

Financial statements

Fundo Brasileiro para a Biodiversidade - Funbio

December 31, 2020 and 2019
with Independent Auditor's Report

Fundo Brasileiro para a Biodiversidade - Funbio

Financial statements

December 31, 2020 and 2019

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Centro Empresarial PB 370
Praia de Botafogo, 370
6º ao 10º andar - Botafogo
22250-040 - Rio de Janeiro - RJ - Brazil
Phone: +55 21 3263-7000
ey.com.br

A free translation from Portuguese into English of Independent Auditor's Report on financial statements prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil applicable to not-for-profit entities (ITG 2002 (R1))

Independent auditor's report on financial statements

To the Management and Board of Trustees of
Fundo Brasileiro para a Biodiversidade - Funbio
Rio de Janeiro – RJ

Opinion

We have audited the financial statements of Fundo Brasileiro para a Biodiversidade - FUNBIO (the "Institution"), which comprise the statement of financial position as at December 31, 2020 and the statements of surplus or deficit, of changes in net asset value and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements referred to above present fairly, in all material respects, the Institution's financial position as at December 31, 2020, its financial performance and its cash flows for the year then ended, in accordance with the accounting practices adopted in Brazil applicable to not-for-profit entities (ITG 2002 (R1)).

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 financial statements" section of our report. We are independent of the Institution and comply 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.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting practices adopted in Brazil applicable to not-for-profit entities (ITG 2002 (R1)), and for such internal control as management determines is necessary to enable the preparation of these financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, management is responsible for assessing the Institution's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Institution or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Institution's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 these financial statements.

As part of the audit conducted in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatement of the financial statements, 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 and the reasonableness of accounting estimates 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 Entity'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 statements 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 Institution to cease to continue as a going concern.



- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Rio de Janeiro, April 29, 2021.

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

A handwritten signature in blue ink, appearing to read 'W. Neumayer', is written over the printed name.

Walter G. Neumayer
Accountant CRC-1RJ091659/O-0

Fundo Brasileiro para a Biodiversidade - Funbio

Statement of financial position
December 31, 2020 and 2019
(In thousands of reais)

	Note	12/31/2020	12/31/2019
Assets			
Current assets			
Cash and cash equivalents	5.a	9,351	3,545
Funds related to projects	5.e	354,977	329,378
Funds related to GEF Agency	5.c and 9	12,042	10,176
Project-related advances - GEF Agency	9	3,000	1,997
GCF Agency - Readiness	5.d and 10	1,173	-
Amounts in transit from abroad		495	659
Other		1,579	1,067
		382,617	346,822
Noncurrent assets			
Funds related to projects - Funds	5.f	854,658	608,199
FUNBIO Resources Fund ("FRF")	5.b and 11	32,433	30,061
Property and equipment	6	1,290	1,330
		888,381	639,590
Total assets		1,270,998	986,412
Liabilities and net asset value			
Current liabilities			
Trade accounts payable		513	1,525
Payroll and related charges	7	2,523	2,375
Taxes and charges		130	221
Funds related to projects	8	354,584	327,701
Funds related to GEF Agency	9	15,042	12,173
Funds related to GCF Agency - Readiness	10	1,173	-
Other accounts payable		111	134
Other receivables		4,215	-
		378,291	344,129
Noncurrent liabilities			
Funds related to projects - Funds	8	854,658	608,199
		854,658	608,199
Equity			
FUNBIO Resources Fund ("FRF")	11	32,433	30,061
Accumulated surplus		5,616	4,023
Total net asset value		38,049	34,084
Total liabilities and net asset value		1,270,998	986,412

See accompanying notes.

Fundo Brasileiro para a Biodiversidade - Funbio

Statement of surplus (deficit)
December 31, 2020 and 2019
(In thousands of reais)

	Note	12/31/2020	12/31/2019
Operating revenues			
GEF Agency	9	720	719
GCF Agency (Readiness)	10	184	-
Reimbursement of projects	12	9,301	13,122
Recovery of costs	13	7,882	3,264
Total revenue from donations		<u>18,087</u>	<u>17,105</u>
Services rendered	14	90	238
Total service revenue		<u>90</u>	<u>238</u>
Gross revenue		<u>18,177</u>	<u>17,343</u>
Other operating income (expenses)			
General and administrative expenses	15	(17,780)	(17,619)
Application of Funds	11	1,000	-
Operating income before finance income (costs)		<u>1,397</u>	<u>(276)</u>
Finance income (costs)	16		
Finance costs		(926)	(788)
Finance income		4,994	4,564
		<u>4,068</u>	<u>3,776</u>
Operating income (costs)		<u>5,465</u>	<u>3,500</u>
Surplus (deficit) from projects	8		
Accountability approved		105,530	88,793
Disbursement to partners		(29,701)	(15,830)
Funds executed		(76,286)	(74,537)
Provisioning under execution		457	1,574
Total surplus (deficit) from projects		<u>-</u>	<u>-</u>
Surplus for the year		<u>5,465</u>	<u>3,500</u>

See accompanying notes.

Fundo Brasileiro para a Biodiversidade - Funbio

Statement of changes in net asset value
December 31, 2020 and 2019
(In thousands of reais)

	Note	FUNBIO Resources Fund ("FRF")	Accumulated surplus/(deficit)	Surplus for the year	Total net asset value
Balances at December 31, 2018		26,452	4,632	-	31,084
Surplus for the year		-	-	3,500	3,500
Transfer to accumulated surplus/(deficit)		-	3,500	(3,500)	-
Allocation of surplus for the year	11	3,500	(3,500)	-	-
Contribution - FUNBIO Resources Fund ("FRF")	11	609	(609)	-	-
Transfer of funds to Funbio Scholarship Project	11	(500)	-	-	(500)
Balances at December 31, 2019		30,061	4,023	-	34,084
Surplus for the year		-	-	5,465	5,465
Transfer to accumulated surplus/(deficit)		-	5,465	(5,465)	-
Allocation of surplus for the year	11	3,872	(3,872)	-	-
Transfer of funds to administrative account	11	(1,000)	-	-	(1,000)
Transfer of funds to Funbio Scholarship Project	11	(500)	-	-	(500)
Balances at December 31, 2020		32,433	5,616	-	38,049

See accompanying notes.

Fundo Brasileiro para a Biodiversidade - Funbio

Statement of cash flows

Years ended December 31, 2020 and 2019

(In thousands of reais)

	<u>12/31/2020</u>	<u>12/31/2019</u>
Operating activities		
Surplus for the year	<u>5,465</u>	3,500
Adjustments to reconcile surplus to cash from (used in) operating activities		
Depreciation and amortization	221	247
Finance income - FRF	<u>(3,872)</u>	<u>(3,500)</u>
	<u>1,814</u>	247
Decrease in current assets		
Other assets	<u>(1,898)</u>	(423)
Increase (decrease) in current liabilities		
Trade accounts payable	<u>(1,012)</u>	1,111
Payroll and labor obligations	148	(34)
Taxes and charges	<u>(91)</u>	(4)
Other accounts payable	<u>(23)</u>	(56)
Other receivables	<u>4,215</u>	-
Net cash from operating activities	<u>3,153</u>	841
Investing activities		
Contribution - FRF	1,500	(109)
Acquisition of property and equipment	<u>(181)</u>	(50)
Net cash from (used in) investing activities	<u>1,319</u>	(159)
Financing activities		
Funds received related to projects	144,220	91,825
Yielding on funds related to projects	153,350	94,164
Foreign exchange differences on funds related to projects	111,021	23,956
Financial management on funds related to projects	<u>(3,792)</u>	(4,332)
Costs related to projects	<u>(131,457)</u>	(56,558)
Increase in funds related to projects	<u>(270,508)</u>	(149,674)
Transfer of funds to administrative account	<u>(1,000)</u>	-
Transfer of funds to Funbio Scholarship Project	<u>(500)</u>	(500)
Net cash used in financing activities	<u>1,334</u>	(1,119)
Increase (decrease) in cash and cash equivalents	<u>5,806</u>	<u>(437)</u>
Balance of cash and cash equivalents at beginning of year	3,545	3,982
Balance of cash and cash equivalents at end of year	<u>9,351</u>	3,545
Increase (decrease) in cash and cash equivalents	<u>5,806</u>	<u>(437)</u>

See accompanying notes.

Fundo Brasileiro para a Biodiversidade - Funbio

Notes to financial statements
December 31, 2020 and 2019
(In thousands reais)

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, 5th and 6th floors, Botafogo, city and state of Rio de Janeiro, with establishment in the city of Brasília, Federal District, at SHN Quadra 2, Bloco F, Executive Office Tower, room 1323 to 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.

