG 2002 (R1) - "Non-Profit Entity".

Basis for opinion

Our audit was conducted in accordance with Brazilian and international auditing standards. Our responsibilities under those standards are described in the following section entitled "Auditor's Responsibilities for the Audit of the Financial Statements". We are independent from the Company, in accordance with the relevant ethical principles provided for in the Professional Accountant's Code of Ethics and in the professional standards issued by the Federal Accounting Council, and we comply with other ethical responsibilities in accordance with these standards. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters - Audit of amounts corresponding to the previous year

The examination of the financial statements for the year ended December 31, 2019 were conducted under the responsibility of other independent auditors, who issued the audit report on April 24, 2020, without reservations.

Management and governance responsibilities for the financial statements

The Institute's management is responsible for the preparation and adequate presentation of the financial statements in accordance with accounting practices adopted in Brazil, the Technical Interpretation ITG 2002 (R1) - "Non-Profit Entity" 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 evaluating the Company's ability to continue operating, disclosing, when applicable, matters related to its going concern and the use of this accounting basis in the preparation of the financial statements, unless the management intends to liquidate the Company or cease operations, or has no realistic alternative to avoid closing operations.

Those responsible for the governance of the Institute are those responsible for overseeing the process of preparing the financial statements.

Auditor's responsibilities for auditing the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error, and to issue an audit report containing our opinion. Reasonable assurance is a high level of assurance, but not a guarantee that the audit performed in accordance with Brazilian and international auditing standards always detects any material misstatements that exist. Misstatements may result from fraud or error and are considered material when, individually or jointly, they may influence, within a reasonable perspective, the economic decisions of users taken based on the aforementioned financial statements.

As part of an audit performed in accordance with Brazilian and international auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. Furthermore:

- We identify and assess the risks of material misstatement in the financial statements, whether caused by fraud or error, plan and perform audit procedures in response to such risks, and obtain sufficient appropriate audit evidence on which to base our opinion. The risk of not detecting material misstatement resulting from fraud is greater than that arising from error, as fraud may involve the act of circumventing internal controls, collusion, falsification, omission or intentional misrepresentation.

- 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 Institute's internal controls.

- We evaluated the adequacy of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether there is material uncertainty in relation to events or conditions that may raise significant doubt regarding the Institute's ability to continue as a going concern. If we conclude that material uncertainty exists, we must draw attention in our audit report to the related disclosures in the financial statements or include a modification of our opinion if the disclosures are inadequate. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether these financial statements represent the related transactions and events in a manner consistent with the objective of fair presentation.

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

São Paulo, April 26, 2020

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PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

[there is a signature]
Leandro Mauro Ardito Contador
CRC 1SP188307/O-0

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Balance sheet as of December 31, 2020 and 2019
In thousands of reais

Assets	2020	2019	Liabilities and net equity	2020	2019
Current			Current		
Cash and cash equivalents (Note 4)	248	359	Loans and leasing (Note 8)	5,006	7,037
Securities (Note 5)	3,414	3,766	Leases (Note 8)	266	37
Other assets	35	46	Suppliers and provisions (Note 9)	1,341	1,074
			Labor obligations (Note 10)	1,585	1,596
			Tax obligations	199	280
				8,397	10,024
	3,697	4,171			
Non-Current			Non-Current		
Property, plant and equipment (Note 6)	24	45	Leases (Note 8)	1,206	-
Right of Use (Note 7)	1,361	36	Provision for contingencies (Note 11)	469	458
				1,675	458
	1,385	81	Total liabilities	10,072	10,482
			Net worth		
			Social Equity (Note 12.a)	162	162
			Accumulated deficit (Note 12.b)	(5,152)	(6,392)
			Total net equity	(4,990)	(6,230)
Total assets	5,082	4,252	Total liabilities and net equity	5,082	4,252

Instituto Natura

Income statement (*)
Years ended December 31, 2020 and 2019
In thousands of reais, unless otherwise stated

	2020	2019
Social income (Note 13)	**40,940**	**31,771**
Social Expenses		
General and administrative (Note 14)	(2,165)	(4,366)
With projects (Note 14)	(37,447)	(33,354)
	(39,612)	**(37,720)**
Surplus/(deficit) before financial result	**1,328**	**(5,949)**
Financial income (Note 15)	94	153
Financial expenses (Note 15)	(182)	(199
Surplus/(deficit) for the year	**1,240**	**(5,995**

Management's explanatory notes are an integral part of the financial statements.

