



Fundo Brasileiro para Biodiversidade - FUNBIO
Financial statements, including the Independent Auditors' Report
As of December 31, 2015

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Independent auditors' report on the Entity's financial statements

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To:
Managers and Board Members
Fundo Brasileiro para Biodiversidade - FUNBIO
Rio de Janeiro - RJ

We have audited the financial statements of the Fundo Brasileiro para Biodiversidade - FUNBIO ("Entity"), which comprise the balance sheet as of December 31, 2015 and the related statements of income, changes in equity and cash flows for the year ended on that date, as well as a summary of the significant accounting practices and other explanatory notes.

Management's responsibility for the financial statements

The Entity's Management is responsible for the draft and fair presentation of the financial statements, in accordance with accounting practices adopted in Brazil and applicable to non-profit organizations, as well as for the internal controls it determined as necessary to enable the draft of the present financial statements free of material misstatement, whether due to fraud or error.

Independent auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit, conducted in accordance with Brazilian and international auditing standards. Such standards require that auditors comply with ethical requirements and that the audit is planned and conducted in order to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures chosen to obtain evidence about the amounts and disclosures presented in the financial statements. The chosen procedures depend on the auditor's discretion, including the assessment of risks of material misstatement in the financial statements, whether due to fraud or mistake. For such risk assessment, auditors take into account the internal controls relevant for the draft and fair presentation of the Entity's financial statements, in order to plan the audit procedures appropriate to the circumstances, but not for the purpose of expressing an opinion regarding the effectiveness of such internal controls of the Entity. An audit also includes reviewing the appropriateness of the accounting practices used and the reasonableness of accounting estimates made by the Management, as well as evaluating the presentation of the financial statements taken as a whole.

We believe that the audit evidence obtained is sufficient and appropriate to substantiate our opinion.

Opinion

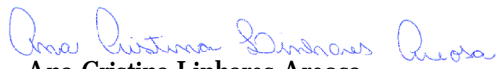
In our opinion, the aforementioned financial statements fairly represent, in all material respects, the financial and equity status of Fundo Brasileiro para Biodiversidade - FUNBIO as of December 31, 2015, its operating performance, and its cash flows for the year ended on that date, in compliance with the accounting practices adopted for Brazil and applicable to non-profit Entities.

Miscellaneous matters

Audit of comparative figures

The financial statements of the Fundo Brasileiro para Biodiversidade - FUNBIO for the year ended December 31, 2014 have been audited by other auditors, which issued a report on April 17, 2015, without remarks.

Rio de Janeiro, April 18, 2016



Ana Cristina Linhares Areosa
Accountant, CRC RJ-081.409/O-3

Grant Thornton Auditores Independentes
CRC SP-025.583/O-1 "S" – RJ

Fundo Brasileiro para Biodiversidade - FUNBIO

Balance sheets on December 31, 2015 and 2014

(Amounts expressed in thousand Brazilian Reais)

ASSETS

| | <u>Notes</u> | <u>12.31.2015</u> | <u>12.31.2014</u> |
|---------------------------------|--------------|-----------------------|-----------------------|
| Current assets | | | (Reclassified) |
| Cash and cash equivalents | 8 | 19,010 | 16,542 |
| Resources bound to projects | 8 | 241,686 | 228,664 |
| Others | | 252 | 394 |
| Total current assets | | <u>260,948</u> | <u>245,600</u> |
| Non current assets | | | |
| Resources bound to projects | 8 | 287,143 | 217,946 |
| Fixed assets | 9 | 755 | 664 |
| Total non current assets | | <u>287,898</u> | <u>218,610</u> |
| Total assets | | <u><u>548,846</u></u> | <u><u>464,210</u></u> |

Explanatory notes are integral part of financial statements.

Fundo Brasileiro para Biodiversidade - FUNBIO

Balance sheets on December 31, 2015 and 2014

(Amounts expressed in thousand Brazilian Reais)

LIABILITIES AND NET EQUITY

| | <u>Notes</u> | <u>12.31.2015</u> | <u>12.31.2014</u> |
|---|--------------|-------------------|-------------------|
| Current liabilities | | | |
| Suppliers | 10 | 85 | 82 |
| Salaries and charges payable | 11 | 1,710 | 1,716 |
| Taxes and fees | | 161 | 179 |
| Third party resources bound to projects | 12 | 241,590 | 228,134 |
| Other accounts payable | | 117 | 1,285 |
| Total current liabilities | | <u>243,663</u> | <u>231,396</u> |
| Non current liabilities | | | |
| Third party resources bound to projects | 12 | 287,143 | 217,946 |
| FUNBIO Resource Funds | 13 | 17,245 | 15,033 |
| Total non current liabilities | | <u>304,388</u> | <u>232,979</u> |
| Net equity | | | |
| Surplus (Loss) accumulated | | (415) | 353 |
| Surplus (Loss) for the fiscal year | | 1,210 | (518) |
| | | <u>795</u> | <u>(165)</u> |
| Total liabilities and net equity | | <u>548,846</u> | <u>464,210</u> |

Explanatory notes are integral part of financial statements.

Fundo Brasileiro para Biodiversidade - FUNBIO

Income statement for the fiscal years ended on December 31, 2015 and 2014

(Amounts expressed in thousand Brazilian Reais)

| | <u>Notas</u> | <u>31/12/2015</u> | <u>31/12/2014</u> |
|---|--------------|-------------------|-------------------|
| Operating revenue | | | |
| Reimbursement of projects | 14 | 12,728 | 8,267 |
| Recovery of costs | 15 | 1,148 | 1,861 |
| Services provided | 16 | 123 | 371 |
| Total revenue | | 13,999 | 10,499 |
| Operating expenses | | | |
| Salaries and charges | | (9,873) | (9,018) |
| Outsourced services | | (961) | (1,110) |
| Rent and maintenance | | (706) | (673) |
| Travel expenses | | (108) | (202) |
| General expenses | | (604) | (806) |
| Total expenses | | (12,252) | (11,809) |
| Operating result before financial result | | 1,747 | (1,310) |
| Financial result | | | |
| | 17 | | |
| Financial expenses | | (13) | (22) |
| Financial revenue | | 186 | 104 |
| | | 173 | 82 |
| Operating result | | 1,920 | (1,228) |
| Result from projects | | | |
| Legal reporting approved | 12 | 58,266 | 55,328 |
| Disbursement to partners | 12 | (10,213) | (15,300) |
| Resources executed | 12 | (48,670) | (40,488) |
| Legal reporting in progress | 12 | 617 | 460 |
| | | - | - |
| Investment of resources | 13 | (710) | 710 |
| Surplus/(loss) for the fiscal year | | 1,210 | (518) |

Explanatory notes are integral part of financial statements.

Fundo Brasileiro para Biodiversidade - FUNBIO

Changes in stockholders' equity for the fiscal years ended on December 31, 2015 and 2014

(Amounts expressed in thousand Brazilian Reais)

| | <u>Notes</u> | <u>Surplus / (loss) accumulated</u> | <u>Surplus/(loss) for the fiscal year</u> | <u>Total net equity</u> |
|---|--------------|---|---|-------------------------|
| Balance on December 31, 2013 | | 353 | - | 353 |
| Loss for the fiscal year | | - | (518) | (518) |
| Transfer to surplus/(loss) accumulated | | (518) | 518 | - |
| Balance on December 31, 2014 | | (165) | - | (165) |
| Surplus for the fiscal year | | - | 1,210 | 1,210 |
| Adjustments from the previous fiscal year | 18 | (250) | - | (250) |
| Transfer to surplus/(loss) accumulated | | 1,210 | (1,210) | - |
| Balance on December 31, 2015 | | <u>795</u> | <u>-</u> | <u>795</u> |

Explanatory notes are integral part of financial statements.

Fundo Brasileiro para Biodiversidade - FUNBIO

Cash flow statements for the fiscal years ended on December 31, 2015 and 2014

(Amounts expressed in thousand Brazilian Reais)

| | 12.31.2015 | 12.31.2014 |
|--|------------|------------|
| Cash flow from operating activities | | |
| Surplus / (loss) for the fiscal year | 1,210 | (518) |
| Adjustments to reconcile surplus with cash and cash equivalents from / (invested in) operating activities | | |
| Resultas from disposal of assets | (2) | 2 |
| Depreciation and amortization for the fiscal year | 171 | 252 |
| | 1,379 | (264) |
| Changes in assets and liabilities | | |
| Other accounts receivable | 142 | 114 |
| Suppliers | 3 | 75 |
| Salaries and labor obligations | (6) | 253 |
| Taxes and fees | (18) | 89 |
| Other accounts payable | (1,168) | 1,165 |
| Net cash from operating activities | 332 | 1,432 |
| From investments | | |
| Acquisition / (write-off) of fixed assets | (260) | (365) |
| Net cash invested | (260) | (365) |
| From financing activities | | |
| Receipt of resources bound to projects | 23,270 | 124,912 |
| Income from resources bound to projects | 42,421 | 28,368 |
| Exchange variations on resources bound to projects | 42,628 | 10,749 |
| Financial management of resources bound to projects | (4,451) | (2,168) |
| Costs bound to projects | (21,213) | (69,146) |
| Increase of resources bound to projects | (82,219) | (93,677) |
| Increase/reduction of resource funds | 2,210 | 460 |
| Increase/(reduction) in the net equity | (250) | - |
| Net cash from (invested in) financing activities | 2,396 | (502) |
| Net cash from operating activities | 2,468 | 565 |
| Increase in cash and cash equivalents | 2,468 | 565 |
| Cash and cash equivalents | | |
| Beginning of the fiscal year | 16,542 | 15,977 |
| End of the fiscal year | 19,010 | 16,542 |
| Increase of cash and cash equivalents | 2,468 | 565 |

Explanatory notes are integral part of financial statements.

Explanatory notes to the financial statements for the years ended December 31, 2015 and 2014

(Amounts expressed in thousands of Reais,
except where otherwise indicated)

1. Operating context

The Brazilian Biodiversity Fund (“Funbio” or “Entity”), is a privately-held non-profit association established under the Civil Law, operating since 1996. It is an innovative financial tool, set up to develop strategies that contribute to implementing the Convention on Biological Diversity (CBD) in Brazil. The Entity acts as a strategic partner to the public and business sectors and the civil society for initiatives that consolidate conservation policies, enable environmental funding programs, as well as corporate environmental investments for reduction and mitigation of their impacts and for compliance with their legal requirements.

In nearly 20 years, Funbio has managed \$579.3 million and supported 235 projects in 7 biomes, 170 institutions and 292 protected areas. The Entity is a member of the Environmental Funds Network for Latin America and the Caribbean, with 38 organizations from 31 countries, which have, since 1999, managed in excess of \$2 billion in equity and extinguishing funds.

Funbio is also the first Brazilian agency to implement the Global Environment Facility (GEF), one of the major funders of environmental projects worldwide.

Funbio is structured around three main areas:

- Domestic and International Donations – projects financed by funds originating from private donations and bi- and multi-lateral agreements.
- Legal Obligations – projects funded with resources from legal requirements, such as environmental offsetting.
- Special Projects – works to diagnose the financial environment and design tools and tools that enable access to new sources.

Governance at Funbio is the responsibility of the Deliberative Council (CD), which brings together 16 members from the academic, environmental and business segments, tasked with defining the strategy and the general direction of the organization. The CD meets three times a year to review the strategic directions and the institutional management, defines a general policy, and sets goals and priorities, which are converted into actions by its Executive Secretariat. The CD validates annual operating plans, investment policies and projects developed. The CD consists of voluntary members, who contribute with their experience and expertise. The Deliberative Council is organized into Committees addressing specific issues, namely Executive, Project Techniques, Finance & Audit, and Asset Management. In turn, the Advisory Council (CC) consists of 34 former council members and invited leaders, providing technical advice.

2. Financial statements drafting basis

Declaration of compliance

The financial statements have been drafted in accordance with accounting practices adopted in Brazil, which include corporate law, Declarations, Guidelines and Interpretations issued by the Accounting Declarations Committee (*Comitê de Pronunciamentos Contábeis*, CPC), validated by the Federal Accounting Council (*Conselho Federal de Contabilidade*, CFC).

The issuance of the present financial statements was approved by the Management on April 18, 2016.

3. Measurement basis

The financial statements have been drafted based on the historical cost, except for financial investments, presented at fair value through profit or loss.

4. Functional currency and reporting currency

These financial statements are presented in Reais, which is the Entity's functional currency. All financial information presented in Reais was rounded to the nearest value, except where otherwise indicated.

5. Use of estimates and judgment

Drafting financial statements in compliance with the accounting practices adopted in Brazil requires that the Entity's Management uses its judgment or determine and record accounting estimates. Assets and liabilities subject to estimates and assumptions include the economic useful life and residual value of fixed assets and intangible assets. The settlement of transactions involving these estimates may result in amounts different from those estimated, due to inaccuracies inherent to the very determination process. The Entity reviews its estimates and assumptions at least on an annual basis.

6. Significant accounting practices

6.1 Foreign currency translation

Transactions in foreign currencies are translated into the functional currency by applying the exchange rates prevailing on the transaction dates. The foreign exchange gains and losses resulting from the settlement of such transactions and from the conversion of monetary assets and liabilities

denominated in foreign currency at the year-end exchange rates are recognized in the income statement.

6.2 Cash and cash equivalents

Cash and cash equivalents include cash; bank deposits; other short-term, highly-liquidity investments, with original maturities within three months or less and insignificant risk of change in value; for cash flow demonstration purposes, includes the balances in overdraft accounts, when used.