The resources executed by FUNBIO in 2020 amounted to R\$105,530 (R\$88,793 in 2019), a 19% increase. Operating in almost all year 2020 round on a remote basis, safeguarding the health of its employees and automating access to cloud systems (cloud computing), Funbio managed to follow the guidance from health authorities and maintain the fulfillment of its mission of contributing resources to Biodiversity. In addition to this execution, Funbio as a GEF agency executed R\$7,068 (R\$2,566 in 2019).

The funds allocated to the execution of projects and those used by the Entity to achieve its purposes under its by-laws are segregated and may be identified in this report.

At the end of the current year, assets managed by FUNBIO amount to R\$1,270,998 (R\$986,412 at December 31, 2019), a 29% growth, of which approximately 67% are related to long-term actions and projects organized in long-term investment-managed funds.

FUNBIO's governance is led by the Decision-Making Board, which is composed of 16 members from academic institutions, environmental agencies, civil society, business and government sectors and is responsible for defining the organization's strategy and overall direction. The Decision-Making Board evaluates the strategic directions and institutional management, establishes a general policy, sets goals and priorities, which are transformed into actions by the Executive Secretariat. The Board of Trustee participates as volunteer, bringing their experience and knowledge. The Decision-Making Board is organized into Committees that address specific issues, such as Management, Project Techniques, Finance and Audit and Asset Management Committees.

Fundo Brasileiro para a Biodiversidade - Funbio

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands reais)

1. Operations (Continued)

FUNBIO is accredited as the national implementing agency for Green Climate Fund (GCF), which supports projects to respond to climate change, earmarking investment in low carbon development and climate resilience.

FUNBIO is also a national implementing agency for GEF, the Global Environment Facility, created in 1992 to support projects that respond to major environmental pressures on the planet.

Impacts 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 contamination 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 displacement, such as a quarantine period and closing of borders with other countries, unprecedented situations in recent world history. 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 and still avoid the collapse of the Brazilian health system.

Due to the impacts of the pandemic, since March 18, 2020, a series of measures have been taken to protect the health and safety of the Institution's employees, such as:

- Inclusion of 100% of the staff in the remote work regime;
- Closing of the Rio de Janeiro and Brasília offices;
- Furlough of pregnant women, of those over 60 years, of those who were immunocompromised and of diabetics;
- A remote payment process was created between the areas, transforming all physical files into digital;
- Prohibition of national and international travel;
- In view of the Provisional Executive Order No. 927/2020, all employees entered into the amendment to the employment agreement for temporary change from the on-site regime to teleworking, for an indefinite period;

Funbio has been monitoring developments related to COVID-19 over 2020 and coordinating its operational actions based on existing business continuity plans and on guidance from global and local health organizations, Federal, State and Municipal Governments and general best practices for crisis management.

Fundo Brasileiro para a Biodiversidade - Funbio

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands reais)

2. Presentation of financial statements and accounting policies

2.1. Statement of compliance

The Institution's financial statements for the year ended December 31, 2020 were prepared in accordance with the accounting practices adopted in Brazil, applicable to not-for-profit entities, which comprise the General Technical Interpretation (ITG 2002 (R1)) approved by CFC Resolution No. 1409/2012, and also pronouncements issued by Brazil's Financial Accounting Standards Board - FASB ("CPC"), approved by Brazil's National Association of State Boards of Accountancy (CFC).

The issue of these financial statements was authorized by the Decision-Making Board on April 29, 2021.

2.2. Basis of measurement

The financial statements were prepared based on the historical cost, except short-term investments stated at fair value through surplus or deficit.

2.3. Current and noncurrent assets and liabilities

The Institution presents assets and liabilities in the statement of financial position based on their current/noncurrent classification. An asset is classified as current when:

- It is expected to be realized, or intended for sale or use in the ordinary operating cycle of the Institution;
- It is maintained essentially to be traded;
- It is expected to be realized within 12 months after the reporting date; or
- It is cash or cash equivalents (as defined in Accounting Pronouncement CPC 03 - Statement of Cash Flows).

All other assets are classified as noncurrent.

A liability is classified as current when:

- It is expected to be settled during the Institution's ordinary operating cycle;
- It is maintained essentially to be traded;
- It should be settled within 12 months after the reporting date; or
- The entity has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

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Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands reais)

2. Presentation of the financial statements and accounting policies (Continued)

2.4. Functional and presentation currency

These financial statements are presented in Brazilian reais (R\$), which is the Company's functional currency. All financial information presented in thousands of Brazilian reais was rounded to the nearest amount, unless otherwise stated.

2.5. Use of estimates and judgments

The preparation of these financial statements in accordance with the accounting practices adopted in Brazil, applicable to not-for-profit entities, requires that the Institution's management use judgment to determine and recognize accounting estimates. Assets and liabilities subject to these estimates and assumptions include the economic useful life and residual value of property and equipment, as well as provision for contingencies. Settlement of transactions involving these estimates may result in amounts different from those estimated due to inaccuracies inherent to their determination process. The Institution reviews its estimates and assumptions at least on an annual basis.

2.6. Foreign currency translation

Transactions in foreign currencies are translated into the functional currency at the exchange rates prevailing on the transaction dates. Exchange gains and losses stemming from the settlement of these transactions and from translation of monetary assets and liabilities denominated in foreign currency at the exchange rates prevailing at year end are recognized in the statement of surplus or deficit.

2.7. Cash and cash equivalents, funds related to projects, FRF and short-term investments

These include cash on hand, bank deposits and other highly liquid short-term investments maturing within three months and posing insignificant risk of any change in their value. For purposes of the statement of cash flows, cash and cash equivalents include balances in secured accounts, when used. The investments of the Funds managed by Funbio, through Asset Managers, Pragma Gestão de Patrimônio Ltda. and Julius Bär Investment Bank, are diversified short- and long-term investments, ranging from 1 to 8 years, with liquidity ranging from D+1 to D+ 180 days. These funds are invested in Government Securities - National Treasury Notes (NTN-Bs), local and international variable income, Equities, *hedge Funds*, Fixed income *Low Vol* and fixed/inflation rate. Short-term investments are in compliance with the investment policies of each fund and guidelines from Funbio's Asset Management Committee.

Fundo Brasileiro para a Biodiversidade - Funbio

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands reais)

2. Presentation of the financial statements and accounting policies (Continued)

2.8. Financial instruments

A financial instrument is a contract that gives rise to a financial asset of an entity and to a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Upon initial recognition, financial assets are classified as subsequently measured at amortized cost, at fair value through other comprehensive income, and at fair value through profit or loss.

The classification of financial assets upon initial recognition depends on the characteristics of the contractual cash flows of the financial asset and of the Institution's business model for management of these financial assets. The Institution initially measures a financial asset at its fair value plus transaction costs, for the case of a financial asset not measured at fair value through surplus or deficit.

For a financial asset to be classified and measured at amortized cost or at fair value through other comprehensive surplus (deficit), it must generate cash flows that represent "Solely Payments of Principal and Interest (SPPI)" on the principal amount outstanding. This assessment is performed at an instrument level.

The Institution's business model for management of financial assets refers to how it manages its financial assets to generate cash flows. The business model determines whether cash flows will result from the collection of contractual cash flows, from the sale of financial assets, or from both.

Purchases or sales of financial assets that require the delivery of assets within a period established by regulation or market convention (regular negotiations) are recognized on the negotiation date, that is, the date on which the Institution undertakes to buy or sell the asset.

Fundo Brasileiro para a Biodiversidade - Funbio

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands reais)

2. Presentation of the financial statements and accounting policies (Continued)

2.8. Financial instruments (Continued)

Financial assets (Continued)

Subsequent measurement

For subsequent measurement purposes, the Institution's financial assets are classified into the following categories:

i) *Financial assets at fair value through surplus or deficit*

Financial assets at fair value through surplus or deficit include financial assets held for trading, financial assets designated upon initial recognition at fair value through surplus or deficit or financial assets to be mandatorily measured at fair value. Financial assets are classified as held for trading when acquired with the objective of sale or repurchase in the short term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through surplus or deficit, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through other comprehensive surplus (deficit), as described above, debt instruments may be designated at fair value through surplus or deficit upon initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are recognized in the statement of financial position at fair value, and net changes in fair value are recognized in the statement of profit or loss.

This category includes listed net asset value investments which the Institution had not irrevocably elected to classify at fair value through other comprehensive surplus (deficit).