Instituto Natura
Statement of comprehensive income
Years ended December 31, 2020 and 2019
In thousands of reais, unless otherwise stated

	2020	2019
Surplus/(deficit) for the year	1,240	(5,995)
Other comprehensive results	-	-
Total comprehensive income for the year	1,240	(5,995)

Management's explanatory notes are an integral part of the financial statements.

Instituto Natura

Statement of changes in net equity
In thousands of reais, unless otherwise stated

	Social Equity	(Deficit) accumulated	Net Equity
As of January 1, 2019	**162**	**(397)**	**(235)**
Surplus/(deficit) for the year	-	(5,995)	(5,995)
As of December 31, 2019	**162**	**(6,392)**	**(6,230)**
Surplus/(deficit) for the year	-	1,240	1,240
As of December 31, 2020	**162**	**(5,152)**	**(4,990)**

Management's explanatory notes are an integral part of the financial statements.

Instituto Natura
Statement of cash flow
In thousands of reais, unless otherwise stated

	2020	2019
Cash flows from operating activities		
(Deficit) / Surplus for the period	1,240	(5,995)
Adjustments of income and expenses not involving cash		
Interest on investments and securities	(94)	(153)
Depreciation and amortization	330	456
Monetary restatement on provision for contingencies	11	-
Provision (reversal) of provisions for contingencies	-	(235)
Interest and exchange variation on leasing	115	22
Interest and exchange variation on loans and financing	(31)	37
	1,571	(5,868)
Changes in working capital		
Other assets	11	58
Prepaid expenses	-	2
Suppliers and provisions	267	414
Labor obligations	(11)	45
Tax obligations	(81)	7
	1,757	(5,342)
Cash generated in operations		
Payment of loans and financing	(7,000)	-
Payment of interest on leasing	(416)	(22)
Net cash used in operating activities	**(5,659)**	**(5,364)**
Cash flows from investing activities		
Property, plant and equipment additions	447	(7)
Investment in bonds and securities	(33,500)	(29,900)
Redemption of bonds and securities	33,939	28,363
Redemption of interest on investments and securities	8	153
Net cash used in investing activities	894	(1,391)
Cash flows from financing activities		
Lease funding	-	-
Lease amortization - principal	(346)	(434)
Borrowing and financing	5,000	7,000
Net cash used in financing activities	4,654	6,566
Reduction in cash and cash equivalents and overdraft accounts	(111)	(189)
Cash and cash equivalents and guaranteed accounts at the beginning of the year	359	548
Cash and cash equivalents and guaranteed accounts at the end of the year (Note 4)	248	359
Reduction in cash and cash equivalents	(111)	(189)

Management's explanatory notes are an integral part of the financial statements.

1 General Information

1.1. Social Purpose

Instituto Natura, hereinafter referred to simply as "Institute", is a non-profit or economic association, with an indefinite term, with headquarters in the city of São Paulo, State of São Paulo at Av. Brigadeiro Faria Lima, No. 201, set 171, Condomínio Edifício Faria Lima, and its social purpose is the transformation of society, focusing on the promotion of quality of life, in its different dimensions, with emphasis on education, the expansion of freedoms, democratization of access to information, deepening social justice and sustainability.

The Institute is a Civil Society Organization of Public Interest (OSCIP) which is a title granted by the Ministry of Justice of Brazil to organizations that meet the requirements of Law No. 9.790, of March 23, 1999. The Institute has this title since January 31, 2011.
As of 2016, with the publication of Ordinance MJ No. 362, of March 1, 2016, the annual renewal ceased to occur, and the title remains in force as long as the initial conditions for obtaining it are met.