Financial investments are stated at cost plus earned interest and foreign exchange variations up to the balance sheet date, adjusted to the market value when this is lower.

6.3 Fixed assets

Fixed assets are measured at their historical cost, less the accumulated depreciation and impairment, where applicable. Historical cost includes expenditure directly attributable to the purchase of items, including financing costs related to the purchase of qualifying assets.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when future economic benefits associated with the item is probable and the cost of the item can be reliably measured. The carrying amount of replaced items or parts is written off. All other repairs and maintenance work are charged to the statement of income when incurred.

Depreciation of fixed assets is recorded over its lifetime, for the period indicated below:

| | <u>Years</u> |
|------------------------------------|--------------|
| Improvements to leasehold property | 3 to 25 |
| Computer hardware | 5 |
| Furniture and utensils | 10 |
| Machinery and equipment | 10 |

The residual amounts and the useful lives of the assets are reviewed and adjusted, if appropriate, at the end of each period.

The carrying amount of an asset is immediately impaired if the asset's carrying amount exceeds its estimated recoverable amount.

The useful life is based on Management's estimates regarding the period in which the assets should yield revenue, which are periodically reviewed for continuing suitability. Changes to estimates may result in significant changes to the carrying amount, and the values are allocated to the income statement, based on the new estimates.

6.4 Impairment of assets

Assets are reviewed for impairment verification whenever events or circumstance changes indicate that the carrying amount may not be fully recoverable. The carrying amount of an asset is impaired if the asset's carrying amount exceeds its estimated recoverable amount. The latter is the highest amount between the fair value of an asset less the sale costs and its value in use.

6.5 Suppliers

Accounts payable to suppliers are obligations to pay for goods or services purchased from suppliers during the ordinary course of business and project management, being rated as current liabilities if the payment is due within one year (or the regular operating business cycle, even if longer.) Otherwise, accounts payable are presented as non-current liabilities.

These are initially recognized at fair value, and subsequently measured at the amortized cost by applying the actual interest rate method. In practice, these are usually recognized at the amount of the related invoice.

6.6 Allocations

Allocations are recognized when the Entity has a present or non-formalized liability as a result of past events, and an outflow of resources is probably required to settle the liability and the amount can be reliably estimated.

The Entity is a party to labor and civil lawsuits in progress, and is discussing such matters at the administrative and judicial levels, which, when applicable, are supported by escrow deposits. The allocations for losses arising from such lawsuits are estimated and updated by Management, supported by its third-party legal advisors.

6.7 Third-party funds related to projects

Deposits received at FUNBIO accounts, intended for the implementation of projects and signed as contractual instruments are recognized as the Entity's liabilities before donors and/or partners. As the projects are implemented, such liabilities are recognized at the "Rendering of approved accounts" entry the income statement.

6.8 Realizable and liability values

All other assets and liabilities are stated as realizable and liability values, respectively, and address, where applicable, monetary or exchange floating, as well as income and charges earned or incurred until the balance sheet date, recognized on a pro rata basis. Where applicable, allocations are made to reduce assets to market value or probable realizable value.

Receivables and payables maturing within 12 months from the balance sheet date are rated as current assets and current liabilities, respectively.

6.9 Revenue recognition

Revenue comprises the fair value of the reimbursement of project expenses, cost recovery and any services rendered in the Entity's normal course of business.

The project reimbursement revenue is recognized in the statement when FUNBIO is reimbursed for the management and implementation of projects per the Entity's purpose implied in their bylaws. Such revenues are forecast in the budgets of projects that are included in contractual agreements.

The cost recovery revenue is calculated based on a variable percentage as the projects are performed; such amounts are forecast in agreements and estimate drafted to achieve the project objectives, and do not constitute free resources for the Entity. Recognized in the statement as the project accounts are rendered.

Revenue from services is recognized in the statement when it can be reliably estimated, associated with the transaction by reference and the service execution stage as the contractual obligations are fulfilled.

a) Application of resources from Funbio Resource Fund – FRF

Entered as revenue upon the transfer of financial resources applied by the assets manager to the Entity's administrative account, to the "FUNBIO resources funds – FRF" entry (non-current liabilities.) Entered in the non-current liabilities.as revenue upon the transfer of financial resources applied by the assets manager to the Entity's administrative account, "FUNBIO resources funds – FRF".

b) Interest income

Interest income is recognized by using the actual interest rate method.

6.10 Recognition of project expenses

Expenses incurred on projects are recognized in the income statement in the "disbursement for partners," "resources applied" and "rendering of accounts in progress" accounts, as these are incurred.

6.11 Income tax and current social contribution

Being a non-profit Entity, the Entity is exempt from payment of income tax and social contribution, as provided for in Article 15 of Act No. 9,532/97, provided it meets the requirements set forth in items "a" to "e" of §2 of Article 12 of the aforementioned Act, namely:

- Not compensating its officers, in any way, for the services rendered;
- On an annual basis, submitting the income statement as provided for in the Resolution issued by the Federal Revenue Service;
- Not posting a Surplus in their accounts or, if Surplus is determined in a given year, such result must be completely allocated to the maintenance and development of the Entity's purpose;
- Not contributing to any practices that constitute breach of the corporate law provisions;
- Failing to comply with the requirements provided for in Article 32 of Act No. 9,430/96.

Contribution to the Social Integration Program (*Programa de Integração Social*, PIS) and Social Security Financing Contribution (*Contribuição para Financiamento da Seguridade Social*, COFINS): According to Article 13 of Provisional Measure (MP) No. 2158-35, of 2001, non-profit organizations that hire employees, as defined by the Labor Law, are required to contribute to the PIS at a fixed rate of 1 percent applicable to the monthly payroll. Such Entities are exempt from paying the PIS on revenues, under §1 of Article 14 of MP No. 2158-35/01, provided that these meet the requirements of Article 12 of Act No. 9,532/97.

Regarding COFINS, item X of Article 14 of MP No. 2158-35 2001 provides for the non-applicability to the revenue of non-profit institutions. Also in this case, the enjoyment of the exemption is contingent upon the fulfillment of the requirements of Article 12 of Act No. 9,532/97.

The Entity has complied with the requirements of Act No. 9,532/97 in order to enjoy the aforementioned exemptions.

6.12 Accounting standards that will take effect after 2015

The Entity is assessing the impact of adopting the standards issued by IASB in 2015 (still without a matching standard in the CPC) that will take effect after year 2015:

- IFRS 9 – Financial Instruments;
- Annual Improvements Cycle (2012 – 2014);
- Amendment to IAS 1 – Presentation of Financial Statements;
- IFRS 15 – Revenue Contracts with Customers;
- FRS 16 – Leases;
- Amendment to IAS 16 – Fixed Assets and IAS 38 – Intangible Assets.

7. Financial risk management

The Entity is exposed to the following risks from its use of financial instruments:

- market risk; and,
- liquidity risk.

The information below summarizes the Entity's exposure to each of the aforementioned risks, the Entity's objectives, and risk and capital management measurement policies and procedures. Additional quantitative disclosures are included throughout the present financial statements.

Market risk

Market risk is the risk that changes in market prices – such as interest rates for the Entity's financial investments – poses to the gains earned based on its portfolio or on the value of its stakes in financial instruments.

The Entity manages market risk through financial investments in low-risk market funds and low financial leverage, always with prime-rate financial institutions. In this sense, there is currency risk as the main market risk arising from projects whose sponsors include foreign Entities.

Foreign exchange risk

This risk arises from the possibility that the Entity incurs losses due to exchange rate fluctuations that reduce the nominal amounts billed or increase the amounts raised in the market.

The projects are performed and budgeted in Reais, and the control of balances to internalize, as found in the project account rendering, are updated based on the then-applicable exchange rate. Reconciliations of installments to internalize are regularly performed, with the targets defined for the project; in case of significant variations, the project is re-planned.

Liquidity risk

Refers to the risk that the Entity lacks sufficient liquid resources to meet its financial commitments, due term or volume mismatch between the forecast receipts and payments.

To manage cash liquidity, future disbursement and receipt assumptions are established, being monitored on a daily basis by Treasury. Such control is exercised to manage the Entity's accounts and the accounts of each project thereof.

8 Cash and cash equivalents and funds linked to projects

| Description | 12/31/2015 | 12/31/2014 |
|--|----------------|----------------|
| Own funds | | |
| Cash | 341 | 340 |
| Domestic bank accounts | 2 | 42 |
| Foreign bank accounts (a) | 551 | 303 |
| Domestic financial investments (b) | 18,116 | 15,857 |
| | 19,010 | 16,542 |
| Funds linked to projects | | |
| Cash in transit | 3,349 | - |
| Domestic bank accounts | 1,001 | 854 |
| Foreign bank accounts (a) | 32,471 | 549 |
| Domestic financial investments (b) | 395,957 | 357,113 |
| Financial investments abroad (c) | 96,051 | 88,094 |
| Total funds linked to projects | 528,829 | 446,610 |
| Total cash and cash equivalents | 547,839 | 463,152 |
| Cash and cash equivalent | 19,010 | 16,542 |
| Funds linked to projects, current | 241,686 | 228,664 |
| Funds linked to projects, non-current | 287,143 | 217,946 |
| Total cash and cash equivalents | 547,839 | 463,152 |

The amounts shown as cash, domestic banks accounts, foreign bank accounts and financial investments represent the Entity's own balances, which are intended for operational and administrative maintenance thereof, and these are readily convertible into cash and subject to insignificant risk of change in value. Financial investments consist of Funds and CDBs (Bank Certificates) acquired at rates ranging from 96 to 101 percent of the CDI (Interbank Certificate of Deposit) rate, being booked at the investment amount, plus income earned until the balance sheet date, where the fair value does not exceed the market value.

Availability linked to projects represent the amounts contributed by several sponsors to the Entity, which are kept in individual checking accounts for each project, and investments are kept in investment funds and bank deposit certificates (CDBs), whose liquidity is below 90 days, with insignificant value reduction risk. Such investments consist of CDBs remunerated at the CDI rate and other investments in Investment Funds held at a prime-rate financial institution. Such investments are booked at the invested amount, plus the income earned until the balance sheet date, where the fair value does not exceed the market value.

On December 31, 2015, the funds related to projects were segregated from the “cash and cash equivalents” entry of the balance sheet, according to their nature. Such segregation had not been made on December 31, 2014, and the corresponding reclassification was held for comparison between the financial statements and the respective cash flow.

(a) Components of the transaction bank account balances – Foreign as of December 31:

| Description | 12/31/2015 | 12/31/2014 |
|---|---------------|------------|
| Itaú MIAMI - FT | 32,057 | 154 |
| Banco do Brasil NY Funbio | 551 | 303 |
| J. P. MORGAN - NY - FT | 256 | 282 |
| Banco do Brasil Frankfurt – FFEM | 109 | 76 |
| Banco do Brasil NY - Capacitação RedLac | 29 | 22 |
| Itaú MIAMI - FTKFW | 20 | 14 |
| Banco do Brasil NY - GEF CERRADO | - | 1 |
| Total cash and cash equivalents abroad | 33,022 | 852 |

(b) Domestic financial investments are represented as follows on December 31:

| Description | 12/31/2015 | 12/31/2014 |
|---|----------------|----------------|
| FMA Funds | | |
| Trust fund | 25,070 | 22,796 |
| Automatic investments | 3,016 | 3,806 |
| Deposit Certificate (CDB) investment | 166,730 | 139,012 |
| Fixed income investments | 32,429 | 34,440 |
| Total funds FMA (b.1) | 227,245 | 200,054 |
| Other projects and own funds | | |
| Bank Deposit Certificate (CDB) investment | 22,829 | 31,250 |
| Fixed income investment | 13,921 | 14,837 |
| Asset manager | 110,388 | 68,070 |
| Other investments | 39,690 | 58,759 |
| Total third-party funds (b.2) | 186,828 | 172,916 |
| Total financial investments | 414,073 | 372,970 |

(b.1) Fundo Mata Atlântica (FMA) project

| Description | 12/31/2015 | 12/31/2014 |
|--------------------------------------|---------------|---------------|
| Itaú Pragma - Trust Fund | 10,668 | 14,390 |
| Itaú Private EFFICAX - Trust Fund | 10,481 | 6,110 |
| Itaú Private ACTIVE FIX - Trust Fund | - | 2,296 |
| Credit Suisse - Trust Fund | 3,921 | - |
| Total trust funds | 25,070 | 22,796 |

