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Instituto Natura

Financial statements as of December 31, 2021 and independent auditor's report

Independent auditor's report on the financial statements

To the Board Members and Directors
of Instituto Natura

Opinion

We have examined the financial statements of Instituto Natura ("Institute"), which comprise the balance sheet as of December 31, 2021 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 significant accounting policies and other clarifying information.

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, 2021, 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 Entities.

Basis for opinion

Our audit was conducted in accordance with Brazilian and international auditing standards. Our responsibilities under those standards are described in the section below entitled "Auditor's Responsibilities for the Audit of the Financial Statements". We are independent from the Institute, in accordance with the relevant ethical principles set out in the Accountant's Code of Professional 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.

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 and Technical Interpretation ITG 2002 (R1) - Non-profit entities and for the internal controls that it has determined to be necessary to allow 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 Institute'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 management intends to wind up the Institute 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 due to 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 and 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.

- We 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 Institute 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 scope and timing of planned audit work and significant audit findings, including significant deficiencies in internal controls that may have been identified during our work.

São Paulo, April 19, 2022

PricewaterhouseCoopers

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

DocuSigned by:
Rodrigo Lobenwein Marcatti
Assinado por: RODRIGO LOBENWEIN MARCATTI:05030738657
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Hora de assinatura: 19 April 2022 | 19:26 BRT
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Rodrigo Lobenwein Marcatti
Accountant CRC 1MG091301/O-2

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INSTITUTO NATURA

BALANCE SHEET AS OF DECEMBER 31, 2021 AND 2020

In thousands of reais, unless otherwise stated

	2021	2020		2021	2020
CURRENT ASSETS			**LIABILITIES AND UNSECURED LIABILITIES**		
			CURRENT		
Cash and cash equivalents (Note 4)	287	248	Loans and financing (Note 8)	15,102	5,006
Bonds and Securities (Note 5)	3,835	3,414	Leasing (Note 7)	366	266
Other assets	169	35	Suppliers and provisions (Note 9)	858	1,341
			Labor obligations (Note 10)	2,149	1,585
Total current assets	**4,292**	**3,697**	Tax liabilities (Note 10)	337	199
			Total current liabilities	**18,812**	**8,397**
NON-CURRENT			**NON-CURRENT**		
Fixed Assets (Note 6)	13	24	Leasing (Note 7)	1,172	1,206
Right of use (Note 7)	1,301	1,361	Provision for contingencies (Note 11)	469	469
Total non-current assets	**1,314**	**1,385**	**Total non-current liabilities**	**1,641**	**1,675**
			UNSECURED LIABILITIES		
			Shareholders' Net Equity (Note 12)	162	162
			Accumulated deficit (Note 12)	(15,010)	(5,152)
			Total unsecured liabilities	**(14,848)**	**(4,990)**
TOTAL ASSETS	**5,605**	**5,082**	**TOTAL LIABILITIES AND UNSECURED LIABILITIES**	**5,605**	**5,082**

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

INSTITUTO NATURA
INCOME STATEMENTS AS OF DECEMBER 31, 2021 AND 2020
In thousands of reais, unless otherwise stated

	2021	2020
SOCIAL INCOME (NOTE 13)		
Crer para Ver Donations	36,789	37,742
Volunteer Work	600	517
Other donations	4,127	2,681
SOCIAL INCOME	**41,515**	**40,940**
SOCIAL EXPENSES (NOTE 14)		
General and administrative	(1,975)	(2,165)
With projects	(49,126)	(37,447)
	(51,101)	**(39,612)**
(DEFICIT) / SURPLUS BEFORE FINANCIAL RESULT	**(9,586)**	**1,328**
Financial income (Note 15)	391	94
Financial expenses (Note 15)	(663)	(182)
(DEFICIT) / SURPLUS FOR THE YEAR	**(9,858)**	**1,240**

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

INSTITUTO NATURA
COMPREHENSIVE INCOME STATEMENT AS OF DECEMBER 31, 2021 AND 2020
In thousands of reais, unless otherwise stated

	2021	2020
(DEFICIT) / SURPLUS FOR THE YEAR	(9,858)	1,240
Other comprehensive results	-	-
Total comprehensive income for the year	**(9,858)**	**1,240**

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

INSTITUTO NATURA
Statement of changes in net equity (negative)
For the Years Ended on December 31, 2021 and 2020.
In thousands of reais, unless otherwise stated