1.2. Relevant events of the year

During the 2020 financial year, the Institute presented:

- Negative equity of BRL 4,989 (BRL 6,230 in 2019).
- negative net working capital of BRL 4,700 (BRL 5,853 in 2019) and
- surplus for the year of BRL 1,241 (deficit of BRL 5,995 in 2019).

The changes in these positions are mainly due to the increase in social income received by the Institute in the same year (explanatory note No. 13), mainly due to the increase in transfers made by the sponsor to the Institute.

The Institute's main source of funds comes from the sponsor Natura Cosméticos S.A, and its subsidiaries in Brazil, which allocates the profit from the Crer Para Ver product line to be invested in social actions and maintenance of the Institute.

Additionally, management highlights to demonstrate the assumption of continuity of the Institute, it understands that on the date of approval of the issuance of these Financial Statements, there are financial resources from the Crer Pra Ver Line that are invested in the Institute's sponsor, which are considered sufficient to guarantee the assumption of continuity of operation, As of December 31, 2020, this amount is BRL 49,122 (BRL 38,018 in 2019).

1.3. 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, have imposed restrictions on containing the virus. The Institute established a Committee and defined a pandemic management plan, with preventive measures and measures to mitigate its effects, in line with the guidelines established by national and international health authorities.

2. Considering the Institute's reality, no impacts have been identified so far, however, it has been monitoring the effects on its business and in the evaluation of the main estimates and critical accounting judgments, as well as on other balances with the potential to generate uncertainties and impacts on the financial

statements.

3. Summary of main accounting policies[1]

The main accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently in the years presented.

2.1 Base of preparation

The financial statements were prepared in accordance with the accounting practices adopted in Brazil, including the pronouncements issued by the Accounting Pronouncements Committee (CPC), the provisions applicable to non-profit institutions, ITG 2002 (R1) – Non-Profit Entity, and International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), and show all relevant information specific to the financial statements, and only those, which are consistent with those used by management in their management.

Finally, Management evaluated the Institute's ability to continue operating normally and is convinced that it has the resources to continue its business in the future, as well as it is not aware of any material uncertainty that could generate significant doubts about its ability to continue operating. Thus, these financial statements were prepared based on the assumption of the Institute's business as a going concern.

2.2 Functional Currency

(a) Functional currency and presentation currency

Items included in the financial statements are measured in the currency of the main economic environment in which the Institute operates ("functional currency"). The financial statements are presented in thousands of reais, which is the Institute's functional currency and also its presentation currency.

(b) Transactions and balances

Transactions in foreign currency are converted into the Institute's functional currency (BRL - reais) using the exchange rates in effect on the dates of the transactions. Balance sheet account balances are translated at the exchange rate prevailing on the balance sheet dates. Exchange rate gains and losses resulting from the settlement of these transactions and from the conversion of monetary assets and liabilities denominated in foreign currency are recognized in income for the year, under "Financial income" and "Financial expenses" titles.

2.3 Cash and cash equivalents

They include cash, demand bank deposits and short-term investments realizable within 90 days from the original date of the security or considered to be immediately liquid or convertible into a known amount of cash and which are subject to an insignificant risk of change in value. They are recorded at cost, plus income earned through the balance sheet dates, which do not exceed their market or realizable value.

2.4 Financial instruments

(a) Non-derivative financial assets

Financial instruments are only recognized from the date on which the Institute becomes party to the contractual provisions of the financial instruments.

The classification of financial assets on initial recognition depends on the characteristics of the contractual cash flows of the financial asset and the Institute's business model for managing these financial assets. The Institute initially measures a financial asset at its fair value plus transaction costs, in the case of a financial asset not measured at fair value through profit or loss. Its subsequent measurement takes place at each balance sheet date in accordance with the rules established for each type of classification of financial assets and liabilities.