The Institution's financial assets at fair value through surplus or deficit mainly comprise short-term investments. The Institution has no derivative or embedded derivative transactions at December 31, 2020 and 2019.

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Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands reais)

2. Presentation of the financial statements and accounting policies (Continued)

2.8. Financial instruments (Continued)

Financial assets (Continued)

Derecognition

A financial asset (or, when applicable, a part of a financial asset, or a part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired;
- The Institution transferred its rights to receive cash flows of the asset or has assumed an obligation to fully pay the cash flows received, without significant delay, to a third party under a pass-through arrangement; and (a) the Institution transferred substantially all risks and rewards of the asset; or (b) the Institution has neither transferred nor retained substantially all risks and rewards related to the asset, but has transferred control over that asset.

When the Institution has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control over the asset, the Institution continues to recognize the transferred asset to the extent of its continuing involvement. In this case, the Institution also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Institution has retained.

The continuing involvement in the form of collateral on the transferred asset is measured at the lower of (i) the value of the asset and (ii) the maximum amount of the consideration received that the entity may be required to refund (collateral value).

Fundo Brasileiro para a Biodiversidade - Funbio

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands reais)

2. Presentation of the financial statements and accounting policies (Continued)

2.8. Financial instruments (Continued)

Financial liabilities

Initial recognition

Upon initial recognition, financial liabilities are classified as financial liabilities measured at fair value through surplus or deficit, loans and financing, accounts payable or derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are initially measured at fair value increased or decreased by, in the case financial liabilities other than at fair value through surplus or deficit, transaction costs that are directly attributable to the issue of the financial liability.

The Institution's financial liabilities include trade accounts payable, other accounts payable and funds related to projects.

Subsequent measurement of financial liabilities depends on their classification, as follows:

i) *Financial liabilities at fair value through surplus or deficit*

Financial liabilities at fair value through surplus or deficit include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through surplus or deficit.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing within short term.

Gains and losses on liabilities held for trading are recognized in the statement of surplus or deficit.

Financial liabilities designated upon initial recognition at fair value through surplus or deficit are designated at the initial recognition date, and only if the criteria under General Technical Interpretation (ITG 2002 (R1)) are satisfied.

The Institution's financial liabilities at fair value through surplus or deficit mainly comprise funds related to projects.

Fundo Brasileiro para a Biodiversidade - Funbio

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands reais)

2. Presentation of the financial statements and accounting policies (Continued)

2.8. Financial instruments (Continued)

Financial liabilities (Continued)

Derecognition

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

2.9. Property and equipment

Property and equipment items are measured at their historical cost, less accumulated depreciation and accumulated *impairment* losses, when applicable. The historical cost includes expenditures directly attributable to the acquisition of assets, including financing costs related to the acquisition of qualifying assets.

Costs subsequently incurred are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, if, and only if it is probable that future economic benefits associated with the item will flow to the Institution and the cost of the item can be measured reliably. The carrying amount of replaced items or parts is written off. All other repair and maintenance costs are matched against surplus/deficit for the period, as incurred.

Fundo Brasileiro para a Biodiversidade - Funbio

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands reais)

2. Presentation of the financial statements and accounting policies (Continued)

2.9. Property and equipment (Continued)

Depreciation of property and equipment items is recorded over their useful lives, as follows:

	<u>Years</u>
Leasehold improvements	3 to 25
IT equipment	5
Furniture and fixtures	10
Machinery and equipment	10

Residual values and useful lives of assets are reviewed and adjusted, as appropriate, at each year end.

The carrying amount of an asset is immediately discounted to its recoverable amount when the carrying amount exceeds the estimated recoverable amount.

The useful life is based on management's estimates of the period in which the assets will generate revenues, which are periodically reviewed for continuing adequacy. Changes in estimates may result in significant changes in the carrying amount, and the amounts are appropriated to the surplus or deficit for the year in accordance with the new estimates.

2.10. Impairment of assets

Assets are tested for *impairment* whenever events or changes in circumstances indicate that their carrying amounts may not be fully recoverable. The carrying amount of an asset is reduced to its estimated recoverable amount when the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Fundo Brasileiro para a Biodiversidade - Funbio

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands reais)

2. Presentation of the financial statements and accounting policies (Continued)

2.11. Trade accounts payable

Trade accounts payable are liabilities payable for goods or services acquired from suppliers in the ordinary course of business and project management, classified under current liabilities if their payment falls due within one year (or in the business ordinary operating cycle, even if it is longer). Otherwise, trade accounts payable are stated as noncurrent liabilities. They are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method. They are actually recognized at the corresponding billing amount.

2.12. Provisions

Provisions are recognized when the Institution has a present or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The Institution is party to labor, tax and civil proceedings in progress, and is discussing these matters both at administrative and legal levels, which are backed by judicial deposits. The provisions for losses, if any, arising from these proceedings are estimated and restated by management, supported by the opinion of its external legal advisors.

2.13. Third-party funds related to projects

Deposits made into FUNBIO accounts intended for implementation of projects and based on contractual instruments are recognized as an obligation of the Institution to donors and/or partners. At the time that projects are implemented, these obligations are matched against "Accountability approved" in the statement of surplus or deficit for the year.

Fundo Brasileiro para a Biodiversidade - Funbio

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands reais)

2. Presentation of the financial statements and accounting policies (Continued)

2.14. Realizable and settlement values

Other assets and liabilities are stated at realizable and settlement values, respectively, and include where applicable, monetary variations or foreign exchange differences, as well as income earned and charges incurred through the statement of financial position date, recognized on a pro rata temporis basis. When applicable, provisions are set up for impairment of assets to market or probable realizable value. The balances receivable and payable within 12 months from the statement of financial position date are classified as current assets and liabilities, respectively.

2.15. Revenue recognition

Revenue comprises the fair value of the reimbursement of expenses with projects, recovery of costs and service rendering, if any, in the ordinary course of the Institution's business.

The revenue from reimbursement of projects is recognized in the statement of surplus or deficit when FUNBIO is reimbursed for the management and implementation of projects, according to the purposes stated in its Charter. These revenues are provided for in the budgets of the projects that are an integral part of contractual agreements.

The revenue from recovery of costs is calculated based on a variable percentage according to the implementation of projects, and these amounts are provided for in contractual instruments and budgets prepared to achieve the objectives of projects, and does not constitute free resources for the Institution. This is recognized in the statement of surplus or deficit upon accountability of projects.

Revenue from services rendered is recognized in the statement of surplus or deficit when it can be reliably estimated, associated with the transaction by reference and the stage of completion of its services, to the extent that contractual obligations are satisfied.

Finance income

Finance income is recognized using the effective interest rate method.

2.16. Recognition of expenses related to projects

Expenses incurred in relation to projects are recognized in the statement of surplus or deficit for the year, as incurred.

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Notes to financial statements (Continued)
December 31, 2020 and 2019
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2. Presentation of the financial statements and accounting policies (Continued)

2.17. Tax obligations

2.17.1. Income and social contribution taxes

Requirements set forth by Law No. 9790/99

As a not-for-profit entity, FUNBIO is exempt from payment of income and social contribution taxes, as provided for in article 15 of Law No. 9532/97, provided that the requirements set forth in letters “a” to “h” of paragraph 2 of article 12 of referred to Law are met, namely:

- Do not pay any compensation to its managing officers for the services provided, unless in the case of not-for-profit associations, foundations or public interest organizations, whose managing officers may be compensated, provided that they play an active executive management role and the requirements set out in articles 3 and 16 of Law No. 9790 of March 23, 1999, are met, and provided that the compensation amount does not exceed the maximum amounts paid by the market in the region corresponding to their area of operation, which will be set by the Institution’s higher decision-making board, recorded in Minutes of meetings, and communicated to the Federal Prosecution Office, in the case of foundations.
- Invest all the Institution’s funds in the maintenance and development of the purposes in its business purposes;
- Bookkeeping all its revenues and expenses in proper books that ensure their accuracy; properly keep, over a five-year period, counted from the issue date, documents that prove the source of the Institution’s revenues and support expenses incurred as well as the performance of any other actions or operations that may change its financial position;
- Annually submit its Income Tax Returns according to the provisions established by the Brazilian Internal Revenue Service (RFB);
- Pay the taxes withheld on earnings paid or credited, and the social security contribution relating to employees as well as comply with accessory obligations arising therefrom;
- Ensure that its net asset value is allocated to another institution that satisfies the conditions for enjoying immunity, in case of merger, consolidation, spin-off or discontinuance of activities, or to a governmental body;
- Other requirements set forth in a specific law, relating to the operation of the entities referred to in this article.