	Social Equity	Accumulated (Deficit)	Unsecured Liabilities
As of January 1, 2020	**162**	**(6,392)**	**(6,230)**
Surplus/(deficit) for the year	-	1,240	
As of December 31, 2020	**162**	**(5,152)**	
Surplus/(deficit) for the year	-	(9,858)	
As of December 31, 2021	**162**	**(15,010)**	**(14,848)**

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

In thousands of reais, unless otherwise stated

	2021	2020
CASH FLOW FROM OPERATING ACTIVITIES		
(Deficit) / Surplus for the period **(Note 12)**	(9,858)	1,240
Adjustments of non-cash income and expenses:		
Interest on investments and securities	(391)	(94)
Depreciation and amortization (Fixed and intangible assets) **(Note 6)**	12	21
Depreciation and amortization (Right of Use) **(Note 7)**	399	309
Monetary restatement on Provision for contingencies **(Note 11)**	-	11
Interest and exchange variation on leasing **(Note 8)**	118	115
Interest and exchange variation on loans and financing **(Note 8)**	(102)	(31)
INCREASE/(REDUCTION) IN ASSETS AND LIABILITIES		
Other assets	(134)	11
Suppliers and provisions **(Note 9)**	(483)	267
Labor obligations **(Note 10)**	564	(11)
Tax obligations **(Note 10)**	138	(81)
CASH (USED) / GENERATED IN SOCIAL ACTIVITIES	**(9,737)**	**1,758**
OTHER CASH FLOWS FROM CORPORATE ACTIVITIES		
Payment of loans and financing **(Note 8)**	(5,006)	(7,000)
Payment of interest on leasing **(Note 7)**	66	(416)
NET CASH USED IN SOCIAL ACTIVITIES	**(14,677)**	**(5,659)**
CASH USED IN INVESTMENT ACTIVITIES		
Acquisitions (sales) of property, plant and equipment and intangible assets **(Note 6)**	(340)	447
Investment in securities **(Note 5)**	(51,150)	(33,500)
Redemption of bonds and securities **(Note 5)**	50,715	33,939
Redemption of interest on investments and securities **(Note 5)**	14	8
CASH (USED) MANAGED IN INVESTMENT ACTIVITIES	**(761)**	**894**
CASH FLOW FROM FINANCING ACTIVITIES		
Lease amortization – principal	(481)	(346)
Borrowings and financing **(Note 8)**	15,204	5,000
CASH USED IN FINANCING ACTIVITIES	**15,204**	**4,654**
INCREASE (REDUCATION) IN CASH AND CASH EQUIVALENTS	**39**	**(110)**
Opening balance of cash and cash equivalents	248	358
Closing balance of cash and cash equivalents	287	248
INCREASE (REDUCATION) IN CASH AND CASH EQUIVALENTS	**39**	**(110)**

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

1 General information

1.1 Operational context

Instituto Natura, hereinafter simply referred to 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, whose corporate 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 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 2021 financial year, the Institute presented:
- Unsecured liabilities of BRL 14,848 (BRL 4,990 in 2020),
- Negative net working capital of BRL14,520 (BRL4,700 in 2020) and
- Deficit for the year of BRL 9,858 (surplus of BRL 1,241 in 2020).

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 had a budget increase for 2021 to invest in actions to recompose learning, investments in its commitments aimed at public education in Brazil and development for consultants, leaders and other members of the sales force.

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. In addition, management highlights to demonstrate the assumption of continuity of the Institute that on the date of approval of the issuance of these financial statements, there are financial resources from the Crer Para 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, 2021, this amount is BRL 73,546 (61,023 in 2020).

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.

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.

2 Summary of main accounting policies

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 Brazilian Accounting Standards, substantiated in the technical pronouncements of the Accounting Pronouncements Committee (CPC) and in the provisions applicable to non-profit institutions, ITG 2002 (R1) – Non-Profit Entity, CPC PME - Accounting for Small and Medium Enterprises, issued by the Federal Accounting Council (CFC), which aim to guide compliance with legal requirements on accounting procedures to be complied with by non-profit corporations governed by private law. They were prepared considering historical cost as a basis for value.

The preparation of financial statements in accordance with CPC PME requires the use of certain critical accounting estimates and the exercise of judgment by the Company's management in the process of applying accounting policies. The areas that require a higher level of judgment and are more complex, as well as those whose assumptions and estimates are significant for the financial statements, are disclosed in Note 3.

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 variation 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 realization value.

2.4 Financial instruments

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, on specific dates, cash flows that are related 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.

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 and financing (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 financing 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 profit or loss 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 financing 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 in "Other gains/(losses), net" in the income statement.

2.6 Loans and financing

Loans and financing are initially recognized at transaction value (i.e., at 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 and financing 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.