The Institute's financial instruments are classified as:

(i) Amortized cost
When it meets the following conditions and is not designated as measured at fair value through profit or loss:

- is held within a business model whose objective is to hold financial assets in order to receive contractual cash flows; and
- its contractual terms generate cash flows on specific dates that relate only to the payment of principal and interest on the outstanding principal amount.

They are subsequently measured using the effective interest method and are subject to impairment, Gains or losses are recognized in profit or loss when the asset is written off, modified or is impaired.

(ii) Fair value through profit or loss
When not classified as amortized cost, they are presented in the balance sheet at fair value with the net changes in fair value recognized in the income statement. This category includes cash and cash equivalents.

(b) Non-derivative financial liabilities

The Institute's financial liabilities are classified, on initial recognition, as financial liabilities at fair value through profit or loss, financial liabilities at amortized cost or as derivatives designated as hedging instruments in an effective hedge, when applicable.

All financial liabilities are measured initially at their fair value, plus or minus, in the case of a financial liability other than at fair value through profit or loss, the transaction costs that are directly attributable to the issuance of the financial liability.

The Institute's financial liabilities during the periods presented include Loans (Explanatory Note No. 8) and Suppliers (Explanatory Note No. 9).

Subsequent measurement
For subsequent measurement purposes, financial liabilities are classified into two categories:

- Financial liabilities at fair value through profit or loss; and
- Financial liabilities at amortized cost.

Financial liabilities at fair value through profit or loss
They include trading financial liabilities and financial liabilities designated on initial recognition at fair value

through profit or loss. They are classified as held for trading if incurred for short-term repurchase purposes. This category also includes derivative financial instruments that are not designated as hedging instruments in the hedging relationships defined by CPC 48. Separate embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains and losses on trading liabilities are recognized in the income statement.

Financial liabilities designated on initial recognition at fair value through profit or loss are designated on the initial recognition date, and only if the criteria of CPC 48 are met, In the years presented, the Institute did not have financial liabilities classified in this category.

Financial liabilities at amortized cost (loans and suppliers)
After initial recognition, borrowings and financing that are subject to interest are subsequently measured at amortized cost, using the effective interest rate method. Gains and losses are recognized in income when liabilities are written off, as well as through the amortization process at the effective interest rate.

Amortized cost is calculated taking into account any discount or goodwill on the acquisition and fees or costs that are an integral part of the effective interest rate method. Amortization using the effective interest rate method is included as a financial expense in the income statement.
This category applies to loans and suppliers granted and contracted, subject to interest.

Derecognition
A financial liability is derecognized when the obligation under the liability is extinguished, that is, when the obligation specified in the contract is settled, canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the income statement,

2.5 Fixed assets

Property, plant and equipment items are stated at historical acquisition cost less the amount of depreciation and any accrued impairment loss provision. Historical cost includes the directly attributable expenditure necessary to prepare the asset for its intended use by management, excluding financing costs.

Depreciation is calculated using the straight-line method based on cost less residual value and remaining useful life. The estimated useful lives are shown as follows:

- Furniture and utensils - 5 - 8 years (12,5% p.a. to 20% p.a.)
- Computer equipment – 15 – 20 years (5% p.a. to 6,67% p.a.)
- Improvements to third-party properties – 20 years (5% p.a.)

Residual values, useful lives and methods of depreciation of assets are reviewed and adjusted when there is an indication of a significant change since the last balance sheet date.

The carrying amount of an asset is immediately written off to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount (note 6).

Gains and losses on disposals are determined by comparing the sale price with the carrying amount and are recognized under "Other gains/(losses), net" in the income statement.

2.6 Loans

Loans are initially recognized at transaction value (i.e., the amount received from the bank, including transaction costs) and subsequently stated at amortized cost.

Interest expense is recognized on the basis of the effective interest rate method over the term of the loan so that at maturity the book balance corresponds to the amount due. Interest is recorded in financial expenses.

Loans are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.7 Leasing

The Institute applied, as of January 1, 2019, CPC 06(R2), which introduced a single lease model, replacing the concept of classification between operating and finance leases, which was applied by the Institute until December 31, 2018. The impact of this new standard applied is illustrated in note 7.