Bank Deposit Certificate (CDB) investment

| Description | 12/31/2015 | 12/31/2014 |
|--|----------------|----------------|
| Banco do Brasil CDB - FMA Santos Dumont Airport | 1,104 | 989 |
| Banco do Brasil CDB - FMA Alphaville | 282 | - |
| Banco do Brasil CDB - FMA CTL EXPANSION | 76 | - |
| Banco do Brasil CDB - FMA Southeast Port Expansion | 413 | - |
| Banco do Brasil CDB - FMA Baixada Fluminense | 778 | 294 |
| Banco do Brasil CDB - FMA Braz Interm. | 548 | 491 |
| Banco do Brasil CDB - FMA CCR Dutra | 1,525 | 861 |
| Banco do Brasil CDB - FMA Alphaville | 31,227 | 31,817 |
| Banco do Brasil CDB - FMA Comperj Impl. Infr. & Urbanization | 13,366 | 13,034 |
| Banco do Brasil CDB - FMA Comperj UHOS | 738 | 661 |
| Banco do Brasil CDB - FMA Açú Naval Construction | 16,934 | 17,663 |
| Banco do Brasil CDB - FMA CSA II | 1,403 | 1,542 |
| Banco do Brasil CDB - FMA CTR Itaboraí | 166 | - |
| Banco do Brasil CDB - FMA CV | 211 | 929 |
| Banco do Brasil CDB - FMA TELSUL DREDGING | 2,437 | 462 |
| Banco do Brasil CDB - FMA Dutoviário Comperj | 4,760 | 4,278 |
| Banco do Brasil CDB - FMA Bellavista Expansion | 104 | - |
| Banco do Brasil CDB - FMA GASDUC III | 3,724 | 3,347 |
| Banco do Brasil CDB - FMA Gasjap | 148 | 190 |
| Banco do Brasil CDB - FMA Guapimirim Gas Pipeline | 419 | 376 |
| Banco do Brasil CDB - FMA Guapimirim II Gas Pipeline | 600 | 540 |
| Banco do Brasil CDB - FMA Petrobras LNG | 1,737 | - |
| Banco do Brasil CDB - FMA Grota Funda | 925 | - |
| Banco do Brasil CDB - FMA ITAGUAI | 3,354 | - |
| Banco do Brasil CDB - FMA JV PART CDB | 460 | 281 |
| Banco do Brasil CDB - FMA GASDUC III | 1,076 | 905 |
| Banco do Brasil CDB - FMA Petrobras Transmission Line | 110 | 99 |
| Banco do Brasil CDB - FMA LLX AÇÚ | 11,685 | 7,954 |
| Banco do Brasil CDB - FMA Lot. Buzios Golfe | 240 | 156 |
| Banco do Brasil CDB - FMA Lot. | 189 | 112 |
| Banco do Brasil CDB - FMA LT Macaé Campos | 502 | - |
| Banco do Brasil CDB - FMA MARINA IMPERIAL | 77 | 69 |
| Banco do Brasil CDB - FMA CRB Subway | 381 | 500 |
| Banco do Brasil CDB - FMA CRB II Subway | 7,737 | 5,683 |
| Banco do Brasil CDB - FMA Multi Car | 815 | 732 |
| Banco do Brasil CDB - FMA Multi Rio | 786 | 706 |
| Banco do Brasil CDB - FMA Tecab Works | 1,741 | 1,598 |
| Banco do Brasil CDB - FMA OF CSN | 9,582 | 8,582 |
| Banco do Brasil CDB - FMA Paracambi Lighter | 349 | 813 |
| Banco do Brasil CDB - FMA PCH RIO PRETO | 63 | - |
| Banco do Brasil CDB - FMA Petrobras realign. TECAM/REDUC | 1,831 | - |
| Banco do Brasil CDB - FMA PMN DAS AGUAS | 4,613 | 2,103 |
| Banco do Brasil CDB - FMA Ponta da Areia | 351 | 316 |
| Banco do Brasil CDB - FMA Pres. Vargas | 337 | 502 |
| Banco do Brasil CDB - FMA Quitumba | 492 | 441 |
| Banco do Brasil CDB - FMA SERB | 693 | - |
| Banco do Brasil CDB - FMA TA AR Transpetro | 82 | 225 |
| Banco do Brasil CDB - FMA TER Sub. Outfall | 1,923 | 1,727 |
| Banco do Brasil CDB - FMA TERM SUL LLX | 5,898 | 2,950 |
| Banco do Brasil CDB - FMA Sea Term. at Guaíba Island | 74 | 238 |
| Banco do Brasil CDB - FMA TRANSCARIOCA | 8,097 | 7,283 |
| Banco do Brasil CDB - FMA Transolímpica Pmrj | 7,318 | 6,501 |
| Banco do Brasil CDB - FMA UPGN Comperj | 10,601 | 9,539 |
| Banco do Brasil CDB - FMA UTE Porto do Açú | 485 | 435 |
| Banco do Brasil CDB - FMA UTE SANTA CRUZ FURNAS | 1,080 | 977 |
| Banco do Brasil CDB - FMA Main Road | 83 | 111 |
| Total Bank Deposit Certificate (CDB) investments | 166,730 | 139,012 |

Fixed income investment

| Description | 12/31/2015 | 12/31/2014 |
|--|---------------|---------------|
| Banco do Brasil RF LP - FMA Baixada Fluminense | - | 858 |
| Banco do Brasil RF LP - FMA Comperj | 9,195 | 8,274 |
| Banco do Brasil RF LP - FMA Comperj UHOS | 1,095 | 985 |
| Banco do Brasil RF LP - FMA Açú Naval Construction | 13,247 | 11,921 |
| Banco do Brasil RF LP - FMA GASDUC | 250 | 225 |
| Banco do Brasil RF LP - FMA ITAGUAI | - | 3,770 |
| Banco do Brasil RF LP - FMA LIBRA TERMINAL | 236 | 212 |
| Banco do Brasil RF LP - FMA LLX AÇÚ | 2,517 | 2,265 |
| Banco do Brasil RF LP - FMA Loteum Incorp | 28 | 25 |
| Banco do Brasil RF LP - FMA CRB Subway | 1,909 | 1,718 |
| Banco do Brasil RF LP - FMA CRB II Subway | 1,400 | 1,260 |
| Banco do Brasil RF LP - FMA Tecab Works | 681 | 613 |
| Banco do Brasil RF LP - FMA PRES. VARGAS | 578 | 520 |
| Banco do Brasil RF LP - FMA RIO JV PARTN | 139 | 125 |
| Banco do Brasil RF LP - FMA SERB | - | 630 |
| Banco do Brasil RF LP - FMA TA AR Transpetro | 333 | 299 |
| Banco do Brasil RF LP - FMA UTE AÇU | 246 | 222 |
| Banco do Brasil RF LP - FMA Volta Redonda | 322 | 290 |
| Banco do Brasil RF LP - PTA AREIA | 253 | 228 |
| Total fixed income investments | 32,429 | 34,440 |

Automatic investments

| Description | 12/31/2015 | 12/31/2014 |
|--|--------------|--------------|
| Banco do Brasil CP Corp 600K - FMA CSA II | 2,568 | 2,332 |
| Banco do Brasil CP Corp 600K - FMA Grota Funda | - | 848 |
| Banco do Brasil REF DI LP Corp 600K - FMA GASJAP | 448 | 404 |
| Banco do Brasil CP 50K - FMA CTR Itaborai | - | 152 |
| Banco do Brasil CP 50K - FMA CTL EXPANSION | - | 70 |
| Total automatic investments | 3,016 | 3,806 |

(b.2) Other projects**Bank Deposit Certificate (CDB) investment**

| Description | 12/31/2015 | 12/31/2014 |
|---|-------------------|-------------------|
| Banco do Brasil CDB – Administrative | 851 | 792 |
| Banco do Brasil CDB - Adoption of Parks (MPX LM) | 585 | 908 |
| Banco do Brasil CDB - Adoption of Parks (OGX FN) | 1,215 | 1,322 |
| Banco do Brasil CDB – AFCOF II | - | 251 |
| Banco do Brasil CDB – ARPA BID | 246 | 1,988 |
| Banco do Brasil CDB – ARPA BID MSC | 315 | - |
| Banco do Brasil CDB – BNDES | - | 1,547 |
| Banco do Brasil CDB - CARBONO PAITER SURUI | 955 | 1,579 |
| Banco do Brasil CDB - Fauna Portfolio (Spix's Macaw) | 1,113 | 1,102 |
| Banco do Brasil CDB - Fauna Portfolio (Sirenia) | 147 | 39 |
| Banco do Brasil CDB - Fauna Portfolio (Seismic) | - | 29 |
| Banco do Brasil CDB – CFA | - | 62 |
| Banco do Brasil CDB – Chevron - Marine and Fishing Research | 5,319 | - |
| Banco do Brasil CDB – Chevron, Porpoise Conservation | 2,452 | - |
| Banco do Brasil CDB – FIP | - | 12 |
| Banco do Brasil CDB – FUNBIO CITIES | - | 215 |
| Banco do Brasil CDB – FUNJUS | 3,349 | 3,135 |
| Banco do Brasil CDB – FUNJUS TRAINING | - | 103 |
| Banco do Brasil CDB – GEF CERRADO | 37 | 1,086 |
| Banco do Brasil CDB – GEF ECOFUNDOS | - | 13 |
| Banco do Brasil CDB – GEF SEA | 1,679 | - |
| Banco do Brasil CDB - GEF Nutrition | 1,204 | 667 |
| Banco do Brasil CDB – GEF Pollinators | 156 | 799 |
| Banco do Brasil CDB – ICCO FOUND | 102 | 367 |
| Banco do Brasil CDB – Kayapo | 775 | 1,941 |
| Banco do Brasil CDB - KfW ARPA Phase 2 | 887 | 5,813 |
| Banco do Brasil CDB – Moore Sustainability | 747 | - |
| Banco do Brasil CDB - New Sources Arpa | 123 | 376 |
| Banco do Brasil CDB – PROBIO II | - | 300 |
| Banco do Brasil CDB – PROBIO JURUTI | 91 | 159 |
| Banco do Brasil CDB – PROBIO Votorantin CP | 18 | - |
| Banco do Brasil CDB – PROBIO Votorantin Execution | 10 | - |
| Banco do Brasil CDB – Project K | 2 | - |
| Banco do Brasil CDB - RVS Rio da Prata | 414 | 371 |
| Banco do Brasil CDB - FMA CTR Itaboraí | - | 13 |
| Banco do Brasil CDB – TFCA | 21 | 6,243 |
| Itaú CDB – Fauna (Fauna Portfolio) | 16 | 18 |
| Total Bank Deposit Certificate (CDB) investments | 22,829 | 31,250 |

Fixed income investments

| Description | 12/31/2015 | 12/31/2014 |
|---|-------------------|-------------------|
| Banco do Brasil RF LP - GEF BM | 463 | 417 |
| Banco do Brasil RF LP – MPX | 20 | 19 |
| Banco do Brasil RF LP - PROBIO Opportunity Fund | 9,781 | 10,847 |
| Banco do Brasil RF LP – TFCA | 3,657 | 3,556 |
| Total fixed income investments | 13,921 | 14,837 |

Asset manager

| Description | 12/31/2015 | 12/31/2014 |
|---|----------------|---------------|
| Itaú Pragma – Kayapó Fund | 8,319 | 11,584 |
| Itaú Pragma – Funbio Resources Fund (FRF) | 7,306 | 9,882 |
| Itaú Pragma – Transition Fund - FT | 48,407 | 4,233 |
| Itaú Pragma – Transition Fund - FT KFW | 32,425 | 42,371 |
| Credit Suisse – Funbio Resources Fund (FRF) | 2,772 | - |
| Credit Suisse – Transition Fund - FT KFW | 11,159 | - |
| Total assets manager | 110,388 | 68,070 |

Other investments

| Description | 12/31/2015 | 12/31/2014 |
|--|---------------|---------------|
| Banco do Brasil -Parna do Cabo | - | 23 |
| Banco do Brasil - Operating FT | 739 | 1,465 |
| Banco do Brasil – FUNBIO ADM. Premium Savings Bond | - | 15 |
| Banco do Brasil - GEF BM Arpa II | 1,010 | 3,313 |
| Banco do Brasil – Resex Mapua | 8 | - |
| Itaú– Fauna (Fauna Portfolio) | 104 | - |
| Itaú - Administrative | 20 | 18 |
| Itaú – Fauna (Fauna Portfolio) | 8 | 5 |
| Itaú ACTIVE FIX - FRF | - | 1,591 |
| Itaú ACTIVE FIX - FT | - | 673 |
| Itaú Committed DI -Administrative | 264 | - |
| Itaú Committed DI – Fauna (Fauna Portfolio) | 339 | 144 |
| Itaú Committed DI - FT | - | 25,213 |
| Itaú Committed DI – FT KFW | 9,059 | 10,773 |
| Itaú EFFICAX - FT KFW | 12,776 | 6,587 |
| Itaú Private – Fauna (Fauna Portfolio) | - | 118 |
| Itaú Private – FRF | 7,166 | 3,561 |
| Itaú Private – FT | 77 | 1,763 |
| Itaú Private - Kayapó Fund | 8,120 | 2,339 |
| Itaú Private Comitted DI FD - KAYAPO | - | 1,071 |
| Itaú Private Exclusive FIC - FAUNA | - | 87 |
| Total other investments | 39,690 | 58,759 |

(c) Components of financial investments abroad as of December 31:

| Description | 12/31/2015 | 12/31/2014 |
|----------------------------------|---------------|---------------|
| J. P. MORGAN - Transition Fund | 29,727 | 22,601 |
| Itaú Miami - Transition Fund | 59,365 | 60,380 |
| Itaú Miami - KFW Transition Fund | 6,959 | 5,113 |
| Total investments abroad | 96,051 | 88,094 |

9 Fixed assets**a) Components**

| Description | Annual depreciation rate | 12/31/2015 | | | Net fixed assets as of 12/31/2014 |
|------------------------------------|--------------------------|--------------|-------------------------|------------------|-----------------------------------|
| | | Cost | Cumulative depreciation | Net fixed assets | |
| Furniture and utensils | 10% | 282 | (252) | 30 | 39 |
| Machinery and equipment | 10% | 278 | (153) | 125 | 107 |
| Computer hardware | 20% | 971 | (506) | 465 | 365 |
| Improvements to leasehold property | 4% to 33% | 626 | (491) | 135 | 153 |
| Total | | 2,157 | (1,402) | 755 | 664 |

b) Transactions

| Description | Furniture and utensils | Machinery and equipment | Computer hardware | Improvements to leasehold property | Total |
|---|------------------------|-------------------------|-------------------|------------------------------------|------------|
| Balance as of December 31, 2013 | 45 | 94 | 177 | 230 | 546 |
| Acquisitions | 5 | 59 | 242 | 61 | 367 |
| Write-offs | - | (1) | (1) | - | (2) |
| Depreciation | (11) | (15) | (83) | (138) | (247) |
| Miscellaneous | - | (30) | 30 | - | - |
| Balance as of Wednesday, December 31, 2014 | 39 | 107 | 365 | 153 | 664 |
| Acquisitions | - | 38 | 222 | - | 260 |
| Write-offs | - | (1) | - | - | (1) |
| Depreciation | (9) | (16) | (121) | (8) | (154) |
| Miscellaneous | - | (3) | (1) | (10) | (14) |
| Balance as of December 31, 2015 | 30 | 125 | 465 | 135 | 755 |

c) Impairment of assets

During the year ended December 31, 2015, Management did not identify the existence of indicators that certain assets thereof could be accounted for at amounts above impairment, in addition to the amounts recognized in the allocation for losses.