2.9Provisions

Provisions are recognized when: (i) the Institute 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.

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.

2.11 Equity

As of December 31, 2021, the cumulative total of allocations to the endowment fund classified as social equity was BRL 162 (BRL 162 in 2020).

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 establishes 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

	2021	2020
Cash and banks	287	248
	287	**248**

In thousands of reais, unless otherwise stated

5 Bonds and Securities

	2021	2020
Exclusive investment fund **(i)**	3,835	3,414
	3,835	**3,414**

(i) 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. Eligible assets in 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

	%	2020	Additions	Write-off	2021
Cost Value					
(+)Improvements to third-party properties		214	-	-	214
(+)Furniture and utensils		192	1	-	193
(+)Computer equipment		91	-	-	91
Total cost		**497**	**1**	**-**	**498**
Depreciation					
(-)Improvements to third-party properties	20	(211)	(3)		(214)
(-)Furniture and utensils	7	(171)	(9)		(180)
(-)Computer equipment	18	(91)			(91)
Total depreciation		**(473)**	**(12)**	**-**	**(485)**
Grand total		**24**	**(11)**	**-**	**(13)**

In thousands of reais, unless otherwise stated

INSTITUTO NATURA

	%	2019	Additions	Write-off	2020
Cost Value					
(+)Improvements to third-party properties		214	-	-	214
(+)Furniture and utensils		191	3	(2)	192
(+)Computer equipment		91	-	-	91
Total cost	-	**496**	**3**	**(2)**	**497**
Depreciation					
(-)Improvements to third-party properties	20	(207)	(4)		(211)
(-)Furniture and utensils	7	(153)	(19)	(1)	(171)
(-)Computer equipment	18	(91)			(91)
Total depreciation		**(451)**	**(23)**	**(1)**	**(473)**
Grand total		**45**	**(20)**	**(1)**	**24**

7 Right of Use

	%	2020	Additions	Write-off	2021
Cost Value					
(+)Properties		2,104	339	-	2,443
Total cost		**2,104**	**339**	**-**	**2,443**
Depreciation					
(-)Properties	1,08	(743)	(475)	76	(1,142)
Total depreciation		**(743)**	**(475)**	**76**	**(1,142)**
Grand total		**1,361**	**(136)**	**76**	**1,301**

In thousands of reais, unless otherwise stated

Financial 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.

The 7th amendment was prepared, 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 instead of IGPM) was adjusted.

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, 2021, they corresponded to the remaining term of the contracts in force on the date of transition of the Leases standard.

	2021	Funding	Interest	Transfers	2020
Cost Value					
(+) Principal	(1,773)		(1)	-	(1,772)
Total cost	**(1,773)**	**-**	**(1)**	**-**	**(1,772)**
Depreciation					
(-) Amortization	235	-	(66)		(301)
Total depreciation	**235**	**-**	**(66)**	**-**	**(301)**
Grand total	**(1,538)**	**-**	**(67)**	**-**	**(1,472)**

Financial 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.
The 7th amendment was prepared, 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 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 terms:

In thousands of reais, unless otherwise stated

8 Loans and financing

	2020	Funding	Payment	Interest	2021
Loans and financing	(5,006)	(15,204)	5,006	102	(15,102)
Total	**(5,006)**	**(15,204)**	**5,006**	**102**	**(15,102)**

The bank loan contracted on December 9, 2021 matures on June 6, 2022. It was contracted with an interest rate of 100% Interbank Deposit Certificate (CDI) compounded at a fixed rate of 1.450% 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.

9 Suppliers and other accounts payable

	2021	2020
International suppliers	-	(25)
National suppliers **(i)**	(516)	(590)
Provisions for accounts payable **(ii)**	(342)	(726)
	(858)	**(1,341)**

(i) Administrative support activities (accounting, financial, legal, information technology, etc.) are performed by Natura Cosméticos S.A. and charged to the Institute. As of December 31, 2021, the Institute had a balance payable to Natura Cosméticos S.A. of BRL 15 (BRL 15 as of December 31, 2020).

(ii) Refers to provisions for miscellaneous expenses to meet the accrual basis.

10 Labor and tax obligations

	2021	2020
Salaries payable	(990)	(678)
Social charges on payroll	(514)	(406)
Provision for vacations and charges	(645)	(501)
	(2,149)	**(1,585)**

	2021	2020

INSS	-	(6)
IRRF	(148)	(124)
ISS	(9)	(19)
Others	(180)	(50)
	(337)	**(199)**

11 Provisions for contingencies

	2021	2020
Labor **(i)**	(469)	(469)
	(469)	**(469)**

(i) 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. The value has not been monetarily restated, as it will be reversed in 2022 in view of the no more stock risk.