2.8 Suppliers

Accounts payable to suppliers are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method as a reference.

2.9 Provisions

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

Provisions are measured at the present value of the expenditure that would be required to settle the obligation, by applying a discount rate plus the effects of taxes on income, which reflects current market assessments of the time value of money and for the risks specific to the obligation. The increase in the obligation as a result of the passage of time is recognized as a financial expense.

Restructuring provisions comprise fines for termination of lease agreements and payments for termination of employment. Provisions for future operating losses are not recognized.

(a) Provision for contingencies

Provisions for contingencies are recognized when the Institute has a present or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

2.10 Short-term employee benefits

Short-term employee benefit obligations are recognized on an undiscounted basis and are incurred as expenses as the related service is provided. The liability is recognized for the amount expected to be paid, if the Institute has a legal or constructive obligation to pay this amount and as a result of past service provided by the employee and if the obligation can be estimated reliably.

In thousands of reais, unless otherwise stated

2.11 Social Equity

As of December 31, 2020, the accumulated total of allocations to the endowment fund classified as social equity was BRL 162 (BRL 162 in 2019).

2.12 Determination of surplus/deficit - revenues and expenses

Revenues from donations are recorded through proper documentation, when the funds are actually received. All other revenues and expenses necessary for the maintenance of its activities are recorded on the accrual basis.

There is no provision for returning donations to the donor. Additionally, the Institute's Administration has autonomy for the destination of the respective donations and there are no projects in which there is an effective correlation between the donation received and the expense to be incurred.

Donation expenses are recorded when the respective expenses are incurred or when there is an effective contractual commitment assumed to allocate resources to a project or initiative. For some projects, these commitments are partially assumed, based on the respective accountability of the partners for each phase of the project.

2.13 Volunteer work

Revenues from volunteer work are measured at fair value, taking into account the amounts that the Institute would have to disburse if it contracted these services in a similar market. As established in ITG 2002 (R1) - Non-Profit Entity ("ITG 2002"), the Institute values revenue from volunteer work, including those of members of management bodies in the exercise of their functions.

Income from volunteer work is recognized in income for the year as social income from other donations (explanatory note No. 13) as a return to social expenses with personnel (explanatory note No. 14).

3 Critical accounting estimates and judgments

The Company makes estimates and makes assumptions regarding the future, based on historical experience and other factors, including expectations of future events. By definition, the resulting accounting estimates will rarely equal the respective actual results. Estimates and assumptions that present a significant risk of causing a material adjustment in the carrying amounts of assets and liabilities for the next year are disclosed in the respective headings, as per the explanatory notes below, when applicable.

4 Cash and cash equivalents

	2020	2019

Cash and banks	248	359
-		
	248	359

5 Bond and Securities

	2020	2019
Investment fund (a)	3,414	3,766
	3,414	3,766

(a) Essential Investment Fund – exclusive fund of the Natura Group, which is a Private Credit Multimarket Investment Fund under the management, administration and custody of Itaú Unibanco Asset Management. The eligible assets in the composition of the portfolio are: public debt securities, Bank Deposit Certificate (CDB), Financial Bills and repurchase agreements. There is no grace period for redemption of shares, which can be redeemed with income at any time.

6 Fixed assets

-	Improvements to third-party properties	Furniture and utensils	Computer Equipment	Total
Cost				
On January 1, 2020	214	191	91	496
Additions	-	3	-	3
Write-offs	-	(2)	-	(2)
As of December 31, 2020	214	192	91	497
Accumulated depreciation and impairment				
As of January 1, 2020	(207)	(153)	(91)	(451)
Annual depreciation	(4)	(19)	-	(23)
Write-offs	-	1	-	1
As of December 31, 2020	(211)	(171)	(91)	(473)
Book Value				
On December 31, 2019	7	38	-	45
On December 31, 2020	3	21	-	24

7 Right of use

-	Real Estate	Total
Cost		
January 1, 2020	470	470
Additions	1,634	1,634

In thousands of reais, unless otherwise stated

As of December 31, 2020	2,104	2,104
-		
Amortization and accumulated losses		
January 1, 2020	(434)	(434)
Annual amortization	(309)	(309)
On December 31, 2020	743	743
Book Value		
As of December 31, 2019	36	36
As of December 31, 2020	1,361	1,361

The useful lives applied refer to the periods for which the Institute is sure that it will use the assets covered by the leasing contracts, observing the contractual conditions. On January 1, 2020, they corresponded to the remaining term of the contracts in force on the date of transition of the Leases standard.