10 Suppliers

| Description | 12/31/2015 | 12/31/2014 |
|--|------------|------------|
| Digirax Representação Com. Serv. Equip. de Informática | - | 3 |
| NTI Distribuidora Importação e Exportação Ltda | - | 5 |
| Maia Comércio e Serviços Ltda | - | 70 |
| TOTVS S.A. | - | 4 |
| Ferrari & Cia Ltda | 29 | - |
| Dell Computadores do Brasil Ltda | 20 | - |
| Márcia Maria Matavelli Mellega | 14 | - |
| A.F. Comércio e Serviços Técnicos Ltda | 13 | - |
| Distribuidora Unica Rio Ltda | 5 | - |
| Miscellaneous | 4 | - |
| Total | 85 | 82 |

11 Wages and labor-related obligations

| Description | 12/31/2015 | 12/31/2014 |
|--|--------------|--------------|
| Allocation for vacation pay and charges | 944 | 955 |
| Wages payable | 353 | 346 |
| Withholding tax payable | 195 | 195 |
| Social Security contribution payable | 149 | 153 |
| FGTS (Government Severance Indemnity Fund) payable | 57 | 55 |
| PIS (Social Integration Program tax) payable | 7 | 7 |
| Miscellaneous | 5 | 5 |
| Total | 1,710 | 1,716 |

12 Third-party funds related to projects

Project balance transactions for 2015:

| Description | Notes | 12/31/2014 | Rendering of accounts in progress | Rendering of accounts sent | Resources used - Rendering of accounts | Resources received | Investment income | Foreign exchange variation | Financial expenses | Transfers and disbursements | 12/31/2015 |
|-----------------------------------|-------|----------------|-----------------------------------|----------------------------|--|--------------------|-------------------|----------------------------|--------------------|-----------------------------|----------------|
| | | | (a) | (b) | (a) + (b) | | | | | | |
| Transition Fund | 12.1 | 180,156 | - | - | - | 15,187 | 14,171 | 39,959 | (1,338) | (2,500) | 245,635 |
| ARPA Phase 2 – BNDES | 12.1 | 1,160 | - | (1,244) | (1,244) | - | 52 | - | - | 32 | - |
| ARPA Phase 2 - GEF BM | 12.1 | 3,790 | (139) | (6,950) | (7,089) | 5,790 | 339 | - | (11) | (1,141) | 1,678 |
| ARPA Phase 2 – KfW | 12.1 | 6,756 | (346) | (14,497) | (14,843) | 10,594 | 175 | 398 | (153) | (1,455) | 1,472 |
| ARPA FT - Operating | 12.1 | 1,433 | (78) | (2,287) | (2,365) | 2,500 | 221 | - | (5) | (986) | 798 |
| ARPA FT - BID | 12.1 | 1,710 | (2) | (835) | (837) | 316 | 135 | - | (3) | (1,012) | 309 |
| FMA - Environmental Offsetting | 12.2 | 158,487 | - | (12,711) | (12,711) | 17,331 | 18,266 | - | (11) | (1,589) | 179,773 |
| FMA - Trust Fund | 12.2 | 22,797 | - | - | - | - | 3,058 | - | (786) | - | 25,069 |
| FMA - Linked Card | 12.2 | 930 | - | (631) | (631) | - | 56 | - | (9) | (134) | 212 |
| FMA - Other Sources | 12.2 | 17,968 | - | - | - | 2,143 | 2,183 | - | - | - | 22,294 |
| TFCA | 12.3 | 9,806 | - | (6,673) | (6,673) | 551 | 688 | - | (2) | (653) | 3,717 |
| Kayapó Fund | 12.4 | 14,993 | - | - | - | - | 1,750 | - | (306) | - | 16,437 |
| Kayapó | 12.4 | 1,942 | - | (1,276) | (1,276) | - | 133 | - | - | (22) | 777 |
| Adoption of Parks | 12.5 | 2,554 | - | (655) | (655) | - | 267 | - | (1) | 65 | 2,230 |
| Juruti Sustentável Fund | 12.6 | 3,136 | - | (143) | (143) | - | 358 | - | - | - | 3,351 |
| FUNJUS Training | 12.6 | 103 | - | (30) | (30) | - | 4 | - | - | (56) | 21 |
| Probio - Opportunity Fund (*) | 12.7 | 10,847 | - | (2,097) | (2,097) | 1,368 | 1,114 | - | - | (1,451) | 9,781 |
| Probio II | 12.7 | 272 | - | (290) | (290) | 69 | 3 | (3) | - | (51) | - |
| Probio Juruti Sustentável | 12.7 | 159 | (6) | (279) | (285) | 200 | 11 | - | (1) | - | 84 |
| Votorantim Subproject - Execution | 12.7 | - | (2) | (103) | (105) | 112 | 3 | - | - | - | 10 |
| Votorantim Subproject - CP | 12.7 | - | (2) | (20) | (22) | 330 | 3 | - | - | (292) | 19 |
| Subtotal | | 438,999 | (575) | (50,721) | (51,296) | 56,491 | 42,990 | 40,354 | (2,626) | (11,245) | 513,667 |

Ne.(*) The Probio – Opportunity Fund project includes two subprojects: Probio – Juruti Sustentável and Votorantim – Executed by Funbio and presented in specific entries; therefore, the resources for such projects projetos – R\$ 200 and R\$ 112, respectively – are also included in the accounts rendering for Probio – Opportunity Fund project.

Project balance transactions for 2014:

| Description | Notes | 12/31/2013 | Rendering | Rendering | Resources | Resources | Investment | Foreign | Transfers and | 12/31/2014 |
|---------------------------------|-------|----------------|--------------|-----------------|-----------------|----------------|---------------|---------------|-----------------|----------------|
| | | | of | of | used - | | | | | |
| | | | accounts | accounts | Rendering | | | | | |
| | | | in | sent | of | | | | | |
| | | | progress | | accounts | | | | | |
| | | | (a) | (b) | (a) + (b) | | | | | |
| ARPA FT and FAP | 12.1 | 139,161 | - | - | - | 25,723 | 7,654 | 10,623 | (3,005) | 180,156 |
| ARPA Phase 2 – BNDES | 12.1 | 1,303 | (305) | (1,863) | (2,169) | 2,450 | 82 | - | (506) | 1,160 |
| ARPA Phase 2 – GEF BM | 12.1 | 3,434 | (4) | (2,938) | (2,942) | 5,649 | 247 | - | (2,599) | 3,790 |
| ARPA Phase 2 – KfW | 12.1 | 4,383 | (57) | (10,366) | (10,423) | 12,529 | 277 | 207 | (217) | 6,756 |
| ARPA FT - Operating | 12.1 | - | (25) | (56) | (81) | 1,500 | 14 | - | - | 1,433 |
| ARPA FT - BID | 12.1 | - | - | (288) | (288) | 2,029 | 16 | - | (47) | 1,710 |
| FMA - Environmental Offsetting | 12.2 | 124,635 | (2) | (12,557) | (12,559) | 36,167 | 12,348 | - | (2,105) | 158,487 |
| FMA - Trust Fund | 12.2 | 21,029 | - | - | - | 901 | 2,071 | - | (1,205) | 22,797 |
| FMA - Linked Card | 12.2 | 293 | - | (385) | (385) | 900 | 13 | - | 108 | 930 |
| FMA - Other Sources | 12.2 | 7,874 | - | - | - | 8,734 | 1,361 | - | (1) | 17,968 |
| TFCA | 12.3 | 17,296 | - | (9,917) | (9,917) | 2,402 | 1,196 | - | (1,172) | 9,806 |
| Kayapó Fund | 12.4 | 15,192 | - | - | - | - | 1,708 | - | (1,907) | 14,993 |
| Kayapó | 12.4 | 744 | - | (452) | (452) | 1,681 | 64 | - | (96) | 1,942 |
| Adoption of Parks | 12.5 | 2,529 | - | (203) | (203) | - | 229 | - | (1) | 2,554 |
| Alcoa – Juruti Sustentável Fund | 12.6 | 3,740 | - | (568) | (568) | - | 290 | - | (326) | 3,136 |
| CONJUS Training | 12.6 | - | - | (42) | (42) | 326 | 9 | - | (190) | 103 |
| Probio - Opportunity Fund | 12.7 | 2,667 | - | (1,340) | (1,340) | 9,407 | 283 | - | (169) | 10,847 |
| Probio II | 12.7 | 93 | (31) | (539) | (570) | 1,251 | 11 | - | (513) | 272 |
| Probio Juruti Sustentável | 12.7 | - | - | (13) | (13) | 169 | 3 | - | - | 159 |
| AFCOF II | 12.8 | 365 | - | (101) | (101) | - | 21 | - | (40) | 245 |
| Subtotal | | 344,738 | (424) | (41,630) | (42,053) | 111,819 | 27,898 | 10,830 | (13,990) | 439,242 |

12.1 ARPA – Amazon Protected Areas Program.

The ARPA program is the world's largest rainforest conservation initiative. Its goal is the conservation and sustainable use of 60 million hectares – 15 percent of the Amazon region – in Protected Areas (PAs). Funbio is the financial manager of the program, performing the procurement and contracting activities for the PAs and managing the fund's assets, which ensures the long-term sustainability of the program, the Transition Fund (FT). This fund embeds the resources from FAP (Protected Areas Fund), constituted during the first phase of the program, and leverages new resources from international cooperation and private donations, with the goal of achieving \$215 million. Such resources should fund the PAs supported by ARPA in a gradual transition, until government resources cover the PA maintenance costs in full beginning on year 2039. In the second phase, ARPA supports the creation of additional 13.5 million hectares in new PAs and the consolidation of about 32 million hectares of established PAs.

In the 2015 fiscal year, we highlight:

- The Transition Fund and FAP totaled R\$ 245 million, a 36-percent increase (2014: R\$ 180 million) from new deposits received from WWF and Anglo American donations, financial investment income, and exchange variation – the latter was impacted by the foreign currency (US\$) appreciation present in the investment portfolio. In 2015, new units were consolidated and started using resources from the Transition Fund account, segregated and presented in the table above as ARPA FT – Operating;
- R\$ 1.2 million from the Amazônia Fund/BNDES balance were applied; the agreement totaled R\$ 20 million, with the closing of this agreement;
- R\$ 5.8 million were internalized, and approximately R\$ 7.1 million in resources from the agreement with the World Entity, totaling \$15.9 million, were applied;
- From the agreement with Germany's Ministry for Economic Cooperation and Development (BMZ) entered into with KfW – Entwicklungsbank (German Development Bank), totaling EUR 20 million, we have internalized R\$ 10.6 million and applied R\$ 14.8 million;
- The ARPA FT – Operating account received R\$ 2.5 million from the Fund in 2015 and applied 2.4 million.
- Regarding the Non Refundable Technical Cooperation entered into with the IDB – Inter-American Development Bank, totaling \$4.5 million, which provides for the Planning and Strengthening of the Transition Fund Manager for the Amazon Protected Areas Program (ARPA) for Life, R\$ 0.8 million were applied and R\$ 0.3 million were internalized in 2015.

12.2 Method for Biodiversity Conservation in the State of Rio de Janeiro

FMA – Rio de Janeiro Atlantic Forest Fund – SEA Agreement

Method for Biodiversity Conservation in the State of Rio de Janeiro, also known as Atlantic Forest Fund (FMA/RJ), has been designed to enhance the environmental investments in the state of Rio de Janeiro and provide new support options for protected areas, with agility, efficiency and transparency. Through a partnership with the Environment Department of the State of Rio de Janeiro (SEA-RJ), FUNBIO manages the FMA/RJ resources from environmental impact offsetting by productive enterprises, whose payment is regulated by the SNUG – National System for Nature Protected Areas, and funds from other sources.

FMA/RJ is supported by the Agreement No. 003/2009, entered into between the State of Rio de Janeiro, through the Environment Department (SEA), and the Brazilian Biodiversity Fund – FUNBIO, facilitated by the State Environmental Institute (INEA), aiming at the operation, maintenance and control of the tool. FMA/RJ consists of four financial instruments, namely: 1) Financial Instrument for Environmental Offsetting; 2) Operating and Financial Instrument for Donation; 3) Trust Financial Instrument; and 4) Operating and Financial Instrument for Other Sources.

1) Financial Instrument for Environmental Offsetting

Rio de Janeiro State Government enacted in 2013 Act No. 6,572, which provides for the offsetting required from contractors responsible for activities with significant environmental impact, and clearly establishes the option for applying this resource directly, or for contracting under its responsibility or through operating and financial tools implemented by the SEA, which covers the FMA/RJ tool. The advantage for an entrepreneur that chooses the FMA/RJ tool is the exemption from the obligation to support the implementation and maintenance of Protected Areas, and an authorization for discharge after full deposit of the funds.