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Notes to financial statements (Continued)
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(In thousands reais)

2. Presentation of the financial statements and accounting policies (Continued)

2.17. Tax obligations (Continued)

2.17.2. Contribution Taxes on Gross Revenue for Social Integration Program (PIS) and for Social Security Financing (COFINS)

According to article 13 of Provisional Executive Order (MP) No. 2158-35/2001, not-for-profit entities that hire employees, as defined by the Labor Law, are required to pay PIS contribution at a fixed rate of 1% on monthly payroll. These entities are exempt from paying PIS on revenues, under the terms of paragraph 1 of article 14 of MP No. 2158-35/01, provided that these meet the requirements of article 12 of Law No. 9532/97.

Regarding COFINS, item X of article 14 of MP 2158-35/2001 establishes that not-for-profit institutions are exempt from paying COFINS on revenues. Also in this case, enjoying the exemption is contingent upon the compliance with the requirements of article 12 of Law No. 9532/97.

The Institution has complied with the requirements of Law No. 9532/97 in order to enjoy the aforementioned exemptions.

2.18. Statement of comprehensive surplus (deficit)

The statement of comprehensive surplus (deficit) is not presented as there are no amounts to be presented on this concept, i.e., surplus or deficit for the year is equal to total comprehensive surplus (deficit).

3. New accounting pronouncements

There are no standards and interpretations applicable for the first time in 2020 that impact the Institution's financial statements. Funbio elected not to early adopt any other standard, interpretation or amendment that has been issued, but is not yet effective.

Fundo Brasileiro para a Biodiversidade - Funbio

Notes to financial statements (Continued)
December 31, 2020 and 2019
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4. Financial risk management

The Institution is exposed to the following risks arising from the use of financial instruments:
Market and liquidity risks

Following is information on the Institution's exposure to each of the foregoing risks, as well as its objectives, policies and processes for measuring and managing such risks, as well as capital management. Enhanced quantitative disclosures are provided throughout these financial statements.

Market risk

Market risk is the risk that changes in market prices, such as interest rates of short-term investments of the Institution, will impact the gains due to its portfolio or the amount of its interests in financial instruments.

For short-term investments (CDB and fixed income funds held in Banco do Brasil), the Institution manages market risks through investments in low market risk funds with low financial leverage, always operating with prime financial institutions. In this regard, the currency risk is the main market risk arising from projects, which are financed by foreign entities.

For investments in funds managed by Funbio, through Pragma Patrimônio and Julius Bär Bank (Funbio Asset Managers), the market risk considers the investment policies of each fund and invests in different assets to minimize volatility and obtain the expected returns in each investment policy. The classes of assets are subject to the market value; the objective of a medium and long-term portfolio comprised of different assets is to mitigate the market risk. For funds whose investment policies maintain a percentage invested abroad, the main risk is the currency risk.

Currency risk

This risk arises from the possibility of the Institution incurring losses due to foreign exchange fluctuations, which reduce nominal amounts invoiced or increase funds raised in the market.

Projects are implemented and budgeted in Brazilian reais (R\$), and any unallocated balances present in project accountability are restated by the prevailing exchange rate. Reconciliations of unallocated portions with the goals defined for the project are made from time to time, and in case of significant variations a project replanning is performed.

Fundo Brasileiro para a Biodiversidade - Funbio

Notes to financial statements (Continued)
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4. Financial risk management (Continued)

Liquidity risk

This is the risk of the Institution not having sufficient net funds to meet its financial commitments, as a result of mismatching of term or volume between expected receivables and payables.

In order to manage cash liquidity, assumptions of future disbursements and receipts are set up and monitored by the Treasury department. This control is performed to manage the Institution's accounts and each one of its projects.

Credit risk

The Institution's credit risk may be attributed mainly to its cash and cash equivalent balances and short-term investments.

The Institution invests its cash surplus in government securities and corporate bonds in accordance with the standards approved by management, which follow the Institution's policy for concentration of credit risk. Investments with private credit risk are made only at prime financial institutions.

5. Cash and cash equivalents, FRF, funds related to projects and GEF and GCF Agencies

Description	Note	12/31/2020	12/31/2019
Cash and cash equivalents	5.a	9,351	3,545
FUNBIO Resources Fund ("FRF")	5.b	32,433	30,061
Total own funds		41,784	33,606
Funds related to GEF Agency	5.c	12,042	10,176
Funds related to GCF Agency	5.d	1,173	-
Funds related to projects - current	5.e	354,977	329,378
Funds related to projects - noncurrent	5.f	854,658	608,199
Total funds related to projects		1,222,850	947,753

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Notes to financial statements (Continued)
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5. Cash and cash equivalents, FRF, funds related to projects and GEF and GCF Agencies (Continued)

5.a) Breakdown of cash and cash equivalent balances of own funds:

Description	12/31/2020	12/31/2019
Fixed fund	3	2
<i>Short-term investments in Brazil</i>		
Banco do Brasil CDB - Administrative	2,513	2,672
Banco do Brasil RF LP Corporate - Administrative	6,112	-
Itaú CDB - Administrative	-	352
Itaú AUTOM INVEST MAIS – Administrative	17	22
	8,642	3,046
<i>Foreign Bank</i>		
Banco do Brasil NY FUNBIO	10	8
Banco do Brasil NY - Invest. ALLO - ADM	696	489
	706	497
Total cash and cash equivalents	9,351	3,545

5.b) Breakdown of the balances of FUNBIO Resources Fund ("FRF")

Description	12/31/2020	12/31/2019
<i>Short-term investments in Brazil - Asset Manager⁽¹⁾</i>		
Itaú Pragma LIBER - FUNBIO Resources Fund ("FRF")	10,465	10,033
Itaú Pragma HONOR - Funbio Resources Fund ("FRF")	6,347	3,365
Itaú Pragma ARES - Funbio Resources Fund ("FRF")	6,661	-
Itaú Pragma LYNX MM - Funbio Resources Fund ("FRF")	1,743	1,166
Itaú Private EFFICAX - FRF	3,098	7,099
Credit Suisse - FUNBIO Resources Fund ("FRF")	-	5,045
Itaú Private Shares Index - FRF	-	968
Itaú World EQ Fia - FRF	3,878	2,385
Itaú CDB DI - FRF	241	-
Total FUNBIO Resources Fund ("FRF")	32,433	30,061

(1) The investments of the Funds managed by FUNBIO, through Pragma Patrimônio, are diversified short- and long-term investments, from 1 to 8 years, with liquidity ranging from D+1 to D+180 days. These funds are invested in Government Securities - National Treasury Notes (NTN-Bs), local and international variable income, Equities, hedge Fund, Fixed income Low Vol and fixed/inflation rate. FRF had an 8.3% yield above the benchmark of 4.3. Breakdown according to the types of investments is as follows:

Local portfolio:	Fixed income Low Vol	10.1%
	Fixed income	36.9%
	Hedge Fund	20.1%
	Variable income	20.4%
	Variable income OFF	12.5%

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Notes to financial statements (Continued)
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5. Cash and cash equivalents, FRF, funds related to projects and GEF and GCF Agencies (Continued)

5.c) Breakdown of the balances of funds related to GEF Agency

<u>Description</u>	<u>12/31/2020</u>	<u>12/31/2019</u>
<i>Short-term investments in Brazil</i>		
Banco do Brasil RF LP - Funbio GEF Agency	2,272	2,951
Banco do Brasil CDB - GEF Agency Project	85	83
Banco do Brasil CDB -GEF Agency Grant Proespecies	781	6,038
Banco do Brasil RF REF DI VIP - GEF Agency Grant Proespecies	-	1,104
Banco do Brasil RF LP -GEF Agency Grant Proespecies	8,904	-
Total funds related to GEF Agency	12,042	10,176

5.d) Breakdown of the balances of funds related to GCF Agency

<u>Description</u>	<u>12/31/2020</u>	<u>12/31/2019</u>
<i>Short-term investments in Brazil</i>		
Banco do Brasil CDB - GCF - Readiness	1,173	-
Total funds related to GCF Agency	1,173	-

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Notes to financial statements (Continued)
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5. Cash and cash equivalents, FRF, funds related to projects and GEF and GCF Agencies (Continued)

