

Financial Information

Fundo Brasileiro para a Biodiversidade - FUNBIO

Period from August 7, 2019 to March 15, 2021
with Independent Auditor's Report on Financial Information on
Project "Building knowledge to combat marine waste: plan for
monitoring and evaluation of marine waste in São Paulo state,
Brazil"

Fundo Brasileiro para a Biodiversidade - FUNBIO

Financial information on Project “Building knowledge to combat marine waste: plan for monitoring and evaluation of marine waste in São Paulo state, Brazil”

Period from August 7, 2019 to March 15, 2021

Contents

Independent Auditor’s Report on financial information on Project “Building knowledge to combat marine waste: plan for monitoring and evaluation of marine waste in São Paulo state, Brazil”	1
Financial information on Project “Building knowledge to combat marine waste: plan for monitoring and evaluation of marine waste in São Paulo state, Brazil”	4
Notes to financial information on Project “Building knowledge to combat marine waste: plan for monitoring and evaluation of marine waste in São Paulo state, Brazil”	5
Independent auditor’s report on compliance with the accounting and financial contractual provisions of Project “Building knowledge to combat marine waste: plan for monitoring and evaluation of marine waste in São Paulo state, Brazil”	10
Independent auditor’s report on the internal control structure of Project “Building knowledge to combat marine waste: plan for monitoring and evaluation of marine waste in São Paulo state, Brazil”	12

Independent Auditor's Report on financial information on Project "Building knowledge to combat marine waste: plan for monitoring and evaluation of marine waste in São Paulo state, Brazil"

To the Management of

Fundo Brasileiro para a Biodiversidade - FUNBIO

Project "Building knowledge to combat marine waste: plan for monitoring and evaluation of marine waste in São Paulo state, Brazil"

Rio de Janeiro - Rio de Janeiro State

Opinion

We have audited the financial information on Project "Building knowledge to combat marine waste: plan for monitoring and evaluation of marine waste in São Paulo state, Brazil (Project)", managed by Fundo Brasileiro para a Biodiversidade - FUNBIO ("Institution"), funded by the Norwegian Ministry of Foreign Affairs, represented by the Royal Norwegian Embassy in Brazil, through a financial support contract, for the period from August 7, 2019 to March 15, 2021, 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 period from August 7, 2019 to March 15, 2021, in accordance with the contract 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 the 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, aimed at assisting FUNBIO in evidencing compliance with the contractual provisions relating to the preparation of the financial information on Project "Building knowledge to combat marine waste: plan for monitoring and evaluation of marine waste in São Paulo state, Brazil". As such, the Project's financial information does not serve for other purposes. Our report is intended solely for compliance with the contract entered into between FUNBIO and the Project's donors. Our opinion is not modified in respect of this matter.

Emphasis of matter - closing of the Project

We draw attention to Note 1 to the Project's financial information, which describes that in March 2021 all of the planned objectives were met, all funds available were used and the activities were closed within the scheduled period. Our opinion is not modified in respect of this matter.

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 and with the provisions of the financial support contract entered into with the Norwegian Ministry of Foreign Affairs, represented by the Royal Norwegian Embassy in Brazil. This includes determining that the base for receipts and payments is acceptable for the preparation of this 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.

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 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 Brazilian and International Standards on Auditing, and the specific audit requirements set out in the provisions of the financial support contract entered into with the Norwegian Ministry of Foreign Affairs, represented by the Royal Norwegian Embassy in Brazil, we exercise professional judgment and maintain 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. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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.

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, May 18, 2021.

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



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

Fundo Brasileiro para a Biodiversidade - FUNBIO

Financial information on Project “Building knowledge to combat marine waste: plan for monitoring and evaluation of marine waste in São Paulo state, Brazil”

Period from August 7, 2019 to March 15, 2021

(In thousands of reais - R\$, unless otherwise stated)

Changes in the funds of Project “**Building knowledge to combat marine waste: plan for monitoring and evaluation of marine waste in São Paulo state, Brazil**”, for the period from August 7, 2019 to March 15, 2021, are as follows:

Project balance at beginning of period (August 7, 2019)	-
Cash inflows	627
Yields	6
Bank fees	(2)
Execution	(631)
Return of unused funds	-
Project balance at end of period (March 15, 2021)	-

In the period from August 7, 2019 to March 15, 2021, the amounts made available and executed are as follows:

Marine Waste Monitoring Plan in SP	Funds made available			Funds executed		
	Amounts in NOK (thousand)	Foreign exchange	Amounts in R\$ (thousand)	Amounts in NOK (thousand)	Foreign exchange	Amounts in R\$ (thousand)
1st Contribution - Royal Norwegian Embassy	708	0,4580	324	708	0,4580	324
2nd Contribution - Royal Norwegian Embassy	534	0,5673	303	541	0,5673	307
Yielding (-) Finance costs	10	0,5673	6	3	0,5673	2
Total	1.252		633	1.252		633

(*) Translations of Brazilian real (R\$) to Norwegian Krone (NOK) are carried out at the same rate as the inflow of funds.

See accompanying notes.

Fundo Brasileiro para a Biodiversidade - FUNBIO

Notes to financial information on Project “Building knowledge to combat marine waste: plan for monitoring and evaluation of marine waste in São Paulo state, Brazil”

Period from August 7, 2019 to March 15, 2021

(In thousands of reais - R\$, 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 Entity's head office is located at Rua Voluntários da Pátria, nº 286, 5º e 6º andares, Botafogo, Rio de Janeiro - RJ, with establishment in the city of Brasília, Federal District, at SHN Quadra 2, Bloco F, Executive Office Tower, salas 1323 a 1326, Asa Norte.

The main activities carried out include financial management of projects resources funds, 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 306 programs and projects, benefiting 255 institutions across the country and 350 Protected Areas. Funbio is accredited as an implementing agency for GEF - Global Environment Facility and for GCF - Green Climate Fund.

This project has been carried out in partnership among FUNBIO, the UNESCO Ocean Sustainability Chair, Institute for Advanced Studies (IEA) and Oceanographic Institute (IOUSP) of the University of São Paulo as well as the Environmental Secretariat of São Paulo State (SMA), with resources financed through the financial support contract of the Norwegian Ministry of Foreign Affairs, represented by the Royal Norwegian Embassy in Brazil, with resources financed through the financial support contract of the Norwegian Ministry of Foreign Affairs, represented by the Royal Norwegian Embassy in Brazil. FUNBIO is responsible for the financial and administrative management of the project, while IOUSP and IEA were responsible for technical execution.

The Norwegian Embassy in Brazil based in Brasília, which finances Project “Marine Waste Monitoring Plan in SP”, has the mission of improving and promoting relations between Norway and Brazil, in accordance with the Norwegian Government's strategy for Brazil and the annual work plans. In addition to the planned activities, such as consular services and visas, it promotes bilateral cooperation in the field of environmental protection, a program to support indigenous people and cooperation for cultural development and promotion.

The project aims to create a structured and integrated strategy for preparing the Plan for monitoring and evaluation of marine waste in São Paulo state, establishing an effective communication channel between science and management, integrating civil society players, NGOs, government, private sector and academic institutions.

Significant goals established at the beginning of the project:

- Structuring a knowledge base to combat marine waste;
- Support the establishment of an integrated process to produce and share information on marine waste, through 2 workshops and bilateral meetings with the different players.

Fundo Brasileiro para a Biodiversidade - FUNBIO

Notes to financial information on Project “Building knowledge to combat marine waste: plan for monitoring and evaluation of marine waste in São Paulo state, Brazil” (Continued)

Period from August 7, 2019 to March 15, 2021

(In thousands of reais - R\$, unless otherwise stated)

1. Operations (Continued)

Significant risks and opportunities identified for FUNBIO at the beginning of the project:

- Risks: Execution in disagreement with deadlines.
- Opportunities: Expansion of the list of FUNBIO's partners.

Main results achieved in 2019

- First Workshop held to develop the Plan (PMLM-SP);
- Scheduling of the next event for April 2020.

Main results achieved in 2020

- 2nd workshop carried out. Due to the pandemic, it was necessary to extend the project for another 6 months.

Main results achieved in 2021

- Launching of the State Plan
- Closing of the project within the scheduled term.

Impact of COVID-19

Since the beginning of January 2020, the outbreak of a new virus 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.