The key activities of the FMA/RJ include procurement and contracts for the PAs in the State, made in compliance with the projects approved by the Environmental Offsetting Chamber of SEA. In addition, FMA/RJ also makes payments for protected areas land compliance, and provides linked cards, which are reloaded to cover minor expenses incurred with the maintenance of the PAs.

By the end of 2015, FMA/RJ has mobilized significant environmental offsetting resources. A total number of 103 projects within the state have committed to allocate resources to fulfill their obligations through this tool, totaling commitments in excess of R\$ 296 million in terms of Environmental Offsetting Commitment. The financial environmental offsetting instrument used by FMA-RJ posted a balance of R\$ 180 million at the end of 2015 financial year (2014: R\$ 158 million), and applied R\$ 13.3 million in resources (2014: R\$ 12.5 million) and received a total amount of R\$ 17.3 million this year.

Year 2015 was closed totaling 92 projects, of which 21 were completed, 11 were close to completion, and 60 were in progress. Considering all projects, the tool supports 48 conservation units – 3 federal, 28 state and 17 municipal – totaling an approximate area of 487,000 hectares of protected areas under support.

Some actions of year 2015 included:

- Completion of the works and procurement of assets for the administration office of Cunhambebe State Park, opened in November 2015;
- Purchase of two trucks with platforms for carrying animals, contributing to the inspection and enforcement against environmental crimes at the State's PAs;
- Hiring a company to supply fodder to the animals sheltered at the Wild Animal Screening Center (*Centro de Triagem de Animais Silvestres*, CETAS), located at Mario Xavier National Forest located in Seropédica, Rio de Janeiro;
- Purchase of 25 visitor counting sensors – the so-called eco-counters – and installation of the devices on hiking tracks at several parks in Rio de Janeiro State, to help managing usage by the public.

In addition, FMA/RJ made two Land Compliance payments totaling R\$ 39,000, and applied the Trust Fund Project, allocating R\$ 631,000 to approximately 30 linked cards, which are under the responsibility of INEA managers and help covering minor expenses incurred by Protected Areas, such as: food, fuel, office supplies, tools, etc.

2) Operating and Financial Donation Instrument

By the end of 2015, the Donation portfolio received no resources or projects for performance.

3) Trust Financial Instrument

Financially instituted in 2012, the Trust Fund is a tool provided for under the SEA Agreement, aimed at providing long-term financial sustainability to Protected Areas under the management of INEA. The fund has a conservative characteristic, intended to preserve the principal capital, and its net income should be used in order to ensure the financial sustainability of the Protected Areas. By the end of 2015, all funds withdrawn from the Trust Fund was allocated to the Trust Fund Project, which is a component of the Environmental Offsetting portfolio.

The amount of funds received for this portfolio until the end of 2015 was R\$ 20.2 million (R\$ 19.3 million by 2013, R\$ 901,200 in 2014; in 2015, there was no inflow of funds). Accrued income reached R\$ 6.4 million, and R\$ 1.46 million were withdrawn to perform the Trust Fund Project, resulting in a R\$25 million balance in the Trust Fund Instrument by the end of 2015.

3rd Linked Card – Resources from the Trust Fund and/or projects approved for this specific purpose, feed the operating account of Funbio's linked cards. This financial tool is intended to supply the conservation units and centers in RJ State with resources for emergency use for eligible expenses and account rendering, as provided for in the operating manual. In 2015 R\$ 631 were used from all 31 cards in use (In 2014, 22 cards funded resources for approximately R\$ 385).

4) Operating and Financial Instrument - Other Sources

In 2013, FUNBIO received the first contributions to the Operating and Financial Instrument - Other Sources for the amount of R\$ 7.8 million. In 2014, the contribution received amounted to R\$ 8.7 million. In 2015, the total received amounted to R\$ 2.1 million. With approximately R\$ 3.7 million in revenue by 2015, the Other Sources financial instrument balance totaled approximately R\$ 22.3 million, with no projects allocated to this instrument.

The validated rendering of accounts submitted to SEA/RJ and to INEA, as well as the annual reports of compliance with the FMAR/RJ Method are available at Funbio website.

12.3 TFCA – Tropical Forest Conservation Act

The Tropical Forest Conservation Act (TFCA) results from a bilateral agreement between Brazil and the United States, aimed at exchanging debts incurred by countries with the U.S. Government for investments in the conservation and sustainable use of forests. Worldwide, over ten countries have signed the agreement with the USA. Funbio is the executive secretariat of the TFCA Account, which receives the funds and channels these to the projects at areas with remaining Atlantic Forest, Cerrado and Caatinga biomes, which, together, cover approximately 50 percent of the country. The debt exchange total was \$20.8 million.

Since 2011, the TFCA has launched five calls for projects, which resulted in the support to 82 projects. By the end of 2014, the results of 71 projects were monitored by Funbio. The thematic

lines supported include: Protected Areas; Landscape Management; Training; Species Management; Community Projects; Network Building; and Training for Mobilization of Financial Resources.

In 2014, the support to the four new projects selected during the last call launched by the Program was started. In addition, the extension of 16 out of the 82 projects was approved, whose activities were directly related to the creation of new public policies.

In 2015 the following activities were performed:

- Monitoring and completion of the implementation of all 82 projects supported;
- The 2nd Projects Seminar was held in Brasilia in November/2015;
- Publication, release and distribution of the TFCA – A Brazilian Experience book;
- Completion and disclosure of the Results Report (2011/2014).

In conjunction with MMA and other partners, proposals are currently being drafted for use of the remaining resources from the Program, whose balance to apply at the end of 2015 amounts to R\$ 3.7 million.

During 2015, the operating TFCA Account received installments for R\$ 0.5 million (2014: R\$ 2.4 million), and made disbursements amounting to R\$ 6.7 million (2014: R\$ 9.9 million), with an available balance at the end of the period amounting to of R\$ 3.7 million (2014: R\$ 9.8 million).

12.4 Kayapó Fund (FK)

Endowment established and designed by Funbio to support Kayapó organizations in the long term and increase the capacity of Kayapó Native Lands to maintain their physical integrity. FK received donations totaling R\$ 15.5 million from the Amazon Fund, through BNDES, and Conservação Internacional (CI-Brazil). Funbio is the manager of the resources, which should be allocated to projects formulated by Native Brazilian organizations linked to this ethnic group.

In 2015, the second investments cycle started, allocating R\$ 1.8 million to support new projects at Kayapó Native Lands, and additional R\$ 151,778.56 for project management and monitoring activities. Three projects from three Native Brazilian organizations have been selected, namely:

- i) Institutional and territorial strengthening and support to sustainable development activities at the Menkragnoti and Capoto/Jarinn Native Lands, from Raoni Institute;
- ii) Strengthening of income-generating activities, from Kabu Institute, and strengthening of the Kayapo communities represented by the *Floresta Protegida* Association for the protection and sustainable management of their land and natural resources, from *Floresta Protegida* Association, and;
- iii) Strengthening of income-generating activities, from Kabu Institute. In general, the projects are focused on four action lines, namely environmental control and monitoring of the land; fostering sustainable productive activities; environmental land management; and institutional strengthening of Native Brazilian associations at Kayapó lands (TIs).

At the end of the year, Funbio team conducted an on-site monitoring visit for training of the agents on the use of management tools adopted by Funbio for Project implementation and activity monitoring.

12.5 Adoption of Parks

This support method, created in 2011, seeks voluntary private investment to structure and foster the maintenance of Federal, State or Municipal Protected Areas (PAs), aimed at biodiversity conservation. Funbio manages the donations and provides specialty procurement and hiring, financial control and reporting service. In consideration for the contribution of resources, the companies' sponsorship is recognized and they gain visibility in communication actions.

The existing agreements include:

| Park | Area (thousand hectares) | Contractual Resources | Rendering of accounts sent |
|--|--------------------------------|-----------------------------|-------------------------------------|
| Fernando de Noronha Marine National Park | 10.9 | R\$ 4.3 million - OGX | - |
| Lençóis Maranhenses National Park | 155 | R\$ 3.5 million - MPX/ENEVA | (2,033) |

In 2015, the funds contributed by the OGX and Eneva (formerly MPX) companies continued to be applied to the Fernando de Noronha (PE) and Lençóis Maranhenses (MA) National Parks, respectively. The current planning seeks the application of the resources previously released by donors, without considering installments to be released.

Since the beginning of the project, infrastructure works were performed as follows:

- A Lençóis Maranhenses, the main ones included : the construction of the bridge over Cedro creek, which provides access to Lagoa Azul (*Blue Lagoon*), one of the main sights of the Park); construction of the nautical/land garage; renovation of the Atins Outpost, which includes accommodation and the administrative sub-office of the Park; renovation and maintenance of all vehicles, including boats, cars and quads. This renovation and maintenance work was key for the enforcement activities.
- At Fernando de Noronha, the following works were implemented: renovation and expansion of the administrative office; draft of the project for renovation and expansion of researchers' accommodation; procurement of goods and maintenance of vehicles and existing infrastructure in the Park.

The program also relies on a contribution for the original amount of R\$ 300,000 made by BP Brasil in 2012 to support actions related to environmental management of UCs; the project draft is underway.

At the end of the 2015 fiscal year, the balance of the Park Adoption Program amounts to R\$ 2.2 million (2014: R\$ 2.5 million), and applied R\$ 655,000 (2014: R\$ 203,000) to its activities.

12.6 *Juruti Sustentável* Program - Funjus e Conjus

The *Juruti Sustentável* Fund (Funjus) is an innovative experience for financial support to the implementation of social-environmental projects in the municipality of Juruti, State of Pará. Developed by FUNBIO, it integrates the *Juruti Sustentável* development strategy, which also includes the advisory forum known as *Juruti Sustentável* Council (Conjus) and Development Indicators, with a baseline designed by Getúlio Vargas Foundation (GV-CES) using a methodology based on joint construction with the community.

Year 2013 marked the beginning of a transition phase for Funjus. FUNBIO, which manages the fund since its inception four years ago, started an operating transition that assigns to Conjus the selection and implementation of the next invitations to bid. To fulfill this transition plan, a three-month training course is planned for the local Conjus team, as well as monitoring, totaling 18 months starting on January/2014.

In 2014, the information transfer model planned in the aforementioned transition consisted of training on management tools, divided into 12 modules addressing the following topics: introduction to the concepts of funds; board management; management of the executive secretariat; donor management; communication plan; information and documents management; selection; contracting; performance; monitoring and assessment; financial planning; and accounting control. Still in 2014, transfers were made for Conjus formalization and to the Chelonia Conservation Project.

The modules have been divided into five meetings held in Juruti: four from May to November 2014 and the last one held in 2015, at Funbio, intended to introduce the work of other partners. At the same time, the activities of the new Funjus executive secretary was supervised, including guidance on the operation procedures, as well as the financial management of the Fund's assets.

FUNBIO is the depositary of Funjus' resources, safeguarding and managing the investments and making disbursements to Conjus as required. At the end of 2015 fiscal year, Funjus balance amounted to R\$ 3.4 million (2014: R\$ 3.1 million).

In 2016, a transfer of resources from the Juruti Fund to IJUS – an institute established to carry out Conjus' activities – is planned.

12.7 Probio II - National Project for Integrated Public-Private Actions oriented to Biodiversity

The initiative is intended to mobilize productive industries to adopt biodiversity conservation and sustainable use principles and practices in their business. Funbio fosters private sector engagement activities in order to drive the transformation of production, consumption and national land use models. The project relies on resources from Global Environment Facility (GEF) through the World Entity, which devoted a total of \$22 million to the partners of the initiative.

Probio II ended in 2014 with partnerships with the private sector for the implementation of 7 sub-projects in 6 productive territories to embed appropriate practices and biodiversity-favorable strategies. These territories are divided into three biomes – the Amazon, the Atlantic Forest and Pampa.

The strategy was to focus on territories with multiple industries, such as agriculture, livestock, aquaculture, forestry and extraction, located at priority biodiversity conservation areas. To ensure the sustainability of the actions in the medium and long term, different agendas were prepared, including strengthening the productive chains, fostering native species forestry, organic food production, new financial arrangements embedding the environmental component, biodiversity and health.

To support and continue to support the sub-projects, Probio II established the Opportunity Fund, a financial tool that enables adding biodiversity conservation to private sector initiatives.

Through the Opportunity Fund, the sub-projects receive funds to carry out work in productive chains at all six territories, as well as monitoring actions to assess the results achieved

At the completion of Probio II, the Opportunity Fund had R\$ 13,275,549.44 for disbursement to seven (7) sub-projects, which have committed to consideration for R\$ 47 million. In 2015, it applied R\$ 2.09 million in resources.

The following partners have been contracted to implement the projects at the territories covered by Probio II Opportunity Fund:

| Sub-projects | Partners | Biome |
|---|---|----------------------------|
| Forest Economy – south coast of Bahia | Arapyáú Institute | Atlantic Forest |
| Environmental sustainability in the production chain of biofuels – Mato Grosso do Sul | TNC, Adecoagro | Atlantic Forest |
| Legado das Águas - Vale do Ribeira | Votorantim | Atlantic Forest |
| Wildlife Health and digital inclusion – Bahia and Pará | Fiocruz/ Fiotec | Atlantic Forest and Amazon |
| Juruti Sustentável - Pará | Alcoa, Funjus, Conjus | Amazon |
| Forest Economy – Resex Tapajós-Arapiuns – Pará | Saúde e Alegria (<i>Health & Happiness</i>) Project - PSA | Amazon |
| Sustainable Livestock – Rio Grande do Sul | SENAR-RS, Cattle Farmers, Banco do Brasil, IBAMA-RS | Pampa |

12.8 Afcof II – Atlantic Forest Conservation Fund

The Atlantic Forest Conservation Fund is a project managed by Funbio to support the Atlantic Forest Conservation Project II, aimed at contributing to the conservation, sustainable management and recovery of the Atlantic Forest. The AFCoF funds are from KfW Entwicklungsbank (German Development Bank). The Atlantic Forest Conservation Project II is part of the International Climate Protection Initiative (IKI) of the German Ministry of Environment, Nature Conservation and Nuclear Safety (BMU), which also provides for the technical support from the German Technical Cooperation Agency (GIZ).