5.e) Breakdown of the balances of funds related to projects in current assets

Description	12/31/2020	12/31/2019
<i>Banks in Brazil (1)</i>	216	1,832
	216	1,832
<i>Short-term investment in Brazil - Bank Deposit Certificate (CDB)</i>		
Itaú CDB - Fauna (Fauna Portfolio)	563	549
Bradesco - FMA Agreement - Instr. III -A - Finan. Trustee (2)	30,967	30,195
Bradesco - FMA Agreement - Instr. I-A Envir. Compensation (2)	41,097	40,077
Bradesco - FMA Agreement - Instr. V - TAC (2)	2,360	2,303
Bradesco - FMA Agreement - Instr. I-C Res. Land Reg. (2)	9,246	9,024
Bradesco - FMA Agreement - Instr. IV - OP. Forest Rest. (2)	2,651	2,585
Bradesco - FMA Agreement - Instr. I-B CA Federal (2)	3,368	3,280
Bradesco - FMA Agreement - Instr. VI - OP. Other Sources (2)	6,263	6,117
Banco do Brasil CDB - Mata Atlântica III	576	16
Banco do Brasil CDB – Chevron - Fishing and Marine Research (3)	12,986	16,253
Banco do Brasil CDB – Chevron Porpoise Conservation	6,046	8,844
Banco do Brasil CDB – GEF MAR	-	3,906
Banco do Brasil CDB – Kayapó	793	7
Banco do Brasil CDB - RVS Rio da Prata	564	551
Banco do Brasil CDB - Chevron Cons. of Protected Areas RJ (3)	12,051	12,971
Banco do Brasil CDB – Chevron Cras RJ	2,944	2,907
Banco do Brasil CDB – Chevron Envir. Education (3)	13,583	13,390
Banco do Brasil CDB – Rock in Rio	538	1,007
Banco do Brasil CDB – Probio MMA Balance	25	32
Banco do Brasil CDB – Chevron Fed. Protected Areas Phase II	6,914	7,770
Banco do Brasil CDB – Chevron Enviro. Educ. Phase II	9,787	9,744
Banco do Brasil CDB – Chevron Cras Phase II	2,911	2,858
Banco do Brasil CDB - Funbio Scholarship	1,152	580
Banco do Brasil CDB - Gef MAR - Petrobras (3)	43,809	49,682
Banco do Brasil CDB - GEF Land	3,454	6
Banco do Brasil CDB – REM Mato Grosso	-	14,407
Banco do Brasil CDB - FT Operational	5,806	2,595
Banco do Brasil CDB - TAJ CSN Volta Verde	160	4,276
Banco do Brasil CDB - PMLM - SP	159	227
Banco do Brasil CDB - Exxon Mobill	111	286
Banco do Brasil CDB - TAJ Santos	194	363
Banco do Brasil CDB - R20	-	2
Banco do Brasil CDB - Amazon Forest Fund	247	-
Banco do Brasil CDB - Porto Sul	1,853	-
Banco do Brasil CDB - Copaibas	-	-
Banco do Brasil CDB - Amazon Forest Fund	987	-
Banco do Brasil CDB - Abrolhos Operational Fund	457	-
	224,622	246,810

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5. Cash and cash equivalents, FRF, funds related to projects and GEF and GCF Agencies (Continued)

5.e) Breakdown of the balances of funds related to projects in noncurrent assets (Continued)

Description	12/31/2020	12/31/2019
<i>Short-term investments in Brazil - Fixed income</i>		
Banco do Brasil RF DI VIP - PROBIO Opportunity Fund	2,675	2,900
Banco do Brasil RF LP CORPORATE - REM (4)	118,572	76,270
Banco do Brasil RF LP CORPORATE - Copaibas	3,062	-
Banco do Brasil RF LP CORPORATE - Porto Sul	5,038	-
	<u>129,347</u>	<u>79,170</u>
<i>Other short-term investments in Brazil</i>		
Itaú PRIV EXCLUSIVE FIC - Fauna Fund Portfolio	142	139
	<u>142</u>	<u>139</u>
<i>Foreign investments and banks</i>		
Banco do Brasil Frankfurt - Mata Atlântica III	650	1,427
	<u>650</u>	<u>1,427</u>
Total funds related to projects in current assets	<u>354,977</u>	<u>329,378</u>

- (1) These accounts comprise various local checking accounts in prime banks.
- (2) The short-term investments made by Banco Bradesco S/A, as FMA's financial Manager under Cooperation Agreement No. 004/2016, are repurchase agreements backed by debentures issued by Bradesco Leasing S/A - Lease, yielding 100% of the CDI, whose Head Coordinators are Banco Bradesco BBI S/A or Banco Bradesco S/A itself. The liquidity of the repurchase agreements does not have a grace period, enabling Funbio to make its daily payment operations, in its Operational Manager activity. Cooperation Agreement No. 04/2016, clause 3, About the intermediation, paragraph 2, establishes that "the Operational Manager (Funbio) is hold harmless from any liability for the financial operation of the funds, its investments and yields".
- (3) These project funds were invested in CDBs acquired from Banco do Brasil S/A traded at the rate from 97% to 101% of the CDI.
- (4) In 2020, REM Mato Grosso project received R\$118,572 from KFW, which were invested in LP Corporate Fixed Income at Banco do Brasil. The performance fee equivalent to 20% based on the Fund's surplus (deficit), on profitability that exceeds the ID daily average rate of one day, according to the regulation of the Banco do Brasil Fund.

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Notes to financial statements (Continued)
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5. Cash and cash equivalents, FRF, funds related to projects and GEF and GCF Agencies (Continued)

5.f) Breakdown of the balances of funds related to projects in noncurrent assets

Description	12/31/2020	12/31/2019
<i>Short-term investments in Brazil - Asset Manager</i>		
Itaú Pragma BANYAN - Kayapó Fund ⁽¹⁾	-	274
Itaú Pragma LIBER MM - Kayapó Fund ⁽¹⁾	3,781	4,032
Itaú Pragma LYNX MM - Kayapó Fund ⁽¹⁾	270	839
Itaú Pragma HONOR - Kayapó Fund ⁽¹⁾	2,224	1,843
Itaú Private EFFICAX - Kayapó Fund ⁽¹⁾	12,563	12,989
Itaú Pragma HONOR - Transition Fund - FT ⁽²⁾	16,157	11,046
Itaú Pragma SUMAUMA - Transition Fund - FT ⁽²⁾	125,932	117,963
Itaú Private EFFICAX - Transition Fund - FT ⁽²⁾	13,439	12,898
Itaú - World EQ Fia - Transition Fund - FT ⁽²⁾	4,148	2,907
Itaú Pragma LIBER - Abrolhos Fund ⁽³⁾	1,105	1,498
Itaú Pragma HONOR - Abrolhos Fund ⁽³⁾	1,578	1,177
Itaú Pragma ARES - Abrolhos Fund ⁽³⁾	851	855
Itaú EFFICAX - Abrolhos Fund ⁽³⁾	166	656
Itaú World EQ Fia - Abrolhos Fund ⁽³⁾	599	450
Itaú Pragma LIBER - Amapá Fund ⁽⁴⁾	1,860	1,964
Itaú Pragma ARES - Amapá Fund ⁽⁴⁾	1,382	1,120
Itaú Pragma HONOR - Amapá Fund ⁽⁴⁾	2,455	1,525
Itaú Private EFFICAX - Amapá Fund ⁽⁴⁾	219	843
Itaú World EQ Fia - Amapá Fund ⁽⁴⁾	1,002	595
Itaú Soberano - Marinho Fund ⁽⁵⁾	8,839	-
Itaú World EQ Fia - Marinho Fund ⁽⁵⁾	1,657	-
Itaú Pragma LYNX MM - Marinho Fund ⁽⁵⁾	1,936	-
Itaú Pragma LIBER MM - Marinho Fund ⁽⁵⁾	18,510	-
Itaú Pragma HONOR - Marinho Fund ⁽⁵⁾	4,161	-
Itaú Pragma ARES - Marinho Fund ⁽⁵⁾	3,475	-
	228,309	175,474
<i>Foreign Banks</i>		
Itaú MIAMI - Amapá Fund ⁽⁴⁾	-	35
Itaú Miami - Abrolhos Fund ⁽³⁾	-	47
	-	82
<i>Foreign financial investments</i>		
Itaú MIAMI - Amapá Fund ⁽⁴⁾	-	6,415
Itaú Miami - Abrolhos Fund ⁽³⁾	-	4,851
Julius Bär - Transition Fund (2)	610,268	421,377
Julius Bär - Abrolhos Fund ⁽³⁾	5,384	-
Julius Bär - Amapá Fund ⁽⁴⁾	9,147	-
	624,799	432,643
<i>Funds in transit (*)</i>		
	1,550	-
Total funds related to projects in noncurrent assets	854,658	608,199

(*) On November 9, 2020, a transfer was made from account Itaú Miami CC 6086720 - ABROLHOS Fund - UNITS BLACKROCK GLOBAL in the amount of R\$1,550 to account Julius Baer w/0600.6869, however this amount remained in transit, only in February 5, 2021 it was regularized in the account.