8 Loans

	2020	2019
Non-Current		
Bank loans (a)	-	-
Finance lease obligations (b)	1,206	-
	1,206	-
Current		
Bank loans (a)	5,006	7,037
Finance lease obligations (b)	266	37
	5,272	7,074
Total loans	6,478	7,074

(a) Bank loans

The bank loan contracted on 12/21/2020 matures on 06/21/2021 and was contracted with an interest rate of 100% Interbank Deposit Certificate (CDI) compounded at a fixed rate of 2,250% per exponential year to be paid through a single installment debited from the account. There is no guarantee offered as stated in the bank credit agreement.

(b) Finance lease obligations

The property is the lessor's own guarantee since, in the absence of payment, the leased property reverts to the lessor.

The 5-year contract expires in February 2020, In June 2020, an amendment (6th) was signed in which the criteria for calculating the rent amount for the next 5 years (2020 - 2025) were defined, confirming the agreement between the Parties for the extension of the contract.

In thousands of reais, unless otherwise stated

The preparation of a new amendment (7th) is already underway, ratifying the extension of the term of the contract (2020 - 2025) and indicating that, exceptionally this year, the application of a readjustment index different from that provided for in the contract (IPCA in instead of IGPM) was adjusted.

The implementation of IFRS16 took place with the signature of the 6th amendment in June 2020.

Finance lease obligations have the following maturity dates:

Description	2,020	New	Interest	Transfers	2,019
Lease	384	2,081	(346)	(1,388)	37
(-) Financial Charges	(118)	(416)	116	182	-
(=) Subtotal CP	266	1,665	(230)	(1,206)	37
Lease	1,388	-	-	1,388	-
(-) Financial Charges	(182)	-	-	(182)	-
(=) Subtotal LP	1,206	-	-	1,206	-
Total Liabilities	**1,472**	**1,665**	**(230)**	**-**	**37**

9 Suppliers and other accounts payable

	2020	2019
International suppliers	-	152
National suppliers (a)	590	411
Provisions for accounts payable (b)	751	511
	1,341	1,074

(a) National suppliers
Support administrative activities (accounting, financial, legal, information technology, etc,) are performed by Natura Cosméticos S.A, and charged to the Institute. As of December 31, 2020, the Institute had a balance payable to Natura Cosméticos S.A, of BRL 15 (BRL 30 as of December 31, 2019).

(b) Provisions for accounts payable
Refers to provisions for miscellaneous expenses to meet the accrual basis.

10 Labor obligations

	2020	2019
Salaries payable	678	723
Social charges on payroll	406	422

In thousands of reais, unless otherwise stated

Provision for vacations and charges	501	451
	1,585	1,596

11 Provisions

	Labor Risks (a)	Total
On January 1, 2020	458	458
Monetary adjustment	11	11
On December 31, 2020	469	469

(a) The balance presented consists of labor risks composed mainly of charges (INSS and IR). Additionally, in 2020 there was a strategic change at the Institute, where trainers were replaced by consultants (third parties), improving the performance approach, in addition to mitigating possible labor risks.

12 Net Equity

(a) Net Equity

	Social Equity	Accumulated Deficit	Total
On January 1st, 2020	162	(6,392)	(6,230)
Deficit for the year	-	1,240	1,240
As of December 31, 2020	162	(5,152)	(4,990)

The endowment fund is made up of 10% of the value of donations received from sponsoring associates, when these are not intended for specific projects. It aims to ensure the sustainability and perpetuation of the Natura Institute's heritage and corporate purpose. The use of the endowment fund is approved, when necessary, at the General Meeting.