In 2014, the project completion phase continued, with re-planning and application of final funds, which have been internalized for procurement and hiring carried out by the Brazilian Ministry of Environment (MMA). The steps required by law for the creation of new Protected Areas (PAs) were completed as well, with an approximate area of 15,000 km², and a unit for monitoring and management of information related to biodiversity issues was structured, including training to MMA employees on the use of this unit.

The exchange between the projects during their implementation fostered the dissemination of lessons learned. Training and virtual training modules were channeled through the learning platform as Payment for Environmental Services (PES), supported by the project. From the results since the inception of AFCoF in 2010, a total of 14 pilot PES projects were selected and contracted in the carbon fixation, quantitative and qualitative water conservation, and biodiversity protection domains.

The project ended in 2015m with the transfer of the project balance to KfW, and a final rendering of accounts was submitted. Project closed.

12.9 GEF Cerrado – *Cerrado Sustentável* Initiative

The *Cerrado Sustentável* Initiative is intended to contribute to the development of the Cerrado biome through conservation, restoration, recovery and sustainable management activities. Funbio manages

the “Policies and monitoring for the Cerrado biome” sub-project, one of the four components in the initiative, which is intended to develop a public policy framework for conservation of the biome in at least four priority regions. The goal of the initiative is to achieve 1 million additional hectares protected in the biome, by investing \$4 million within four years. The actions are implemented by the Brazilian Ministry of Environment (MMA) and funded by the Global Environment Facility (GEF) through the World Bank. In 2014, the events supported included the IV Seeds and Seedlings Fair of Chapada dos Veadeiros (in Alto Paraíso de Goiás) and the Food Showcase, with native fruits from Cerrado (in Porto Alegre and Goiás); the 13th Ordinary Meeting and 3rd Extraordinary Meeting of the Cerrado Sustentável Initiative Council (CONACER), where the Cerrado Bill was introduced and discussed; and the 8th Meeting and Exhibition of Cerrado Peoples, which supported the discussions related to the bill.

Further, 21 consulting firms were hired for land and natural vegetation use mapping in the biome; population survey of wild *Manihot* and *Arachis* (plant genera) relatives at PAs; Cerrado database design for the biodiversity portal; preparation of videos to advertise the Initiative, in support of the National Action Plan (NAP) developed by ICMBio for endangered species. In addition, fire prevention and suppression equipment, vehicles and communication systems are being purchased for the Protected Areas, as well as laboratory equipment for the Reference Centers for Degraded Areas Recovery (CRADs.)

Funbio's work is part of the Cerrado Sustentável Initiative, which, since 2010, created approximately 390,000 hectares, equivalent to 39.90% of the target of one million Protected Area hectares. If we consider the efforts to create the PAs, the goal will be reached and exceeded by proposing more than 2.102.96 hectares of new PAs in the Cerrado biome, considering both studies for expansion of the Serra do Integrante and Rio Preto State Parks, promoted in a partnership with Minas Gerais State Forests Institute.

In 2015, the internalization of the last funds totaled R\$ 1.1 million, and the project implementation reached R\$ 2.0 million (2014: R\$ 4.2 million).

Project closed per the “Closing Notice” issued by the World Bank in November 2015, achieving the goal of supporting the Brazilian Ministry of Environment in formulating and implementing policies and monitoring the Cerrado biome. In addition to coordinating and overseeing the initiative, the “Policies and monitoring for the Cerrado biome” project created tools to implement a part of the Cerrado Sustentável Program goals and guidelines. These goals include strengthening the National Protected Areas System in the Cerrado by creating PAs; through the sustainable use of biodiversity within the productive landscape; by developing and strengthening of public policies; by strengthening the effective management of the units; and by monitoring the biome.

12.10 GEF Pollinators - Conservation and Management of Pollinators for Sustainable Agriculture through an Ecosystem-Based Approach – Brazilian Pollinators

Initiative of the UN Food and Agriculture Organization (FAO), supported by the United Nations Environment Programme (UNEP) and funded by the Global Environment Facility (GEF).

The project, ended in 2015, aimed at consolidating an integrated knowledge base on pollination services; promoting effective conservation and sustainable use of pollinators for agriculture;

expanding the farmers' and small landowners' ability to conserve and use pollination services in a sustainable fashion; and fostering public policies and public awareness actions.

Overall, 57 fellows from 19 institutions in over than 10 Brazilian states were supported, who worked in the generation of primary data on pollinators. Five new species were identified with the support of the project. Over 40 publications and studies were prepared, yielding – in addition to important information and curious facts – nine good practices to boost pollination in the field.

In 2015, the project also prepared the *Good Practices Guide for Farmers* and seven management plans for the following crops: cashew, apple, canola, tomatoes, melons, nuts and cotton.

To disseminate the results, a partnership with the "Bee or not to be" campaign was established, directed primarily to farmers. The campaign included creating a Website containing information on pollinators; preparing an educational primers 8 to 11 years old; placing radio spots in 200 cities and 10 states, as well as various information bits on social media. A partnership with Rio de Janeiro State's Education Department of delivered 200 primers, intended for 33 classes at 17 schools, reaching over 700 students. At the Brazilian Pollinators Network website (<http://www.polinizadoresdobrasil.org.br/index.php/en/redes>), the key results of the project were disclosed.

12.11 *Terra do Meio* Project - Consolidation of the Protected Areas in the Terra do Meio Region

The mission of *Terra do Meio* Project is to contribute to reducing deforestation and to preserve the biodiversity in the Amazon region, supported by the consolidation of 11 Protected Areas (PAs) at the region known as Terra do Meio. Located at the central part of southern Pará, the region suffers from three major anthropic pressure fronts: the Altamira-Itaituba highway (a section of Transamazônica highway) to the north; the Cuiabá-Santarém highway (BR-163) to the west; and the most exposed agricultural frontier of the Amazon biome, to the southeast. The mosaic is part of a vast territory of contiguous Protected Areas, covering 28 million hectares, which makes the region the second largest biodiversity corridor in Brazil.

The following work was made possible: signaling of Xingu River RESEX (Extractive Reserve); three enforcement actions; procurement of equipment for conservation work; maintenance of boats and land vehicles; procurement of equipment and creation of a support base for the forest fire brigade; and procurement of equipment to develop Productive Arrangement activities.

In addition, two meetings were scheduled to mobilize the PA managing councils; 15 community meetings; a participatory planning meeting; a *cabodo* workshop; two meetings to draft terms of engagement; seminars and workshops to define the Sustainability Monitoring Protocols for use of natural resources; course on local monitoring data collection at communities; and actions to strengthen productive chains at the Triunfo do Xingu APA (wood production) and at Terra do Meio ESEC (flour production).

Due to the non-extension of the Project, certain procurement and contracting processes were moved to the ARPA program – which also has Funbio as the financial manager –, whose goals are very similar to the goals for Terra do Meio, since seven out of the eleven PAs are supported the program.

Project ended in 2014, and with rendering of accounts completed and approved in 2015. In 2014, the project had a balance of R\$ 430,000 to be refunded to Funbio, which was offset by the release of R\$ 0.8 million in 2015, when it was completed.

12.12 *Fauna Brasil* Portfolio

The Brazilian Fauna and Fishing Resources Conservation Portfolio – *Fauna Brasil* Portfolio is a financial tool that receives funds from criminal penalties, environmental administrative fines, donations, sponsorships and other sources. Result of a partnership with Ibama (*Brazilian Institute for the Environment and Natural Resources*), ICMBio and the Federal Prosecutor's Office, it is intended to fund endangered Brazilian fauna conservation programs and projects.

Since its inception in 2007, the Portfolio has supported the implementation of 12 projects for conservation of Brazilian endangered species, such as reef fish, sea turtles, marine mammals (including porpoise, humpback whale and manatee), medium and large feline in the northern region of Rondonia State, red-tailed amazon and Spix's macaw. The Fauna Fund posted a balance of R\$ 543 million at the end of 2015 financial year (2014: R\$ 399,000) and received R\$ 50,000 during this period.

In 2015, the Fauna Portfolio ended the Sirenia Monitoring Project work in the Potiguar Basin, between the Ceará and Rio Grande do Norte coasts. As the key results, it recommended extending the monitoring area, creating Protected Areas and mitigating the environmental impact for the conservation of the species. The project used technology and methodologies until then unprecedented for the monitoring of Sirenia (*Trichechus manatus*), including satellite telemetry and overflight-based monitoring. In 2015, R\$ 32,000 were applied (2014: R\$ 580,000), and the operating account balance at the end of the year amounted to R\$ 148,000 (2014: R\$ 225,000).

For the *Ararinha na Natureza* project in 2015, the Fauna Portfolio supported the arrival of two Spix's macaw (*Cyanopsitta spixii*) couples donated to the Brazilian government. One came from Germany, and one came from Qatar, and the periodic monitoring meeting of the National Action Plan (NAP) for the species was held at the headquarters of Al Wabra, in Qatar, the primary breeding site for the species, which was extinct in nature in year 2000. In 2015, R\$ 111,000 were applied (2014: R\$ 346,000), and the operating account financial balance of the project at the end of the year amounted to R\$ 1.1 million (identical in 2014: R\$ 1.1 million).

12.13 GiZ Anavilhanas Project

Funded by the German Technical Cooperation Agency (GiZ), the Project focuses on the construction of a floating headquarters for the Anavilhanas National Park, in Rio Negro (Amazonas State), which will be managed by ICMBio.

Signed in December 2012, the main goal of this initiative is to build an innovative floating stock, with different structures and using alternative power sources (e.g., solar power). The purpose of the floating stock is to allow public use activities, promoting the Protected Areas that make up the Rio Negro mosaic.

A series of activities has been developed by Funbio since the beginning of the project, including: obtaining prior construction permit; preparation of executive projects; procedure to hire a company intended to develop the final design of the floating stock; and price survey for the services required for construction and assembly.

The floating stock was completed in 2014, and procedures are underway for donation of the equipment to the State of Amazonas, which should be responsible for the maintenance and operation thereof.

In 2014, R\$ 1.3 million were invested, using virtually all resources available.

In 2015, the final rendering of accounts of the project was submitted, and the project was ended. There was a fund surplus of R\$ 5,000, which was returned to its respective sponsor.

12.14 Commitment to Amazon – ARPA for Life – New Sources

The *ARPA for Life* project is intended to create and implement a new funding strategy for the ARPA program – Amazon Protected Areas. The model combines the resources currently deposited to the Protected Areas Fund (*Fundo de Áreas Protegidas*, FAP) with private, bilateral and multilateral investments, creating a transition fund. This fund will enable gradually increasing the public funds at the Protected Areas, within 25 years, to achieve the financial sustainability of the program.

Launched during Rio+20, the initiative brings together the WWF, Funbio, Linden Trust for Conservation, the Gordon and Betty Moore Foundation, the Brazilian Ministry of Environment (MMA), and ICMBio, supported of other ARPA partners. The initiative establishes funding targets based on the estimated costs calculated using actual data from the program, tabulated by Funbio since the inception of ARPA in 2003, as well as ICMBio application data. These calculations are detailed in the publication “How much does the ARPA program cost?”, drafted by Funbio and WWF technical staff.

In 2015 the following activities were planned and/or performed:

- Design of the processes, flows and reports related to the operation of this new phase of ARPA;
- Study on the legal aspects of State-driven offsetting;
- Publication of the “Desvendando a Compensação” (*Unraveling offsetting*) book, released at CBUC;
- Pará component:
 - o Study of the funding environment (costs and revenues);
 - o Design of the state offsetting fund;
 - o Review of the action strategy to enable the tool;
 - o Coordination with local agents;
 - o Bill providing for the tool referred for consideration.
- Rondônia Component:
 - o Study of the funding environment (costs and revenues);
 - o Design of the state offsetting fund;
 - o Review of the action strategy to enable the tool;
 - o Dialog for a pilot with funds from Federal offsetting.
- Amapá Component:
 - o Study of the funding environment (costs and revenues);
 - o Design and launch of the private offsetting fund;

- Amazonas Component:
 - o Study of the funding environment (costs and revenues);
 - o Design of the private fund;
 - o Priority to funding sources, to be reviewed in detail;
 - o Proposal for a decree providing for the tool;
 - o Dialog with local partners;
 - o Approval of a Law providing for a Private Financial Tool (regulation).
- Funding Component:
 - o Roadshow with the proposal of a pilot with entrepreneurs and State auditing agencies;
 - o Structuring of a strategy to raise domestic private funds;
 - o In 2015 fiscal year, no funds were received (2014: R\$ 949,000 received), and R\$ 279,000 were applied (2014: R\$ 1.4 million) considering the Funbio team's repayment installments.

12.15 RedLAC Training Project for Environmental Funds

The project is intended to strengthen the funds regarding their operation and the use of innovative financial tools to reduce reliance on donations and diversify the funding sources. The project, which brings together funds from Latin America, the Caribbean and Africa, fosters the exchange of experiences; building case studies and best practices; building methodologies in working groups and pilot projects to test new conservation tools.