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5. Cash and cash equivalents, FRF, funds related to projects and GEF and GCF Agencies (Continued)

5.f) Breakdown of the balances of funds related to projects in noncurrent assets (Continued)

Asset Manager and types of investment:

1) Kayapó Fund

Local portfolio:	Fixed income Low Vol	66%
	Fixed income	21%
	Variable income	13%

2) Transition Fund

Local portfolio:	Fixed income Low Vol	24%
	Fixed income	52%
	Hedge Funds	9%
	Variable income	11%
	Variable income OFF	4%

Portfolio OFF:	CHF Cash	1.51%
	DKK Cash	0.00%
	EUR Cash	0.51%
	USD Cash	6.65%
	Forward transactions	-0.05%
	Fixed income - Bond	27.05%
	Variable income - Equities	62.63%
	Alternative Investments	1.71%

3) Abrolhos Terra e Mar Fund (ATM Fund)

Portfolio Local:	Fixed income Low Vol	3.7%
	Fixed income	25.0%
	Hedge Fund	19.2%
	Variable income	37.8%
	Variable income OFF	14.3%

Portfolio OFF:	CHF Cash	0.03%
	DKK Cash	0.02%
	EUR Cash	1.28%
	GBP Cash	0.05%
	USD Cash	7.13%
	Forward transactions	-0.14%
	Fixed income - Bonds	36.92%
	Variable income - Equities	52.99%
	Alternative Investments	1.72%

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Notes to financial statements (Continued)
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5. Cash and cash equivalents, FRF, funds related to projects and GEF and GCF Agencies (Continued)

5.f) Breakdown of the balances of funds related to projects in noncurrent assets (Continued)

Asset Manager and types of investment (Continued)

4) Amapá Fund

Portfolio		
Local:	Fixed income Low Vol	3.1%
	Fixed income	26.1%
	Hedge Fund	19.3%
	Variable income	36.8%
	Variable income OFF	14.7%
Portfolio		
OFF:	CHF Cash	0.08%
	DKK Cash	0.02%
	EUR Cash	1.30%
	GBP Cash	0.05%
	USD Cash	7.38%
	Forward transactions	-0.14%
	Fixed income - Bonds	36.94%
	Variable income - Equities	52.67%
	Alternative Investments	1.70%

5) Marine Fund

Portfolio		
Local:	Fixed income Low Vol	27.8%
	Fixed income	48%
	Hedge Fund	9%
	Variable income	10.9%
	Variable income OFF	4.3%

The amounts stated as cash, domestic banks, foreign banks and financial investments represent the Institution'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 Bank Deposit Certificates (CDBs) acquired at rates ranging from 96% to 101% (96% to 101% at December 31, 2019) of the Interbank Deposit Certificate (CDI) rate, and are recorded at the invested amount, plus income earned through the statement of financial position date.

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Notes to financial statements (Continued)
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5. Cash and cash equivalents, FRF, funds related to projects and GEF and GCF Agencies (Continued)

5.f) Breakdown of the balances of funds related to projects in noncurrent assets (Continued)

Asset Manager and types of investment (Continued)

Cash and cash equivalents related to projects and GEF Agency represent the amounts transferred by various sponsors to the Institution, which are kept in individual checking accounts of each project, and investments are kept in investment funds, repurchase agreements and Bank Deposit Certificates (CDBs), whose liquidity is below 90 days, with insignificant risk of reduction in value. These investments are comprised of CDBs and repurchase agreements (Bradesco) yielding the CDI rate, and other investments in investment funds, held in prime financial institution. These are recorded at the invested amount, plus income earned through the statement of financial position date.

The investments of the Funds managed by FUNBIO, through Pragma Patrimônio and Julius Bar Investment Bank, are diversified short- and long-term investments, from 1 to 8 years, with liquidity ranging from D+1 to D+180 days. These funds are invested in Government Securities - National Treasury Notes (NTN-Bs), local and international variable income, Equities, hedge Fund, Fixed income Low Vol and fixed/inflation rate.

6. Property and equipment

6.1. Breakdown

Description	Annual depreciation rate	12/31/2020			Property and equipment, net at 12/31/2019
		Cost	Accumulated depreciation	Property and equipment, net	
Furniture and fixtures	10%	570	(162)	408	465
Machinery and equipment	10%	251	(138)	113	134
IT equipment	20%	1,292	(971)	321	260
Leasehold improvements	4% to 33%	1,017	(569)	448	471
Total		3,130	(1,840)	1,290	1,330

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6. Property and equipment (Continued)

6.2. Changes

Description	Furniture and fixtures	Machinery and equipment	IT equipment	Leasehold improvements	Total
Balance at December 31, 2018	521	150	362	494	1,527
Acquisitions	-	6	44	-	50
Depreciation	(56)	(22)	(146)	(23)	(247)
Balance at December 31, 2019	465	134	260	471	1,330
Acquisitions	-	1	180	-	181
Depreciation	(57)	(22)	(119)	(23)	(221)
Balance at December 31, 2020	408	113	321	448	1,290

Impairment of assets

In the year ended December 31, 2020, the Institution's management did not find any indicators that the carrying amount of certain assets could be higher than their recoverable amount.

7. Payroll and labor obligations

Description	12/31/2020	12/31/2019
Accrued vacation pay and related charges	1,401	1,340
Salaries payable	481	453
Withholding Income Tax (IRRF) payable	302	281
Social Security Tax (INSS) payable	223	195
Unemployment Compensation Fund (FGTS) payable	82	78
Contribution Tax on Gross Revenue for Social Integration Program (PIS) payable	7	7
Other	27	21
Total	2,523	2,375

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8. Third-party funds related to projects

Changes in balances of projects for 2020

	12/31/2019	Funds received	Investment yields	Finance costs	Foreign exchange difference	Funds executed ⁽¹⁾	Provisioning under execution	Transfers (FUNBIO revenue) ⁽²⁾	Disbursements /internal transfer	Other transfers	12/31/2020	Note
ARPA 3rd Phase - Transition Fund - Operational	3,719	-	111	(122)	-	(38,414)	(277)	(4,458)	45,060	(9)	5,610	8,1
FMA Agreement- Instr. I-A Envir. Compensation (Brad. 3000-7)	40,078	-	1,019	-	-	-	-	-	-	-	41,097	8,2
FMA Agreement- Instr. I-B CA Federal (Brad. 3001-5)	3,281	-	87	-	-	-	-	-	-	-	3,368	8,2
FMA Agreement- Instr. I-C Res. Land Regulation (Brad. 3002-3)	9,025	-	221	-	-	-	-	-	-	-	9,246	8,2
FMA Agreement- Instr. II - OP. Donations (Brad. 3003-1)	-	-	-	-	-	-	-	-	-	-	-	8,2
FMA Agreement- Instr. III -A - Finan. Trustee (Brad. 3005-8)	30,195	-	771	-	-	-	-	-	-	-	30,966	8,2
FMA Agreement- Instr. III-B - Finan. Trustee CV (BB 25,738-9)	-	-	-	-	-	-	-	-	-	-	-	8,2
FMA Agreement- Instr. IV - OP. Forest Rest. (Brad. 3008-2)	2,585	-	66	-	-	-	-	-	-	-	2,651	8,2
FMA Agreement- Instr. V - TAC (Brad. 3009-0)	2,302	-	57	-	-	-	-	-	-	-	2,359	8,2
FMA Agreement- Instr. VI - OP. Other Sources (Brad. 3010-4)	6,117	-	145	-	-	-	-	-	-	-	6,262	8,2
Kayapó Operational	18	-	19	-	-	(878)	-	(267)	1,897	4	793	8,3
Adoption of parks	551	-	13	-	-	-	-	-	-	-	564	8,4
Opportunity Fund – Probio II	2,901	-	50	-	-	(226)	-	(52)	-	-	2,673	8,5
Fauna Fund Portfolio	688	-	18	(2)	-	-	-	-	-	-	704	8,6
GEF Mar	3,754	149	20	(2)	-	(2,888)	-	(1,014)	-	(19)	-	8,7
GEF Mar - Petrobras	49,556	2,500	1,130	(2)	-	(7,901)	(81)	(1,480)	-	-	43,722	8,7
Project K - KNOWLEDGE FOR ACTION	-	-	-	-	-	-	-	(187)	-	187	-	8,8
TAC Frade - Fishing and Marine Research	16,255	-	352	-	-	(3,203)	-	(453)	-	36	12,987	8,9
TAC Frade Porpoise Conservation	8,844	-	176	-	-	(2,637)	-	(335)	-	-	6,048	8,9
TAC Frade - Environmental Education	13,392	-	315	-	-	(23)	-	(100)	-	-	13,584	8,9
TAC Frade - Environmental Education - Phase II	9,744	-	235	-	-	(15)	-	(178)	-	-	9,786	8,9
TAC Frade - Conservation of Protected Areas	12,971	-	296	-	-	(1,015)	-	(200)	-	-	12,052	8,9
TAC Frade - Conservation of Protected Areas - Phase II	7,768	-	174	-	-	(832)	(10)	(197)	-	-	6,903	8,9
TAC Frade - CRAS RJ	2,908	-	67	-	-	-	-	(30)	-	-	2,945	8,9
TAC Frade - CRAS RJ - Phase II	2,860	-	69	-	-	-	-	(17)	-	-	2,912	8,9
R20	-	403	1	(1)	-	(401)	-	-	-	-	2	8,10
Subtotal	229,512	3,052	5,412	(129)	-	(58,433)	(368)	(8,968)	46,957	199	217,234	