Fundo Brasileiro para a Biodiversidade - FUNBIO

Notes to financial information on Project “Building knowledge to combat marine waste: plan for monitoring and evaluation of marine waste in São Paulo state, Brazil” (Continued)

Period from August 7, 2019 to March 15, 2021

(In thousands of reais - R\$, unless otherwise stated)

1. Operations (Continued)

Impacts of COVID-19 (Continued)

In 2019, Funbio invested significantly in updating its technology park, placing systems in cloud (Azzure) and also in expanding the project management and managerial information system through BI (Business Intelligence). A new purchasing and contracting platform was implemented, accelerating the response to the demands of the Fund's partners. In the financial area, the existing processes were reviewed and adapted to be carried out remotely, bringing agility and security to the treatment of the Fund's assets. These innovations are reflected in this period of threats posed by Covid-19, when in less than 1 week the Fund was able to remain in operation through remote work (home office), without prejudice to its ability to deliver. These investments were reflected throughout 2020, enabling the performance of the Institution's mission, the smooth running of the projects and ensuring compliance with health recommendations by employees.

In 2020, Funbio informs that there was no rescheduling of contracts with suppliers, postponement of the beginning of new projects or any cancelation of the portions of resources from donors. Despite the great impact on the project due to the pandemic, the project's executive team managed to make the best of the situation. As the planned actions were all in person, including a workshop, a series of adaptations were required, transforming the meetings into online events. This adaptation process was relatively quick and the challenges were identified and overcome in a very short time, thanks to the efficiency of the team, which quickly got organized and promoted the necessary changes in the project.

Regarding the term, an extension of 6 months was necessary, especially because in the first half of 2020 Brazil practically stopped. It is known that the practice of online events allows both losses and gains. One of the gains is concerning the use of resources, which have been optimized. Accordingly, the project was completed with additional promotional products that could not have been produced had ticket expenses and the event been maintained. The online event also enables the participation of a larger number of people. Conversely, the absence of a face-to-face event hinders, to some extent, the expansion of networking. Ideally, hybrid actions would work better, optimizing earnings from both remote and face-to-face events.

Fundo Brasileiro para a Biodiversidade - FUNBIO

Notes to financial information on Project “Building knowledge to combat marine waste: plan for monitoring and evaluation of marine waste in São Paulo state, Brazil” (Continued)

Period from August 7, 2019 to March 15, 2021

(In thousands of reais - R\$, unless otherwise stated)

2. Significant accounting practices

Basis of preparation and general information

The financial information on Project “Marine Waste Monitoring Plan in SP” was prepared on a receipt and payment accounting base, whereby revenues are recorded upon receipt of funds (resources) and expenses are recorded when they effectively represent expenses paid in cash (cash). 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.
2. Revenues: these are recognized on the date when the funds are transferred by the Norwegian Ministry of Foreign Affairs, represented by the Royal Norwegian Embassy in Brazil to FUNBIO and become available in FUNBIO checking account.
3. Exchange rate: the Project's financial records are maintained in thousands of Brazilian reais, i.e. in Brazilian currency. At March 15, 2021, the Brazilian real exchange rate against the Norwegian Kroner was R\$0.6626 (NOK 1.00). The financial information on the project was prepared in thousands of reais (R\$).

The Project's financial information was authorized for issue by the Funbio' Directors on May 18, 2021.

3. Funds available

At March 15, 2021, the balances remaining in checking accounts are broken down as follows:

Description	Type	Amount
Banco do Brasil - C/C 25029-5	Checking account	-
Banco do Brasil - C/inv. CDB - 25029-5	Automatic investment	-
Total cash and cash equivalents		-

From August 7, 2019 to March 15, 2021, short-term investment yields totaled R\$ 6.

Fundo Brasileiro para a Biodiversidade - FUNBIO

Notes to financial information on Project “Building knowledge to combat marine waste: plan for monitoring and evaluation of marine waste in São Paulo state, Brazil” (Continued)

Period from August 7, 2019 to March 15, 2021

(In thousands of reais - R\$, unless otherwise stated)

3. Funds available (Continued)

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

Financial investments in Bank Deposit Certificates (CDBs) comprise securities pegged to the Interbank Deposit Certificate (CDI) variation, which may be redeemed between 90 and 180 days, and pose insignificant risk of reduction in value.

Investments were held with first-tier financial institutions.

4. Transfers of funds - “Plan for Monitoring Marine Waste in São Paulo”

Through financial support contract BRA-18/0034 dated August 7, 2019, FUNBIO received funds from the Norwegian Ministry of Foreign Affairs, represented by the Royal Norwegian Embassy in Brazil, to implement Project “Building knowledge to combat marine waste: plan for monitoring and evaluation of marine waste in São Paulo state, Brazil”.