The year 2014 was the fourth and final year of the project, delivering two additional training workshops. The first one was in Cameroon, Africa, on how environmental funds can work with the extraction industry, particularly mining. This meeting was part of the programme of the IV Meeting of CAFE, the African funds network. The second workshop of the year was also the last one of the project, held in Guayaquil, Ecuador, integrated into the XVI RedLAC Meeting, focusing on the case study method. At the time, the funds developed case studies on their institutions and projects, and made a field trip to the Galapagos Islands.

Further, both mentoring experiences between environmental funds – a method under which the most experienced and consolidated funds support a particular demand from a "younger" fund – were closed. In this activity, Funbio worked to support the structuring of Mozambique's Biofund financial procedures.

All content created during the four years of the project was translated into English, Spanish and French, being available at Funbio and RedLAC websites. As the next step, a Web-based platform will be launched to provide this material and future references created by both the RedLAC members and by the African funds of the sibling CAFE network.

The Project also co-funded five pilot projects to test innovative financial tools, which were intended to link the funds to new funding sources. The key results include the creation of the African Environmental Funds Network (CAFE), which now works in conjunction with RedLAC on a new project to strengthen the funds of both regions – Project K – started in 2015 and forecast to end in 2018.

The remaining funds, amounting to R\$ 33,000 in the project balance, will be used for the payment of final publications.

12.16 GEF Nutrition – Conservation and Sustainable Use of Biodiversity for Improved Human Nutrition and Well-Being

The project works to foster native species with high nutritional value, but unknown or little used in the Brazilian daily diet due to cultural reasons. In addition to fostering scientific knowledge on these species, the project focuses on disseminating information and on public policy for the procurement of food, minimum price and introduction of produce from the Brazilian biodiversity in school meals and in government food programs.

This project, in a partnership with Bioversity International and funded by the Global Environmental Facility (GEF) through the Food and Agriculture Organization (FAO) and the United Nations Environment Programme (UNEP), started in the second half of 2012. Funbio is responsible for managing the project funds in Brazil.

For the 2015-2016 biennium, the following activities are planned:

- Annual review of the budget and the project as a whole.
- Execution of the 2015 LOA (Annual Budget Law) and review of the accountability models.
- Research through partnership with various institutions, which shall conduct the nutritional identification of native species in different Brazilian regions;
- Hiring of new fellows and research support to analyze the nutritional components of Brazilian native species.

During FY 2015, the project invested R\$ 449,000 (2014: R\$ 483,000) and received R\$ 984,000 (2014: R\$ 743,000); the balance of its operating account is R\$ 1.2 million (2014: R\$ 668,000).

12.17 Conservation Finance Alliance – CFA

CFA is a global network that contributes to the exchange of knowledge and best practices on conservation finance, holding meetings and debates, conducting research and issuing publications.

The CFA closed year 2014 with 590 volunteer members in 109 countries, of which 150 new members were enrolled in that year only – the largest number since Funbio took over the Executive Secretariat of the project in 2008.

Four studies on conservation finance were released: Supporting biodiversity conservation ventures: Assessing the Impact Investing sector for an investment strategy to support environmental entrepreneurship (February/2014); Conservation Trust Funds Investment Survey 2014 - CTIS 2013 (September/2014); Sustainable Financing of Protected Areas: Conservation Trust Funds and Projects: Comparative Advantages (November/2014); and Practice Standards for Conservation Trust Funds (December/2014), totaling 16 studies produced since the inception of the network, in 2002.

In May, during the 5th GEF Meeting, held in Cancun, Mexico, CFA organized a side event with the theme “Environmental Funds and Conservation Finance,” where drafts of the studies launched in the 2nd half of 2014 were presented.

In the following months, the Executive Committee of CFA and the Secretariat focused their efforts on preparing for the 6th edition of the World IUCN Parks Congress, held in November in Sydney, Australia. CFA was invited to lead discussions about the conservation finance topic during

the Congress and participate in the expert group for the World Commission on Protected Areas (WCPA). The network set up a booth during the event, whose agenda included discussions, panels, workshops, presentations and publication releases.

Funbio remained as the Executive Secretariat of CFA until the end of June 2015, preparing for the transition to a new structure and governance model. The final rendering of accounts was performed and the funds balance was transferred to the new manager.

All studies already released by the network are available at: www.conservationfinance.org

12.18 FIP – Forest Investment Program from of the Climate Investment Funds
The Forest Investment Program (FIP) of the Climate for Investment Funds (CIF) supports deforestation and degradation reduction efforts and fosters sustainable forest management to reduce emissions and increase the forest carbon inventory. The FIP supports the Brazilian Investment Plan, which operates in the Cerrado biome by means of coordinated actions.

This project prepares the Brazilian proposal to the World Bank, looking for approximately \$70 million, split between donations and loans. Since its inception in 2012, meetings were held, attended by various ministries and representatives from the civil society, and all four FIP action lines in Brazil were discussed: The LCA plan (Low Carbon Agriculture); Rural Environmental Registry (RER); an early warning system for fires; and the forest biome inventory.

In addition to carrying out public consultation workshops, several actions were taken to survey, organize and tabulate data and information from state and federal government agencies and Entities involved, especially for planning in each of the concerned States, including on-site technical visits. The importance of the participatory process for the preparation of projects should be emphasized, since it provides the knowledge of demands, opportunities and challenges of different agents.

At the end of year 2014, the project was at the final accounts rendering stage regarding the total investment of \$250,000. In early 2015, the rendering of accounts was completed and the audit report was delivered. Project closed.

12.19 Paiter Surui Fund

The Paiter Surui Fund is a financial tool aimed at implementing the Sete de Setembro Native Land Management Plan, based on good governance and transparency principles, with the active involvement of Native Brazilian representative councils in the decisions. The funds from the sale of carbon credits and from other sources will be integral parts of the Paiter Surui Fund, which has Funbio as the party responsible for its design and financial management.

The Surui Indians fight for the conservation of their natural resources, and, in the last decade, led by Almir Surui, drew up a strategic 50-year plan for the conservation, protection and sustainability of their land. To fund this plan, they developed a REDD+ carbon project and a fund to receive the financial resources from the sale of carbon credits, as well as resources from other sources. Funbio designed and manages the fund, which funds the projects proposed by the Surui people associations.

In 2014, cash disbursements were made to the associations, as well as two training programs. The first one was to Metareilá Association, on the fund management tools; and the second one was directed at Native Brazilian associations, on community project management tools.

Also, all credits from the first verification period were sold, as follows: 170,000 VCUs (Verified Carbon Units) for Natura's voluntary GHG emission offsetting program, and 75,000 VCUs for the Carbon Neutral Company Limited, aimed at neutralizing GHG emissions associated with FIFA World Cup Brazil 2014.

This project contributes to the consolidation and scope of the proposals and goals set by the National Climate Change Policy (NPCC) and the Action Plan for Deforestation Prevention and Control in the Amazon (PPCDAM). On a regional scale, the project is combined with the goals of the Deforestation Prevention and Elimination for the State of Rondônia.

In 2015, R\$ 0.8 million were invested (2014: R\$ 1.3 million), without any inflow of new funds (2014: R\$ 1.9 million). The operating account balance of the fund at the end of the year amounted to R\$ 1.1 million (2014: R\$ 1.6 million).

12.20 *Cidades Sustentáveis* Fund – FCS

The study, funded by the Latin America Regional Climate Initiative (LARCI) assessed the feasibility and proposed a design to implement a tool to fund the environmental and climate agenda in Brazil's urban spaces, for the creation of the *Cidades Sustentáveis (Sustainable Cities)* Fund.

Cities play a crucial role in mitigating greenhouse gas (GHG) emissions and adapting to climate change and its impacts. However, public and private investments have historically been made in an infrastructure that failed to include the social, environmental and climate variables. Changing these investments and the behavior of society can be induced by the creation of new financial tools to facilitate access to existing resources and mobilize new resources to support urban agendas in the long run.

In this context, the project has developed a survey of the current demand and available resources by industry; designed a proposal for a financial and legal tool; and made an initial mapping of the interest of potential donors, so that the tool can be tested.

In 2014, the stakeholders, agendas and the financing environment of the Brazilian urban agenda were diagnosed to determine whether there was room for a private financial tool for cities. The trends of such agenda and its priority issues were mapped as well. These reviews were based on literature research and, especially, interviews with key stakeholders regarding the "sustainable cities" subject.

The diagnosis of priority topics was validated during a workshop held in Rio de Janeiro with the key stakeholders of the urban agenda. In a partnership with the Pereira Passos Municipal Urban Design Institute (IPP), a funding demand was identified within the inclusive economy topic, based on social business and local entrepreneurship at Rio de Janeiro city's shantytowns (*favelas*). The potential of this activity was also identified for the implementation of the pilot project.

In 2015, the feasibility of the fund was reviewed, the risks were mapped and the initial design of the tool was completed, including legal, financial, governance, management and administration issues, as well as validation and adjustment milestones with the key stakeholders. Final report delivered and project closed.

In 2015, the remaining funds were used, and R\$ 222,000 were invested in this initiative (2014: R\$ 316,000).

12.21 REDD + at PAs – Forest Carbon Credit Demonstration Project at Tapajós-Arapiuns Resex

The 21 REDD + at PAs – Forest Carbon Credit Demonstration Project at Tapajós-Arapiuns Resex is the result of a partnership between Tapajoara Association, the Chico Mendes Institute for Biodiversity Conservation (ICMBio), the Brazilian Biodiversity Fund (Funbio) and the Center for Environment, Economy and Society at Columbia University (CEES), with the technical support from Biofilica Investimentos Ambientais S.A. and funded by ICCO Foundation, in the amount of EUR 250,000.00.

The project is intended to implement a Forest Carbon demonstration project using the Rainforest Standard Protected Area Credits (The RFSPAC™) system, as a funding alternative in the Tapajós-Arapiuns Extractive Reserve Management Plan activities.

The project started in July 2014, with the presentation of the proposal to the Advisory Board of the Tapajós-Arapiuns Extractive Reserve, which accepted it. In October 2014, ICCO Foundation and Funbio signed the agreement to develop and fund the project. In December 2014, first installment of the funding was deposited. That same month, Funbio and Biofilica signed a agreement aimed at promoting the development of the work of preparing a Map of the Protected Area and a Project Design Document for the preparation of a Forest Carbon Credit Demonstration Project for the Tapajós-Arapiuns Extractive Reserve (the “Project”), following the principles and criteria set by the “Rainforest Standard for Protected Areas Credit” (the “Certification”). In August 2015, with approximately half of the field work completed, ICMBio suspended the project due to Native Brazilians' demonstrations related primarily to issues beyond the project scope (demarcation of Native Brazilian territories). Such circumstances were not foreseen and prevented the project from completing the scheduled work, which is why the investments were lower than expected. Thus, since the project has not been completed, Funbio sent, on February 11, 2016, the final rendering of accounts to the donor, and is waiting for guidance to apply the balance of the remaining funds.

In 2015, R\$ 410,000 were received (2014: R\$ 385,000) and R\$ 484,000 were applied and transferred. The balance at year-end was R\$ 316,000 (2014: R\$ 358,000.).

12.22 Protected Marine Areas Project - GEF SEA

The Project is intended to support the creation and implementation of a representative, effective system for marine and coastal protected areas (AMCPs) to reduce biodiversity losses. It is a comprehensive action plan, where multiple agendas can be integrated in support of marine and coastal conservation. This is an initiative by Funbio in conjunction with the Brazilian Ministry of Environment (MMA), ICMBio, Ministry of Mines and Energy (MME/Petrobras), funded by the Global Environment Facility (GEF) through the World Bank. The main goal is creating and

consolidating 120,000 square kilometers of marine protected areas. Thus, the percentage of protected areas in Brazil will jump from 1.5 percent to 5 percent.

GEF Sea is valued at approximately \$116 million, relying on \$18.2 million in investments from GEF, \$20 million from Petrobras and consideration from the company itself in economically measurable goods and services, which amount to additional \$70 million. The project also relies on consideration from the MMA and ICMBio.

This project is an example of the private sector involvement and the government commitment to the marine biodiversity conservation, being considered by the World Bank as a model for the Global Partnership for Oceans (GPO), a growing alliance of more than 100 governments, international organizations, the private sector and civil society groups, including Funbio, committed to the conservation of the oceans.

In early 2014, the first workshop to assess the demands of Protected Areas (PAs) and research centers was held, in order to support the preparation of annual operating plans that detail the activities and resources required to implement the project.

Negotiations on the agreement terms, disbursement conditions and project details were conducted by the World Bank with the involvement of all partners, and, also in 2014, the Donation Agreement between Funbio and the World Bank was executed, as well as the Technical Cooperation Agreements between Funbio and the MMA, and between Funbio and ICMBio, which allowed the project to be effective before the turn of the year, and no funds were received until the end of 2014 fiscal year.

In 2015, the first funds for the project were received (\$3.6 million), and R\$ 908,000 were applied.

The results achieved since the inception of the project included:

- Agreement signed and the first installment of the funds was made available in February 2015;
- Alignment meetings with MMA and ICMBio to start the Project execution;
- Implementation of the Task Force (TF) of Component #2 (Financial Sustainability) of the Project;
- Workshop to review the activities planning and the training in operating procedures, involving managers of all units performing the Project (ICMBio) and MMA;
- 1st and 2nd Project Supervision Missions, including the 1st field visit (Costa dos Corais APA);
- Approval of the Procurement Plan (PP) by the World Bank and later review (Dec/15);
- Early discussions between institutions (MMA ICMBio and local social organizations) on the inclusion of support to social groups located around and within the sustainable use PAs.