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8. Third-party funds related to projects (Continued)

Changes in balances of projects for 2020 (Continued)

	12/31/2019	Funds received	Investment yields	Finance costs	Foreign exchange difference	Funds executed ⁽¹⁾	Provisioning under execution	Transfers (FUNBIO revenue) ⁽²⁾	Disbursements /internal transfer	Other transfers	12/31/2020	Note
Subtotal	229,512	3,052	5,412	(129)	-	(58,433)	(368)	(8,968)	46,957	199	217,234	
Amazon Live - Rock in Rio	1,007	25	18	-	-	(350)	-	(162)	-	-	538	8,11
Mata Atlântica III	1,522	1,616	7	(15)	731	(1,866)	-	(768)	-	-	1,227	8,12
Cooperation Agreement between Funbio and MMA - Probio II	31	-	1	(1)	-	(6)	-	-	-	-	25	8,13
FUNBIO Scholarships - Preserving the Future	579	1,153	7	(1)	-	(435)	-	-	-	-	1,303	8,14
GEF Land	6	9,839	48	(38)	-	(5,655)	(2)	(747)	-	-	3,451	8,15
REDD Early Movers Mato Grosso - REM MT	89,900	67,575	2,818	(269)	-	(32,934)	(47)	(4,212)	-	(4,260)	118,571	8,16
TCA CSN Volta Verde	4,276	-	68	-	-	(4,184)	-	-	-	-	160	8,17
Exxon Mobil - AMLD	287	500	4	(1)	-	(628)	-	(50)	-	-	112	8,18
PMLM-SP	219	303	3	(1)	-	(292)	(29)	(70)	-	-	133	8,19
TAJ Santos - PERB	363	-	7	-	-	(126)	(11)	(50)	-	-	183	8,20
Amazon Forest Fund	-	543	3	(4)	-	(268)	-	(27)	-	-	247	8,21
Copaibas	-	5,011	38	-	-	-	-	(1,986)	-	-	3,063	8,22
Porto Sul	-	6,843	49	-	-	-	-	-	-	-	6,892	8,23
Kayapó - Trad. and Future of Amazon	-	987	1	-	-	-	-	-	-	-	988	8,24
Abrolhos Terra e Mar Fund (ATM Fund) - Operational	-	-	1	-	-	(353)	-	(143)	952	-	457	8,26
Subtotal	327,702	97,447	8,485	(459)	731	(105,530)	(457)	(17,183)	47,909	(4,061)	354,584	
Transition Fund	566,190	5,060	139,051	(2,508)	107,211	-	-	-	(45,060)	-	769,944	8,01
Kayapó Fund	19,976	-	802	(43)	-	-	-	-	(1,897)	-	18,838	8,03
Amapá Fund	12,498	-	2,050	(252)	1,769	-	-	-	-	-	16,065	8,25
Abrolhos Terra e Mar Fund (ATM Fund)	9,535	-	1,429	(146)	1,368	-	-	-	(952)	-	11,234	8,26
Marine Fund	-	36,826	2,229	(478)	-	-	-	-	-	-	38,577	8,7
Subtotal	608,199	41,886	145,561	(3,427)	110,348	-	-	-	(47,909)	-	854,658	
Total	935,901	139,333	154,045	(3,886)	111,079	(105,530)	(457)	(17,183)	-	(4,061)	1,209,242	
Current	327,702										354,584	
Noncurrent	608,199										854,658	

(1) Within the total executed amount of R\$105,530, R\$29,701 were disbursed to partners.

(2) The total amount of R\$17,183 presented as Transfers (Funbio Revenue) refers to Project Reimbursement of R\$9,301, stated in Note 13, and Recovery of Costs of R\$7,882, stated in Note 14.

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8. Third-party funds related to projects (Continued)

Changes in balances of projects for 2019

	12/31/2018	Funds received	Short-term investment yields	Finance costs	Foreign exchange difference	Funds executed	Provisioning under execution	Transfers (FUNBIC revenue) ⁽³⁾	Transfer to IDG ⁽¹⁾	Disbursements/internal transfer	Other transfers	12/31/2019
ARPA 2nd Phase - KIW	67	-	1	(1)	-	(175)	-	-	-	-	108	-
ARPA FT – Operational	1,196	-	219	(182)	-	(38,330)	(441)	(7,057)	-	48,500	(186)	3,719
FMA Agreement- Instr. I-A Envir. Compensation [Brad. 3000-7] ⁽¹⁾	74,121	-	3,142	(1)	-	(7,382)	-	(1,802)	(28,000)	-	-	40,078
FMA Agreement- Instr. I-B CA Federal (Brad. 3001-5)	3,133	-	159	-	-	-	-	(11)	-	-	-	3,281
FMA Agreement- Instr. I-C Res. Land Regulation (Brad. 3002-3)	8,610	-	424	-	-	(9)	-	-	-	-	-	9,025
FMA Agreement- Instr. II - OP. Donations (Brad. 3003-1)	-	-	-	-	-	-	-	-	-	-	-	-
FMA Agreement- Instr. III - A - Finan. Trustee (Brad. 3005-8) ⁽¹⁾	32,391	215	1,589	-	-	-	-	-	(4,000)	-	-	30,195
FMA Agreement- Instr. III-B - Finan. Trustee CV (BB 25.738-3) ⁽²⁾	327	-	9	(2)	-	(337)	-	-	-	-	3	-
FMA Agreement- Instr. IV - OP. Forest Rest. (Brad. 3008-2)	2,471	34	123	-	-	-	-	(43)	-	-	-	2,585
FMA Agreement- Instr. V - TAC (Brad. 3009-0) ⁽¹⁾	5,590	-	210	(1)	-	(1,926)	-	(287)	(1,800)	-	516	2,302
FMA Agreement- Instr. VI - OP. Other Sources (Brad. 3010-4)	5,848	-	291	-	-	-	-	(22)	-	-	-	6,117
Tropical Forest Conservation Act (TFCA)	327	-	6	-	-	(306)	-	(32)	-	-	5	-
Kayapó Operational	226	-	8	-	-	(719)	-	(133)	-	636	-	18
Adoption of parks	525	-	26	-	-	-	-	-	-	-	-	551
Opportunity Fund – Probio II	3,715	-	151	-	-	(805)	-	(160)	-	-	-	2,901
Fauna Brasil Portfolio - Spix's Macaw	-	-	-	-	-	-	-	-	-	-	-	-
Fauna Brasil Fund Portfolio	656	-	39	(7)	-	-	-	-	-	-	-	688
GEF Nutrition	21	88	-	-	-	-	-	(109)	-	-	-	-
GEF Mar	3,810	4,893	178	(1)	-	(4,743)	(203)	(229)	-	-	49	3,754
GEF Mar - Petrobras	27,213	30,000	1,747	(13)	-	(7,611)	(132)	(1,648)	-	-	-	49,556
Project K - KNOWLEDGE FOR ACTION	493	136	3	(8)	(6)	(526)	-	(98)	-	-	6	-
Moore Sustainability	-	-	-	-	-	-	-	-	-	-	-	-
TAC Frade - Fishing and Marine Research	21,521	-	888	-	-	(5,691)	-	(467)	-	-	4	16,255
TAC Frade Porpoise Conservation	11,626	-	450	-	-	(2,991)	-	(241)	-	-	-	8,844
TAC Frade - Environmental Education	13,015	-	641	-	-	(117)	-	(147)	-	-	-	13,392
TAC Frade - Environmental Education - Phase II	9,305	-	454	-	-	-	-	(15)	-	-	-	9,744
TAC Frade - Conservation of Protected Areas	14,003	-	660	-	-	(1,564)	-	(128)	-	-	-	12,971
TAC Frade - Conservation of Protected Areas - Phase II	9,008	-	394	(1)	-	(1,466)	(1)	(166)	-	-	-	7,768
TAC Frade - CRAS RJ	2,802	-	141	-	-	-	-	(35)	-	-	-	2,908
TAC Frade - CRAS RJ - Phase II	1,361	1,526	114	-	-	-	-	(141)	-	-	-	2,860
TAC Aerovale Caçapava	-	-	-	-	-	-	-	-	-	-	-	-
R20	-	314	-	(1)	-	(267)	-	(46)	-	-	-	1
Amazon Live - Rock in Rio	509	500	30	-	-	(18)	-	(14)	-	-	-	1,007
Mata Atlântica III	1,754	3,333	20	(15)	(57)	(2,587)	-	(926)	-	-	-	1,522
Cooperation Agreement between Funbio and MMA - Probio II	312	-	1	(1)	-	(281)	-	-	-	-	-	31
FUNBIO Scholarships - Preserving the Future	1,006	1,000	10	(1)	-	(1,431)	(5)	-	-	-	-	579
Sítios Ramzar (Manguezais Amazônicos)	106	82	3	(2)	-	(189)	-	-	-	-	(1)	(1)
GEF Land	232	-	19	-	(18)	(366)	-	(244)	-	-	383	6
REDD Early Movers Mato Grosso - REM MTMT	22,125	75,992	2,039	(296)	-	(7,723)	(780)	(1,400)	-	-	(57)	89,900
TCA CSN - Volta Verde	-	5,413	136	-	-	(608)	-	(665)	-	-	-	4,276
Exxon Mobil - AMLD	-	941	4	-	-	(564)	-	(94)	-	-	-	287
PMLM-SP	-	324	3	-	-	(61)	(12)	(35)	-	-	-	219
TAJ Santos - PERB	-	360	3	-	-	-	-	-	-	-	-	363
Subtotal	279,425	125,151	14,335	(533)	(81)	(88,793)	(1,574)	(16,395)	(33,800)	49,136	830	327,701

