

Financial Information

Fundo Brasileiro para a Biodiversidade - FUNBIO

Twelve-month period ended June 30, 2020
with Independent Auditor's Report on the Financial Information on
Project "REDD Early Movers do Mato Grosso (REM)"

Fundo Brasileiro para a Biodiversidade - FUNBIO

Financial information on Project “REDD Early Movers do Mato Grosso (REM)”

Twelve-month period ended June 30, 2020

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A free translation from Portuguese into English of Independent auditor's report on the financial information on Project "REDD Early Movers do Mato Grosso (REM)" prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil

Independent auditor's report on the financial information on Project "REDD Early Movers do Mato Grosso (REM)"

To the Directors and Officers of
Fundo Brasileiro para a Biodiversidade - FUNBIO
Project "REDD Early Movers do Mato Grosso (REM)"
Rio de Janeiro - Rio de Janeiro State

Opinion

We have audited the financial information on Project REDD Early Movers do Mato Grosso ("REM Project") - Ex-post remuneration on results of reductions in greenhouse gas emissions from deforestation, managed by Fundo Brasileiro para a Biodiversidade - FUNBIO (the "Institution"), financed with funds from the financial contribution agreement and the KfW (BMZ 2016 69 084) and implementation with co-financing from the Department of Business, Energy and Industrial Strategy (BEIS) (BMZ 3020 00 180), in the twelve-month period ended June 30, 2020, including a summary of significant accounting practices and other explanatory information.

In our opinion, the financial information referred to above presents fairly, in all material respects, the amounts received and paid for the twelve-month period ended June 30, 2020, in accordance with the contracts entered into by and between the parties, and the accounting base for receipts and payments described in Note 2.

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial information" section of our report. We are independent of the Project in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants, the professional standards issued by Brazil's National Association of State Boards of Accountancy ("CFC") and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - basis of preparation and presentation of the Project's financial information and restriction on use

We draw attention to Note 2 to the Project's financial information, which describes the basis of preparation and presentation of this financial information, prepared to assist FUNBIO in reporting the funds received and used in the abovementioned project. As such, the Project's financial information does not serve for other purposes. Our report is intended solely for "Project REM". Our opinion is not modified in respect of this matter.



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Responsibilities of management and those charged with governance for the financial information

Management is responsible for the preparation and fair presentation of this financial information in accordance with the accounting base for receipts and payments described in Note 2, which includes determining that the referred to base is acceptable for the preparation of the financial information under the circumstances, and for such internal control as management determines is necessary to enable the preparation of this financial information that is free from material misstatement, whether due to fraud or error.

In preparing the financial information, management is responsible for assessing the Project's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using this basis of accounting, unless management either intends to end the Project, or has no realistic alternative to prevent the Project from ending.

Those charged with governance are responsible for overseeing the Project's financial information preparation process.

As described in Note 2, the financial information was prepared on the accounting base of receipts and payments. Referred to accounting base recognizes transactions and facts only when funds (including fund equivalents) are received or paid by the Project and not when these amounts result from, are earned or originate from rights or obligations that have not yet produced a change in funds (cash).

Auditor's responsibilities for the audit of the financial information

Our objectives are to obtain reasonable assurance about whether the financial information as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial information.

As part of the audit conducted in accordance with the Brazilian and International Standards on Auditing, and the specific audit requirements set out in the clauses of the agreements entered into by and between FUNBIO and KfW (the "Parties"), we exercised professional judgment and maintained professional skepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatement of the financial information, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. O risco de não detecção de distorção relevante resultante de fraude é maior do que o proveniente de erro, já que a fraude pode envolver o ato de burlar os controles internos, conluio, falsificação, omissão ou representações falsas intencionais.



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- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institution's internal control.
- Evaluated the appropriateness of accounting policies used (described in Note 2) and related disclosures made by management.
- Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast substantial doubt on the Project's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Project to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial information, including the disclosures, and whether it represents the corresponding transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that may have been identified during our audit.