12.23 Project K - "KNOWLEDGE FOR ACTION"

The project is intended to strengthen the funds regarding their operation and the use of innovative financial tools to reduce such reliance and diversify the funding sources. In addition to training workshops with different themes and mentoring for pairs of environmental funds, the project will co-fund the implementation of innovative financial tools through a call for proposals directed to environmental funds in Latin America and the Caribbean (RedLAC) and the African Funds Consortium (CAFE).

The key goals of the K Project include:

- Funding 10 pre-feasibility studies for innovative financing tools;
- Co-funding 5 feasibility studies for innovative financing tools;
- Facilitate at least 16 mentoring activities among fund pairs;
- Conduct three training workshops in Africa, with topics to be defined;
- Support the development of two strategic plans for the networks (1 for RedLAC and 1 for CAFE);
- Develop a baseline for both networks early in the project and review their evolution at the end of the project, based on indicators;
- Report on the project during annual international events to be defined, including RedLAC and COFFEE meetings;
- Support the creation of a task force on the financial sustainability of RedLAC and CAFE;
- Build a Web-based platform for project communication and learning.
- Results achieved since the inception of the project:
- Hiring the project manager;
- Drafting the strategic plan for RedLAC;
- Retaining a consultant to deliver the training workshop on international cooperation and private sector in Africa;
- Formatting case studies performed during the RedLAC training project;
- Web-based platform of the project semi-structured and launched during 2015 CAFE meeting
- Ivory Coast Workshop held in September 2015;
- Official project kick-off and inception workshop held during REDLAC Meeting held in 2015 in Panama;
- CFA Practice Standards tool developed and validated;
- Launch of the call for proposals of the Innovation Fund;
- CEO approval signed by GEF, obtained in October 2015.
- Additionally, the plan for the first quarter of 2016 includes:
- Executing the agreement with GEF/UNEP;
- Preparation and launch of the call for mentoring;
- 2nd meeting of Rio de Janeiro project committee;
- Selection of the Innovation Fund proposals;
- Preparation of the ToR to retain a consulting firm for e-learning tools;
- Transfer of the CAFE Executive Committee resource;
- Building the Monitoring TF and the Sustainability TF of the networks.

In financial terms, Project K received a total amount of R\$ 446,000 in 2015 and, at the end of 2015 FY, it had R\$ 83,000.

12.24 Moore Sustentabilidade Project

The project is aimed at the financial sustainability of protected areas in the Amazon, including ARPA zones, enhanced through the consolidation of offsetting tools and alternative funding sources to four key states in the Brazilian Amazon (Amapá, Pará, Rondônia and Amazonas) and the Federal Government. The project starts with a \$700,000 donation from the Gordon and Betty Moore Foundation and the Linden Trust for Conservation;

The following activities were defined as goals:

- Designing offsetting tools for Pará and Rondônia; designing and implementing a fund-raising strategy for the private financial tool of Amapá State;
- Designing and validating a federal environmental offsetting tool for the Amazon region;
- Establishing a convertible tax credits market for conservation;
- Establishing and coordinating a Brazilian group to discuss issues related to conservation finance;
- Mapping of potential national and international targets (domestic private sector, non-profit national sector, bilateral and multilateral, national and international private foundations) for the development of fund-raising strategy for the private financial tool of Amapá;
- Fund-raising strategy design in partnership with government representatives for the private tool, based on financial demands for the consolidation of protected areas;
- Mobilizing partners (public sector, private sector, NGOs and international organizations) to set up a Brazilian group to discuss issues related to conservation finance.

In the first year of activity, R\$ 892,000 were applied and R\$ 1.9 million were received.

12.25 Conduct Adjustment Commitment Execution – Chevron do Brasil

The execution of a Conduct Adjustment Commitment (*Termo de Ajustamento de Conduta*, TAC) by the company Chevron Brasil and the Federal Prosecutor's Office, with the participation of the National Petroleum Agency (*Agência Nacional de Petróleo*, ANP) and the Brazilian Environment and Renewable Natural Resources Institute (IBAMA) gave rise to two projects oriented to the conservation of the marine-coastal environment in the State of Rio de Janeiro and part of the State of Espírito Santo. These include: Porpoise Conservation in Management Area I (Franciscana Management Area I – FMA I) and a Marine and Fishing Research Support Project in Rio de Janeiro.

The first project is intended to support activities identified as priorities for the conservation of porpoise, a species of dolphin found from Argentina to the northern coast of Espírito Santo in Brazil, very threatened by water pollution, and especially due to bycatch by fishing nets. By launching a Call for Project, initiatives focused on three goals for the Porpoise Management Plan will be selected: support to actions contributing to the generation of input to assess the population viability in Management Area I (FMA I) (Goal #1); proposal and implementation of fishing management measures for driftnet fishing, suitable for the conservation of porpoise (Goal #2); and increasing the biological and ecological knowledge of porpoise (Goal #6).

The project started in October 2015 with the signature of the TAC Execution Letter. From there, the draft of the Project Operation Manual was initiated, as well as the procedures required to assemble the Technical Board, which will be responsible for drafting the Call for Projects and selecting the proposals intended to be supported. In 2015, R\$ 2,7 million in funds were received, and R\$ 245,000 were applied.

The second project is intended to support scientific research focused on fishing and fishery resources, particularly for the effective implementation of the Brazilian Sardine Management Plan in the biology, ecology, conservation, fishing statistics, human nutrition and fishing socioeconomics areas. This broad spectrum forms the body of knowledge required for a systemic understanding of the topic in question, from the commercially exploited species to the end

consumer dinner table, through issues involving the fishing industry – both industrial and traditional –, which includes internal conflicts and conflicts with other industries. The launch of two Calls – one specific to the implementation of the Brazilian Sardine Management Plan – enable selecting initiatives that address the key objectives of the project.

The project started in October 2015 with the signature of the TAC Execution Letter. From there, the draft of the Project Operation Manual was initiated, as well as the procedures required to assemble the Technical Boards, which will be responsible for drafting the Call for Projects and selecting the proposals intended to be supported. By In 2015, R\$ 5,8 million in funds were received, and R\$ 532,000 were applied.

13 FUNBIO Resource Fund

The FUNBIO Resource Fund (FRF) intends to augment the Entity's cash as required. The strategic direction of the Board points toward reducing the Entity's reliance on the FRF.

Starting in 2012, FUNBIO began to strike a balance between expenditure and income, and did not have to resort to the FRF.

The search for the organization's financial sustainability continues, by increasing the number of projects and streamlining the application of the resources generated. FRF guarantees FUNBIO's activity continuity in times that require the investment of own funds.

In 2014, upon approval of the Funbio's Board, R\$ 710 were drawn as an advance for operating expenses incurred by the Terra do Meio Project and Funbio's operating expenses. In 2015, this amount was returned to the FRF.

The management of FRF assets is followed by FUNBIO's Asset Management Committee, and managed by Pragma Wealth Management.

| | 2015 | 2014 |
|---|---------------|---------------|
| Balance as of January 1st | 15,033 | 14,573 |
| Revenue during the FY | 1,993 | 1,406 |
| Pragma Management | (17) | (6) |
| Adjustment of the Income Tax allocations | (474) | (230) |
| Application throughout the FY | 710 | (710) |
| Balance as of December 31 | 17,245 | 15,033 |

14 Reimbursement of projects

This account of the Revenue group includes the project funds applied to the reimbursement of expenses incurred by Funbio as the executing entity for the initiative. These are largely related to personnel, travel and administrative expenses absolutely necessary to carry out the work. Every reimbursement request is backed by the program or project budget, being followed by supporting documentation of expenditures, becoming a part of the rendering of accounts submitted to the donors' approval. Thus, The revenue presented herein consists of direct project costs.

| Project | 2015 | 2014 |
|---------------------------------------|---------------|--------------|
| Arpa Phase 2 - BNDES | - | 505 |
| FMA - SEA Agreement | 1,530 | 1,245 |
| Arpa Phase 2 - KfW | 1,512 | 255 |
| Arpa Phase 2 - GEF | 1,123 | 2,580 |
| Probio/Opportunity Fund | 1,503 | 605 |
| Votorantim Probio | 293 | - |
| Terra do Meio | 149 | 404 |
| GEF Cerrado | 174 | 93 |
| GEF Pollinators | 224 | 116 |
| RedLac Training | 7 | 274 |
| New Sources Arpa | 76 | 1,083 |
| New Sources Amapá | 94 | - |
| Paiter Suruí Fund | 64 | - |
| CFA | 126 | 188 |
| CLUA - REDD Finance Studies | - | 59 |
| FIP | 1 | 11 |
| Tapajós Arapiuns Resex (ICCO-CEES) | 113 | - |
| Funbio Cidades - ICAL | 158 | 305 |
| GEF Nutrition - BIOVERSITY | 61 | 73 |
| GEF Sea | 1,383 | - |
| TFCA | 8 | - |
| Fauna - Portfolio Fund | 34 | - |
| Funjus - Conjus Training | 34 | 183 |
| Arpa Phase 3 - IDB | 1,578 | 185 |
| Arpa Phase 3 - Transition Fund | 986 | - |
| Juruti Pilot Fund | - | 7 |
| Kayapó Fund | 34 | 96 |
| K Project | 11 | - |
| Moore Sustainability | 429 | - |
| Chevron - Marine and Fishing Research | 532 | - |
| Chevron - Porpoise Conservation | 245 | - |
| Ecofunds | 14 | - |
| Arpa for Life (Moore) | 216 | - |
| State PAs Acre WWF | 16 | - |
| Total | 12,728 | 8,267 |

15 Cost Recovery

This account of the Revenue group records the amounts transferred by the projects to cover indirect costs incurred by Funbio in carrying out its business forecast in the budget for the initiative. The funds transferred to Funbio for this purpose do not constitute compensation for services rendered, but rather cooperation to be used for the common objective set out in the project budget.

| Project | 2015 | 2014 |
|--------------------------------|--------------|--------------|
| TFCA | 691 | 1,179 |
| AFCOF II | - | 40 |
| Fauna Portfolio – Sirenia | - | 118 |
| Fauna Portfolio - Spix's Macaw | - | 145 |
| GEF Pollinators | 91 | 163 |
| Terra do meio | 334 | 185 |
| Fauna Portfolio Fund | - | 3 |
| CFA | 10 | 6 |
| Paitei Suruí Carbon Fund | - | 22 |
| Funjus/Conjus Training | 22 | - |
| Total | 1,148 | 1,861 |

16 Services rendered

In this account of the Revenue group, the entries related to services rendered – such as consulting – involving the issuance of a municipal tax document, and when so requested by the Entity's partners, are posted. This method does not render the Entity exempt from the OSCIP (Non-Profit Public Civil Society Organization) status.

| Project | 2015 | 2014 |
|---|-------------|-------------|
| FVA - Vitória Amazônica Foundation | 18 | - |
| BA and ES PAs - CI Conservation International | 105 | - |
| WWF Brasil | - | 31 |
| Sirenia - Petroleo Brasileiro S.A | - | 147 |
| Bioguiné Foundation | - | 193 |
| Total | 123 | 371 |

17 Net financial result

| Project | 2015 | 2014 |
|--|-------------|-------------|
| Financial Revenues | | |
| Foreign exchange variation - Assets | 108 | 62 |
| Revenue from financial investments | 78 | 42 |
| Total financial revenues | 186 | 104 |
| Financial expenditures | | |
| Foreign exchange variation - Liabilities | (2) | (9) |
| Banking expenses | (11) | (6) |
| IOF (Tax on Financial Transactions) | - | (7) |
| Total financial expenditures | (13) | (22) |
| Net financial result | 173 | 82 |

18 Adjustment of previous FYs

Adjustments of previous fiscal years include those arising from changes in accounting policies or correction of errors attributable to a certain prior year, provided these cannot be assigned to subsequent events (Art. 186, § 1 Act No. 6,404/76). Thus, in the balance sheet ended on 12/31/2015, amounts from facts with effects related to previous fiscal years were evidenced, due to timeless appropriation, duplicate entry exceptions, exchange rate variation to adjust for third-party resource balances in the liabilities column, and adjustment of resources shared with projects of the administrative account held in NY, totaling a net effect of R\$ 250,000, as shown below:

| Projects | R\$ - Thousand |
|---------------------------|-------------------|
| Arpa Phase 2 | (12) |
| GEF Cerrado | 2 |
| Probio II | (2) |
| CFA | 22 |
| Paiter Suruí Fund | 16 |
| BNDES | 56 |
| Funbio Cities | 8 |
| TFCA | 6 |
| Sirenia | (205) |
| Adoption of Parks - MPX | 65 |
| Fauna Portfolio - Seismic | 118 |
| Ecofunds | (5) |
| Terra do Meio | 204 |
| AFCof II | 6 |
| Miscellaneous | (27) |

19 Insurance Coverage

The Entity adopts the policy of purchasing insurance coverage for assets subject to risks, at amounts considered sufficient to cover potential claims, considering the business nature. The risk assumptions adopted, given their nature, are not included in the scope of a financial statements audit, and, therefore, were not reviewed by our independent auditors.

As of December 31, 2015, the Entity owned the following primary insurance policies purchased from third parties:

| Mode | Insured Amount |
|---|-------------------|
| Fixed Assets Fire | 1,000 |
| Liability of Directors, Officers and/or Board Members – D&O | 5,000 |

Rosa Maria Lemos de Sá
Secretary-General

Aylton Coelho Neto
Planning & Management Superintendent

Technical Manager

Daniele Soares dos Santos Seixas
Certified Accountant, CRC-RJ - 095.266/0-0