12 Social equity

	Social equity (Unsecured liabilities)	Deficit accumulated	Total
On January 1st, 2021	162	(5,152)	(4,990)
Deficit for the year	-	(9,858)	(9,858)
As of December 31, 2021 (i)	**162**	**(15,010)**	**(14,848)**

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, 2021, the cumulative total of allocations to the endowment fund classified as social equity was BRL 162 (BRL 162 in 2020).

(i) Accumulated deficit

As of December 31, 2021, the accumulated deficit is BRL 15,010 (a deficit of BRL 5,152 in 2020).

In thousands of reais, unless otherwise stated

13 Social Income

	2021	2020
Crer para Ver Donations **(i)**	36,789	37,742
Volunteer Work **(iii)**	600	517
Other donations **(ii)**	4,127	2,681
SOCIAL INCOME	**41,515**	**40,940**

(i) 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, plus Head expenses.

(ii) Donations received from other Institutes and Foundations for use in projects coordinated by Instituto Natura for investment in the actions in which we operate.

(iii) Voluntary work of the members of the Board of Directors. The work and volunteer service obtained did not generate cash disbursements for Instituto Natura and refers to the fees of the board of directors. If there was a need to disburse cash for this purpose, Instituto Natura estimates that it would have disbursed the approximate amount of BRL 599,519.94 (2021 – BRL 517,385.00), as shown below:

	2021		2020	
Fees	**Value / Hour**	**Value / Hour**	**Value / Hour**	**Value / Hour**
Board of Directors	7,508	599,520	7,287	517,385

In thousands of reais, unless otherwise stated

14 Social Expenses

	2021	2020
General and Administrative		
Personnel **(i)**	935	1,279
Consulting and intellectual services **(iv)**	329	206
Maintenance and conservation	626	561
Other expenses **(v)**	72	101
Communication and events **v)**	13	18
	1,975	**2,165**
Projects		
Consulting and intellectual services **(iii)**	20,879	13,321
Donations made **(ii)**	14,592	11,388
Personnel **(i)**	8,650	7,707
Other expenses	1,602	1,434
Training for projects **(iii)**	-	193
Communication and events	3,240	3,212
Logistics expenses **(v)**	163	192
	49,126	**37,447**
Total	**51,101**	**39,612**

(i) We had employees leaving the Institute in 2021 who were not responded within the same year. Despite the reduction in administrative costs, the projects maintained their staff, the increase being due to the adjustments / collective bargaining provided for by law (CLT), as well as internet subsidy.

(ii) Donations made by the Institute are directed to partner organizations. The increase was made to enable the expansion and greater scope of the literacy project, full-time secondary education and Priority Education Agendas.

(iii) 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).

(iv) Hiring a company to provide consultancy on Resource projects (Project CPV 130k).

(v) Reduction in general office expenses such as taxis, coffee breaks, office supplies, courier services and others.

In thousands of reais, unless otherwise stated

15 Financial income (expenses)

	2021	2020
Financial income		
Interest on financial investments	339	79
Other income	52	15
	391	**94**
Financial expenses		
Interest on loans	(193)	(27)
Interest on leasing	(171)	(116)
Other financial expenses **(i)**	(299)	(39)
	(663)	**(182)**
Net financial result	**(272)**	**(88)**

(i) Variation occurred due to expenses with a loan made in 2021 in the amount of BRL 15,000,000.00 compared to 2020 where we took an amount of BRL 5,000,000.00. The amounts derive from interest and IOF.

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 Tax waiver

The Institute is subject to certain taxes subject to the tax waiver for the years ended December 31, 2021 and 2020. 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, the Corporate Income Tax - IRPJ and the Social Contribution on Net Income - CSLL.

The ITCMD is provided for in the Federal Constitution article 155, I. Instituto Natura is exempt from the same according to Law No. 10.705/2000 of the State of São Paulo as it is a non-profit institution whose social purpose is linked to the promotion of human rights.

18 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 December 31, 2021.

19 Approval for issuance of Financial Statements

These financial statements were approved for publication by the Institute's Board of Directors at a meeting held on April 18, 2022.

Board of Directors

Chairman
David Saad

Finance and Governance Manager
Rodolfo Luque Simões

Technical Manager
Valéria Adegas
RTR Manager
CRC: 1SP234636

Controller
Alessandra Segatelli
Financial Controller Latam

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