Rio de Janeiro, August 5, 2020.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP015199/O-6


Walter G. Neumayer
Accountant CRC-RJ091659/O-0

A free translation from Portuguese into English of financial information of Project “REDD Early Movers do Mato Grosso (REM)” prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil

Fundo Brasileiro para a Biodiversidade - FUNBIO

Financial information on Project “REDD Early Movers do Mato Grosso (REM)”

Twelve-month period ended June 30, 2020 (In thousands of reais, unless otherwise stated)

Changes in the funds of Project REDD Early Movers Project of Mato Grosso (REM), which occurred in the 12-month period ended June 30, 2020, is as follows:

	30/06/2020	30/06/2019
Project balance at beginning of period	62,149	-
Cash inflows	103,670	62,101
Yield	2,842	663
Bank fees	(406)	(237)
Execution	(16,445)	(378)
Project balance at end of period	151,810	62,149

In the twelve-month period ended June 30, 2020, the amounts executed, by subprogram, are broken down as follows:

Subprograms	FY 2020	FY 2019	Accumulated
Family farming and traditional peoples and communities of the Amazon, <i>Cerrado</i> (Brazilian Savannah) and Pantanal	1,026	-	1,026
Indigenous peoples	755	-	755
Sustainable Production, Innovation and Market	639	24	663
Institutional strengthening and structuring public policies	14,025	355	14,380
Total	16,445	379	16,824

See accompanying notes.

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Notes to financial information on Project “REDD Early Movers do Mato Grosso (REM)”

Twelve-month period ended June 30, 2020

(In thousands of reais, unless otherwise stated)

1. Operations

Fundo Brasileiro Para a Biodiversidade (FUNBIO) is a Brazilian private not-for-profit institution that operates in partnership with the government and business sectors as well as the civil society so that strategic and financial resources are earmarked for effective biodiversity conservation initiatives. The Institution's head office is located at Rua Voluntários da Pátria, nº 286, 5º e 6º andares, Botafogo, city and state of Rio de Janeiro.

The main activities carried out include financial management of projects, design of financial mechanisms and studies of new sources of funds for conservation, as well as purchases and engagements of goods and services. Since the beginning of its activities in 1996, FUNBIO has supported 291 programs and projects, benefiting 248 institutions across the country.

The REDD Early Movers (REM) program is an initiative by the German and UK governments that rewards countries or states that contribute to mitigating climate change through forest conservation, combined with a positive agenda that promotes social equality. Launched in 2012, during Rio + 20, REM included among its beneficiaries, in 2017, the state of Mato Grosso, having created the REDD Early Movers project for the state of Mato Grosso - REM-MT in that year. The choice was made due to the fact that the state reduced deforestation by 90% between 2004 and 2014.

The project is expected to run for four years and disbursements are subject to maintaining deforestation below 1,788 km²/year. The funds come from donations from the KfW Development Bank (Germany) whose contract number is 2016 069 084, totaling 17 million euros and from the Department of Business, Energy and Industrial Strategy (BEIS - England), the contract being signed via KfW under the number 3020 00 180 for a total of 23.9 million GBP.

FUNBIO acts as a financial manager and the Environment Department of the State of Mato Grosso (SEMA) as a technical manager, managing and formally documenting subprogram execution demands relating to the REM MT.

The Institutional Strengthening and Structuring Public Policies subprogram aims to consolidate the public policies that are being implemented in the state to ensure that deforestation and environmental degradation are avoided. It also aims to ensure that the state of Mato Grosso (MT) is prepared to apply the legislation through effective monitoring and inspection.

The Sustainable Production, Innovation and Markets subprogram is aimed at medium-scale producers with properties of up to 1,500 hectares used for agribusiness (livestock, soy, corn, among others). The objective is to guarantee the conservation of the current protected areas (conservation areas), to implement sustainable production models and to improve timber forest management.