As of December 31, 2020, the accumulated total of allocations to the endowment fund classified as social equity was BRL 162 (BRL 162 in 2019).

(b) Accumulated Deficit

As of December 31, 2020, the accumulated deficit is BRL 5,152 (deficit of BRL 6,392 in 2019).

13 Social Income

	2020	2019

Income analysis by category		
Natura Cosméticos S.A Donations (a)	1,410	2,057
Crer para Ver Donations (b)	36,332	24,034
Donations from other companies and organizations (c)	3,198	5,680
	40,940	31,771

(a) Donation associated with the sponsor Natura Cosméticos S.A., which allocated annually up to 0.5% of its net income for the previous year. This fact was amended by the bylaws on August 31, 2020, discontinuing this operation as of that date.

(b) Donation by Natura Cosméticos S.A. and its subsidiaries in Brazil, which is associated with the transfer of net income from sales of the Natura Crer Para Ver product line.

(c) Donations received from other Institutes and Foundations for use in projects coordinated by the Instituto Natura and recognition of the fair value of revenue referring to the remuneration of the voluntary work of the members of the Board of Directors.

14 Social Expenses

	2020	**2019**
Personnel	1,279	2,754
Consultancy and services (a)	206	698
Maintenance and conservation	561	615
Other expenses	101	126
Communication and events	9	116
Logistics expenses	9	57
Total general and administrative expenses	2,165	4,366

Donations made (b)	11,388	9,283
Consultancy and services (c)	13,321	7,896
Personnel	7,707	6,870
Other expenses	1,434	2,582
Logistics expenses	1192	2,444
Communication and events	3,212	2,412
Training with projects	193	1,897
Total project expenses	37,447	33,354
Total social expenses	39,612	37,720

In thousands of reais, unless otherwise stated

- **a.** Mainly referring to administrative support activities (accounting, financial, legal, information technology, etc.) that are performed by Natura Cosméticos S.A. and charged to the Institute (via cost share). In the year ended December 31, 2020, the amount of expense related to this support was BRL 180 (BRL 180 in 2019).
- **b.** Donations made by the Institute are directed to partner organizations. The increase was made to enable the expansion and greater scope of the full-time literacy and high school education project.
- **c.** As a result of the Institute's strategic change, the trainers were replaced by consultants (third parties), improving the performance approach, in addition to mitigating possible labor risks. This change was reflected in this item, especially due to the increase in production capacity (since the Institute is no longer responsible for managing the trainers).

15 Financial income (expenses)

	2020	**2019**
Interest on loans	(22)	(37)
Interest on leasing (a)	(116)	(22)
Other financial expenses	(44)	(140)
Financial expenses	(182)	(199)
Income on financial investments	94	153
Financial income	94	153
Financial result	(88)	(46)

(a) Increase was due to the IGPM.

16 Management compensation

As provided for in the Institute's Bylaws, the Institute's Board of Directors, through a General Meeting, is responsible for establishing the compensation for the Institute's directors, under the terms of Law No. 9.790/99, who effectively act in executive management.

The members of the Institute's Board of Directors are not remunerated for their statutory functions and their dedication is accounted for as described in Note 3.11 "Volunteer Work". The Board of Directors is responsible for establishing the compensation for the other directors of the Institute, under the terms of Law No. 9.790/99, who effectively act in the executive management.

17 Financial instruments

(a) Accounting classification and fair values

The Institute's financial assets, classified as fair value through profit or loss in 2020 and 2019, have the same book value and fair value.

In thousands of reais, unless otherwise stated

Financial liabilities that are classified as amortized cost (loans and suppliers) also have fair value equal to their carrying amount.