The funds received were deposited in Account No. 25029-5 (checking account and automatic investment), held with Banco do Brasil.

By March 15, 2021, financial resources totaling R\$627 were made available by the Norwegian Ministry of Foreign Affairs, represented by the Royal Norwegian Embassy in Brazil. The contributions were recorded in local currency (Brazilian real), with no foreign exchange differences impacting the Project’s financial information.

The table below sets out details of the contributions made in the period:

Marine Waste Monitoring Plan - SP	Amounts in NOK (thousand)	Foreign exchange	Amounts in R\$ (thousand)	Date of cash inflow in the bank
1 st Contribution - Royal Norwegian Embassy	708	0.4580	324	09/26/2019
2 nd Contribution - Royal Norwegian Embassy	534	0.4580	303	10/01/2020
Total	1,242		627	

Independent auditor's report on compliance with the accounting and financial contractual provisions of Project "Building knowledge to combat marine waste: plan for monitoring and evaluation of marine waste in São Paulo state, Brazil"

To the Management of

Fundo Brasileiro para a Biodiversidade - FUNBIO

Project "Building knowledge to combat marine waste: plan for monitoring and evaluation of marine waste in São Paulo state, Brazil"

Rio de Janeiro - Rio de Janeiro State

We have audited the financial information for the period from August 7, 2019 to March 15, 2021 on Project "Building knowledge to combat marine waste: plan for monitoring and evaluation of marine waste in São Paulo state, Brazil", managed by Fundo Brasileiro para a Biodiversidade - FUNBIO ("Institution"), and funded by the Norwegian Ministry of Foreign Affairs, represented by the Royal Norwegian Embassy in Brazil, and we issued our report thereon dated May 18, 2021.

Our audit was focused on checking whether the contractual provisions directly related to accounting and financial matters of Project "Building knowledge to combat marine waste: plan for monitoring and evaluation of marine waste in São Paulo state, Brazil" are appropriately complied with.

We conducted our audit in accordance with International Standards on Auditing and the requirements set out in the contract entered into between the Institution and the Norwegian Ministry of Foreign Affairs. These standards require that we plan and conduct the audit in order to obtain reasonable certainty that FUNBIO has complied with the provisions set out in the contract entered into between the Institution and the Norwegian Ministry of Foreign Affairs. The audit includes review, on a test basis, of the evidence deemed appropriate by us. Accordingly, we understand that our audit provides a reasonable base for our opinion.



In our opinion, in the period from August 7, 2019 to March 15, 2021, FUNBIO complied with, in all significant respects, the contractual provisions applicable, of an accounting and financial nature, of the contract entered into between the Institution and the Norwegian Ministry of Foreign Affairs.

Rio de Janeiro, May 18, 2021.

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

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

Independent auditor's report on the internal control structure of Project "Building knowledge to combat marine waste: plan for monitoring and evaluation of marine waste in São Paulo state, Brazil"

To the Management of

Fundo Brasileiro para a Biodiversidade - FUNBIO

Project "Building knowledge to combat marine waste: plan for monitoring and evaluation of marine waste in São Paulo state, Brazil"

Rio de Janeiro - Rio de Janeiro State

This report is complementary to our report on financial information Project "Building knowledge to combat marine waste: plan for monitoring and evaluation of marine waste in São Paulo state, Brazil".

The management of Fundo Brasileiro para a Biodiversidade - FUNBIO, managing Institution of Project "Building knowledge to combat marine waste: plan for monitoring and evaluation of marine waste in São Paulo state, Brazil", is responsible for maintaining an internal control structure sufficient to mitigate the risks of material misstatements in the financial information and protecting 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.

When planning and performing our audit of the Project's financial information for the period from August 7, 2019 to March 15, 2021, we gained understanding of the internal control structure and assessed the control risk to determine the audit procedures, with a view to expressing an opinion on the Project's financial information, rather than issuing an opinion on the effectiveness of the internal control structure.



Our audit of the Project for the period from August 7, 2019 to March 31, 2021 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.

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, May 18, 2021.

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

A handwritten signature in blue ink, which appears to read 'W. Neumayer', is placed over the printed name.

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