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Notes to financial information on Project “REDD Early Movers do Mato Grosso (REM)” (Continued)

Twelve-month period ended June 30, 2020

(In thousands of reais, unless otherwise stated)

1. Operations (Continued)

The Family Farming and Traditional Peoples and Communities subprogram supports, among others, small farmers, rubber tappers, extractivists who provide environmental services to reduce CO₂ emissions, such as reforestation and sustainable use of natural resources. Through the development of traditional product value chains, training in agricultural techniques, agribusiness, rural co-operatives, recovery of degraded areas and a 20% increase in production volume (sales), the initiative should directly and indirectly benefit around 50 thousand families.

Another REM-MT subprogram is Indigenous Territories, which is aimed at strengthening and empowering indigenous peoples, fostering their leadership. The subprogram supports and rewards the 43 different ethnic groups that, historically, have been protecting natural resources and the forest of around 14 million hectares in the state.

During the prior reporting period (from July 01, 2018 to June 30, 2019), pre-operational activities took place for the actual start of the project's activities, such as:

- Completion of the Benefit Sharing Strategy;
- Preparation of the project's visual identity;
- Preparation and Approval of the Project's Operational Manual;
- Structuring and operation of Project Governance;
- Financial Planning of the first disbursement (PDI and PAAC);
- Training of actors in the Brain system (*Sistema Cérebro*) and in procurement and contracting procedures;
- Compliance with the requirements for the release of the 1st disbursement;
- Definition of the Indigenous subprogram;
- Completion of the Social and Environmental Risk Management System.

During the current reporting period, pre-operational activities took place for the actual start of the project's activities, such as:

- Various acquisitions of goods and services;
- Contracting a system for monitoring vegetation cover by satellite images;
- Car rental for the Environment Department of the State of Mato Grosso (SEMA), the Public Prosecutor's Office of the State of Mato Grosso and EMPAER;

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Notes to financial information on Project “REDD Early Movers do Mato Grosso (REM)” (Continued)

Twelve-month period ended June 30, 2020

(In thousands of reais, unless otherwise stated)

1. Operations (Continued)

- Contracting the international consulting firm GOPA to assist in managing the REM Program;
- The first support contract was signed to strengthen the Federation of Indigenous Peoples of the State Mato Grosso (FEPOIMT) in partnership with Instituto Centro de Vida (ICV);
- Launch of two calls for Projects under the Family Farming, Traditional Peoples and Communities and Sustainable Production, Innovation and Market subprograms;
- Signing a contract for the removal of machinery to fight deforestation;
- Starting the implementation of mechanisms for small expenses (Local Purchases and Contracts, Maintenance, Fuel and Prepaid Cards);
- Contracting to develop the REM-MT Program website;
- Contracting software development services for the Public Prosecutor’s Office and EMPAER;

Covid-19

Since the beginning of 2020, the outbreak of a new coronavirus disease named COVID-19 has been identified. The Brazilian Ministry of Health reported the first case registered in the country on February 25, 2020, in the city of São Paulo. Due to the speed of the spread and the growing number of infected people, on March 11, 2020, COVID-19 was classified by the World Health Organization (WHO) as a pandemic.

To slow down the contamination by COVID-19, various countries have imposed a series of restrictive measures of social distancing, such as quarantine and closing borders, unprecedented situations in recent world history. The Brazilian government, acting together with the states and municipalities, adopted a series of measures, among them, decrees and provisional executive orders to minimize the risk of contamination of the population, the economic impact in the various sectors, while avoiding the collapse of the Brazilian health system.

The adverse situation in global economic activities is still uncertain, and it is not possible to anticipate impacts and final effects. This event may have an adverse impact on political and economic conditions and trigger a period of global economic slowdown, which may have impacts on the activities carried out by various sectors, including the sector in which the Institution operates, such as postponement or cancellation of donations scheduled for the second half of 2020.

The Institution understands that there is no financial impact on the Project’s financial information as a result of these events, and is monitoring developments related to COVID-19 and coordinating its operational actions based on guidelines from global and local health organizations, Federal, State and Municipal Governments and general best practices for crisis management.