(b) Measurement of fair value

The measurement of the fair value of financial instruments on the balance sheet dates is as determined by CPC 46 - Measurement of Fair Value and follows the following hierarchy:

- Level 1: Valuation based on quoted (unadjusted) prices in active markets for identical assets and liabilities at balance sheet dates. A market is viewed as active if quoted prices are readily and regularly available from a stock exchange, broker, industry group, pricing service or regulatory agency and those prices represent actual market transactions which take place regularly on a purely commercial basis;
- Level 2: Used for financial instruments that are not traded in active markets (for example, over-the-counter derivatives), whose valuation is based on techniques that, in addition to quoted prices included in Level 1, use other information adopted by the market for the asset either direct liability (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: Valuation determined by virtue of information, for assets or liabilities, that is not based on data adopted by the market (i.e., unobservable information).

As at December 31, 2020 and December 31, 2019, the measurement of the fair value of the Institute's financial assets corresponds to the characteristics of Level 2 (cash and banks and investment fund), and during this year there were no changes in levels.

(c) Financial risk management

Depending on the characteristics and form of operation, as well as the equity and financial position as of December 31, 2020 and 2019, the Institute is subject to:

- Liquidity risk: risk that the Institute will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled with cash payments or with another financial asset.

The Institute's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its obligations as they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Institute's reputation.

- Exchange Risk: risk that the Institute is exposed to exchange risk resulting from financial liabilities in currencies other than its functional currencies. As of December 31, 2020, the Institute is basically exposed to the risk of fluctuation of the US dollar related to accounts payable registered in Brazil in foreign currency in the amount of BRL 24.

In the sensitivity analysis related to the risk of foreign exchange exposure, Management estimated the incremental loss that would have been recognized in the result of the subsequent period, assuming the current net foreign exchange exposure is static and the following scenarios:

Description	Risk of the Institute	Probable Scenario	Scenario II	Scenario III
Net exposure	Dollar increase	0	(5)	(8)

In thousands of reais, unless otherwise stated

The probable scenario considers the future rates of the US dollar for 90 days on December 31, 2020. According to quotations obtained from B3 on the expected maturity date of the financial instrument with exchange exposure is BRL 5.18 /USD 1.00. Scenarios II and III consider an increase in the US dollar of 25% (BRL 6.48/USD1.00) and 50% (BRL 7.78/USD1.00), respectively. Management uses the probable scenario in the assessment of possible changes in the exchange rate and presents this scenario in compliance with CPC 40 - Financial Instruments: Disclosures.

- Interest rate risk: Interest rate risk arises from financial investments and loans. Financial instruments issued at variable rates expose the Institute to cash flow risk associated with interest rates. Financial instruments issued at fixed rates expose the Institute to fair value risk associated with interest rates.

Loans in local currency	(5,006)
Financial investments	3,414
Net liability exposure	(1,592)

The following table shows the projection of the incremental loss that would have been recognized in the result of the subsequent period, assuming the current net liability exposure static and the following scenarios:

Description	Risk of the Institute	Probable Scenario	Scenario II	Scenario III
Net Liabilities	Rate Increase	(1)	(9)	(17)

18 Tax waiver

The Institute is subject to certain taxes subject to the tax waiver for the years ended December 31, 2020 and 2019. In Management's judgment, in order to comply with the disclosures required by ITG 2002(R1), the tax waiver includes the Tax on “Causa Mortis” Transmission and Donation of Any Goods or Rights - ITCMD, Corporate Income Tax - IRPJ and Social Contribution on Net Income - CSLL.

19 Subsequent event

The Institute's management is evaluating the economic-financial impacts resulting from COVID-19 on its business and the existing risks and uncertainties. Based on the best internal information and external sources available, management does not see any impacts with regard to the Institute's going concern, in the accounting estimates recorded for the realization of assets or related to the provision of obligations in its financial statements for the year ended 31 December 2020.

20 Approval for the issuance of the Financial Statements

These financial statements were approved for publication by the Institute's Board of Directors at a meeting held on April 22, 2021.

Board of Directors

Chairman
David Saad

Finance and Governance Manager
Rodolfo Luque Simões

Technical Manager
Anderson Garbin
Accountant
CRC nº 1SP209583-O/0

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