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Notes to financial information on Project “REDD Early Movers do Mato Grosso (REM)” (Continued)

Twelve-month period ended June 30, 2020

(In thousands of reais, unless otherwise stated)

1. Operations (Continued)

Covid-19 (Continued)

Throughout the audit work, the Institution continued to operate at a regular and continuous pace. All Funbio's teams of employees adopted remote work, and the Institution provided material, systems and logistics resources so that the routine would not be significantly changed. This procedure was possible due to investments performed in 2019, such as servers upload and applications to the cloud (Azure - cloud computing); prior-years' investments: HR portal, Business Intelligence - Power BI; Project Online, improvements in Brain 2 (Cérebro 2) and the purchasing platform (Paradigm), in addition to the integration of the *per diem* allowances, travel and ticket system. Face-to-face meetings are limited to one day a week with a reduced number of employees (2 to 4) for reception and mailing activities and administrative infrastructure. Thus, Funbio ensures the safety of its teams while facing this period of social distancing without jeopardizing stakeholders and beneficiaries of its projects.

This financial information was authorized for issue by FUNBIO's Board of Directors and Officers on August 5, 2020.

2. Summary of significant accounting practices

Basis of preparation and general information

The financial information on Project REDD Early Movers (REM) was prepared on a receipt and payment accounting base, whereby revenues are recognized upon receipt of funds (resources) and expenses are recorded when they effectively represent expenses paid in cash, as well as in accordance with governmental audit requirements issued by the Comptroller General of the United States of America. The other accounting policies adopted by management are as follows:

- (1) Statement of the Fund's Responsibility: since FUNBIO uses its own accounting and financial management system to present the Project's operations, the chart of accounts used states the classification of accounting headings. The financial information on REDD Early Movers (REM), managed by Fundo Brasileiro para a Biodiversidade - FUNBIO was prepared on a cash basis, which consists in accounting for revenues only when these amounts are effectively received and for costs and expenses only when these amounts are effectively paid in legal tender.
- (2) Revenues: these are recognized on the date when the funds are transferred by KfW to FUNBIO and become available in FUNBIO checking account.
- (3) Exchange rate: the Project's financial records are maintained in reais, i.e. in Brazilian currency. At June 30, 2020, the Brazilian real exchange rate against the Euro was R\$6.15. The financial information on REDD Early Movers (REM) was prepared in thousands of Reais (R\$).

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Notes to financial information on Project “REDD Early Movers do Mato Grosso (REM)” (Continued)

Twelve-month period ended June 30, 2020

(In thousands of reais, unless otherwise stated)

3. Funds available

As at June 30, 2020 and 2019, the balances remaining in checking accounts are broken down as follows:

Description	Type	2020	2019
Banco do Brasil - C/C 24486-4	Checking account	4	1
Banco do Brasil - CDB invest. 24486-4	Automatic investment	6,906	22,263
Banco do Brasil - Investment Fund 24486-4	Automatic investment	144,900	39,884
Total cash and cash equivalents		151,810	62,149

In the twelve-month period ended June 30, 2020, earnings from financial investments totaled R\$2,842 (R\$663 in 2019).

Cash restricted to the project is kept in a specific checking account that is maintained with automatic withdrawals as cash is needed to honor project commitments.

Investments in Bank Deposit Certificates (CDB) comprise bonds remunerated at 95.95% of the Interbank Deposit Certificate (CDI) variation, which may be redeemed from 90 to 180 days, and pose insignificant risk of reduction in value.

Financial investments in investment funds are made through the BB Renda Fixa LP Corporativo fund. Its portfolio basically consists of repurchase agreements, federal government securities, time deposits and other securities of financial institutions, private credit securities and Investment Fund Shares 555, with D+1 liquidity.

Investments are held with first-tier financial institutions.

4. Transfers of funds - “REM”

FUNBIO received financial support through the KfW financial contribution contract dated November 14, 2017 and the financial contract via KfW, with co-financing from the Department of Business, Energy and Industrial Strategy (BEIS) dated December 4, 2017, for the implementation of Project REDD Early Movers in Mato Grosso.

The funds received were allocated to Account No. 24486-4 (checking account and automatic investment), held with Banco do Brasil.

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Notes to financial information on Project “REDD Early Movers do Mato Grosso (REM)” (Continued)

Twelve-month period ended June 30, 2020

(In thousands of reais, unless otherwise stated)

4. Transfers of funds - “REM” (Continued)

From the beginning of the Project until June 30, 2020, the funds provided by KfW totaled R\$165,771, recorded in Brazilian currency (reais). Foreign exchange differences had no impact on the Project’s financial information.

In the twelve-month period ended June 30, 2020, the amount of R\$106,670 was made available by the donor, according to the table below with details of contributions made:

REM	Amounts in thousand €	Foreign exchange	Amounts in thousand R\$	Date of fund inflow in Bank
2 nd contribution KfW	8,000	4.5120	36,095	12/27/2019
2 nd Contribution BEIS-KfW	11,184	6.0420	67,575	04/28/2020
Total	19,184		103,670	

5. Reconciliation of funds available

Reconciliation of excess revenues and costs incurred to amounts available in checking accounts and respective financial investments at June 30, 2020 and 2019 is summarized as follows:

	2020	2019
Breakdown of cash and cash equivalents:		
Operational account		
Banco do Brasil - C/C 24486-4	4	2
Banco do Brasil - CDB invest. 24486-4	6,906	22,263
Banco do Brasil - Fixed income invest. 24486-4	144,900	39,884
Project’s book balance	151,810	62,149

6. Service agreements

During the twelve-month period ended June 30, 2020, service agreements were entered into in Real and Euro, as follows:

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Notes to financial information on Project “REDD Early Movers do Mato Grosso (REM)” (Continued)
 Twelve-month period ended June 30, 2020
 (In thousands of reais, unless otherwise stated)

6. Service agreements (Continued)

Agreements entered into in Reais

CEDOC Contract No.	Status	Company	Project / Allocated to	Start date (Original)	End date (Original)	Agreement Amount
067/2019	COMPLETE D	Agroicone Ltda SANTIAGO & CINTRA	REM-MT - SEMA 1 ST PDI (Institutional Development Plan)	08/19/2019	01/20/2020	191
062/2019	IN EFFECT	CONSULTORIA LTDA HILBIG NETO TRANSPORTES LTDA (Schumacher Transportes)	REM-MT - SEMA 1 ST PDI	07/22/2019	07/22/2020	5,980
011/2020	IN EFFECT		REM-MT - SEMA 1 ST PDI REM-MT - SEMA 1 ST PDI, REM-MT - Indigenous Territories 1 st PDI, REM-MT - SEDEC 1 st PDI,	02/10/2020	02/10/2021	500
032/2020	IN EFFECT	EBEC - Empr Brasi de Eng e Comércio S.A. DEZOITO DIGITAL	REM-MT - SEAF Cerrado and Pantanal 1 st PDI, REM-MT - SEAF Amazon 1 st PDI	03/31/2020	04/01/2021	3,258
042/2020	IN EFFECT	TECNOLOGIA LTDA Ramtec Serviços de Informática Ltda.	REM-MT - SEMA 1 st PDI REM-MT- SEAF General 1 st PDI	05/28/2020	02/07/2022	60
041/2020	IN EFFECT	Sérgio Carlos de Paiva	REM-MT - SEMA 1 st PDI	05/28/2020	02/01/2021	849
060/2020	IN EFFECT	(Spekula)	REM-MT - SEMA 1 st PDI REM-MT - Indigenous Territories 1 st PDI	07/10/2020	03/10/2022	90
					Total	10,927

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Notes to financial information on Project “REDD Early Movers do Mato Grosso (REM)” (Continued)

Twelve-month period ended June 30, 2020

(In thousands of reais, unless otherwise stated)

6. Service agreements (Continued)

Agreements entered into in Euros

CEDOC Contract No.	Status	Company	Project / Allocated to	Start date (Original)	End date (Original)	Agreement Amount
079/2019	IN EFFECT	GOPA WORLDWIDE CONSULTANTES GMBH	REM-MT - Management - Funbio	11/25/2019	11/25/2023	1,118
					Total	1,118



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Independent auditor's report on compliance with the accounting and financial contractual provisions of Project "REDD Early Movers (REM)"

To the Directors and Officers of
Fundo Brasileiro para a Biodiversidade - FUNBIO
Project "REDD Early Movers (REM)"
Rio de Janeiro - Rio de Janeiro State

We have audited the financial information on Project REDD Early Movers (REM) for the twelve-month period ended June 30, 2020, managed by Fundo Brasileiro para a Biodiversidade - FUNBIO ("Institution"), funded by KfW, and we issued our report thereon dated August 5, 2020.

Our audit was focused on checking whether the contractual provisions directly related to accounting and financial matters of Project REM are appropriately complied with.

We conducted our audit in accordance with International Standards on Auditing and the specific requirements set out in the clauses of "Project REM". These standards require that we plan and conduct the audit in order to obtain reasonable certainty that FUNBIO has complied with the terms set out in the clauses relating to Project REM. The audit includes review, on a test basis, of the evidence deemed appropriate by us. Accordingly, we believe that our audit provides a reasonable base for our opinion.

In our opinion, as at June 30, 2020, FUNBIO complied with, in all significant respects, the contractual provisions applicable, of an accounting and financial nature, to Project REM.

Rio de Janeiro, August 5, 2020.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP015199/O-6

Walter G. Neumayer
Accountant CRC-RJ091659/O-0



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Independent auditor's report on the internal control structure of Project "REDD Early Movers (REM)"

To the Directors and Officers of
Fundo Brasileiro para a Biodiversidade - FUNBIO
Project "REDD Early Movers (REM)"
Rio de Janeiro - Rio de Janeiro State

This report supplements our report on the financial information on Project REDD Early Movers (REM).

The management of Fundo Brasileiro para a Biodiversidade - FUNBIO ("Institution"), which manages Project REDD Early Movers ("REM" or "Project"), is responsible for maintaining internal controls sufficient to mitigate the risks of significant misstatements in the financial information and protect the assets under custody of the Project, including the areas constructed and other assets acquired. In order to fulfill this responsibility, management is required to make judgments and estimates to evaluate the expected benefits and costs relating to internal control policies and procedures. An internal control system is aimed at providing management with reasonable assurance, but not a guarantee, that the assets are protected against losses deriving from unauthorized use or disposal, that the transactions are performed in accordance with management authorization and that the agreement terms are appropriately recorded in order to allow the financial information to be fairly prepared. Due to the limitations inherent in any internal control system, errors or irregularities may occur and remain undetected. In addition, the projections of any future periods' structure assessment are subject to the risk that the procedures may be inadequate due to changes in conditions, or that the efficiency of the design and operation of the policies and procedures may be impaired.

In planning and conducting our audit of the Project's financial information for the twelve-month period ended June 30, 2020, we obtained an understanding of the internal control structure and assessed the risk of controls to determine our audit procedures, in order to express an opinion on the Project's financial information, but not to issue an opinion on the effectiveness of the internal control structure.

Our audit of Project REDD Early Movers (REM) for the twelve-month period ended June 30, 2020 revealed no significant deficiencies in the design or operation of internal controls that, in our opinion, could significantly affect FUNBIO's ability to record, process, summarize and report financial information consistently with management representations in the statements of funds received, disbursements made, and investments accumulated.

A significant deficiency is a condition in which the design or operation of one or more elements of the internal control structure does not reduce to a relatively low level the risk that errors or irregularities may occur in amounts that could be significant in relation to the Project's financial information, and that could not be timely detected by FUNBIO employees in the ordinary course of their duties.



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Our consideration on the internal control structure does not necessarily expose all matters relating to this system that could be considered significant deficiencies and, as such, should not necessarily expose all conditions to be informed that could be considered significant deficiencies, in accordance with the prior definition.

Rio de Janeiro, August 5, 2020.

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