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8. Third-party funds related to projects (Continued)

Changes in balances of projects for 2019 (Continued)

	12/31/2018	Funds received	Short-term investment yields	Finance costs	Foreign exchange difference	Funds executed	Provisioning under execution	Transfers (FUNBIC revenue) ⁽³⁾	Transfer to IDC IDG ⁽¹⁾	Disbursements/internal transfer	Other transfers	12/31/2019
Subtotal	279,425	125,151	14,335	(533)	(81)	(88,793)	(1,574)	(16,395)	(33,800)	49,136	830	327,701
Transition Fund	470,089	41,427	82,457	(3,714)	24,431	-	-	-	-	(48,500)	-	566,190
Kayapó Fund	18,953	-	2,007	(348)	-	-	-	-	-	(636)	-	19,976
Amapá Fund	10,432	-	1,979	(161)	248	-	-	-	-	-	-	12,498
Abrolhos Terra e Mar Fund (ATM Fund)	7,943	-	1,542	(143)	193	-	-	-	-	-	-	9,535
Subtotal	507,417	41,427	87,985	(4,366)	24,872	-	-	-	-	(49,136)	-	608,199
Total	786,842	166,578	102,320	(4,899)	24,791	(88,793)	(1,574)	(16,395)	(33,800)	-	830	935,900
Current	279,428											327,701
Noncurrent	507,417											608,199

(1) On October 7 and 11, 2019, by virtue of Agreement No. 004/2016, the amount of R\$33,800 was transferred to Operational Manager Instituto de Desenvolvimento e Gestão (IDG).

(2) In 2019, the amounts added totaled R\$368, of which R\$337 were accounted for and R\$33 were returned.

(3) The total amount of R\$16,395 presented as Transfers (Funbio Revenue) refers to Project Reimbursement of R\$13,122, stated in Note 12; Recovery of Costs of R\$3,264, stated in Note 13; and R\$9 relating to the return of the remaining balance of the TAC Aerovale Project, mistakenly appropriated in 2018.

(4) Within the total executed amount of R\$88,783, R\$15,830 were disbursed to partners.

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Notes to financial statements (Continued)
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8. Third-party funds related to projects (Continued)

Following are referenced comments on each one of the projects presented in the table above:

8.1. Amazon Region Protected Areas (ARPA) Program

ARPA program is the largest tropical forest protection initiative in the world and has been contributing to the conservation of the Brazilian Amazon since 2002. The Transition Fund (FT) emerged from ARPA for Life initiative and began in 2014, marking the beginning of the ARPA Program Phase III. The Transition Fund is an extinguishable fund designed and developed as an alternative for the consolidation of Protected Areas supported by the ARPA Program, through investments of donations from international cooperation, private donations and government funds represented by non-financial consideration. Phase III aims the gradual transfer of the fund contribution to the public power until the maintenance costs of the supported Protected Areas are fully maintained by the federal government and states, thus enabling the main objective of the Program to be reached, which consists of consolidation and protection 60 million hectares of forest, 15% of the territory of the Brazilian Amazon. The goal of supporting to the Protected Areas was reached in 2017, when the Program already supported 60.8 million hectares, with 117 Protected Areas under its umbrella agreement. In addition, Phase III also aims to create 13.5 million hectares of protected areas in the Amazon region, a goal that is still being pursued.

FUNBIO is the program's financial manager, performing the procurement and contracting activities for the Protected Areas and performing the Fund's asset management that ensures the program's sustainability in the long term. The Transition Fund incorporated funds from the Amazon Region Protected Areas Fund ("FAP"), organized in the program's first phase, and has been leveraging new funds from the Cooperation International and private donations, with the goal to reach US\$215,000.

In the period from January 1 to December 31, 2020, the following are highlighted:

- As a result of the 2020/2021 good planning carried out in the second half of 2019, for the first time in the trajectory of the ARPA Program, it was possible to start the execution, on February 1, of all POs of a biennium (20/21).
- Although the Institution is constantly improving itself, 2020 was the year in which the implementation and improvement of internal processes were completed, in order to achieve versatility and better institutional performance for the ARPA Program. Projects that had been developed since 2018 were implemented in 2020, making it a consolidation year of the use of these improvements (for instance system improvements for: request of cards, local expense operation, donating of assets, purchasing platform, protocol and analyses of consulting and construction processes, etc.).

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8. Third-party funds related to projects (Continued)

8.1. Amazon Region Protected Areas (ARPA) Program (Continued)

- Implementation and consolidation of maintenance and food cards for the entire ARPA Program, with the expansion of the suppliers' network in Amazon, in addition to structuring the maintenance service for aquatic equipment, a project developed in partnership between Funbio and the company providing referred to service;
- Implementation and consolidation of the modernization project of the restricted account, remodeled to the local expense account, the tool for direct execution of resources at the tip, by managers through bank accounts of the Protected Areas, had a reduction in the monthly amount available and new rules for the use of resources were defined. The mechanism operated properly in 2020, bringing greater security for the operations of direct execution of the Program's resources by the Protected Areas;
- Support for the implementation of emergency actions to combat the COVID 19 pandemic; Mobilization and operation with ICMBio of resources for protection and prevention and fighting forest fires; Mobilization and operation with SEMA-AM of resources for hiring personnel and implementing a transparency system for resources applied in the protected areas of the State of Amazonas.
- Approval of an Arpa Program contingency fund to be administered by the Fund Manager, with provision of resources to cover unforeseen events through security and institutional compliance mechanisms;
- Implementation of improvement opportunities for the Arpa Program, identified in the audit process of 5% of the Program's Protected Area in 2019.
- The Transition Fund's valued portfolio reached the amount of R\$779,473, and R\$769,944 (R\$573,608 in 2019) after considering the provision for income tax, a net increase of 36%, arising from new deposits received from Anglo American donations, short-term investment yields and foreign exchange differences, the latter impacted by the appreciation of approximately 28.93% of the foreign currency (US\$) included in the investment portfolio;
- ARPA FT Operational account received R\$45,060 (R\$48,500 in 2019) from the Transition Fund in 2020 and execution totaled R\$42,871 (R\$45,387 in 2019).

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8. Third-party funds related to projects (Continued)

8.2. Rio de Janeiro Atlantic Forest Fund (“FMA”) - Cooperation Agreement No. 04/2016 (Continued)

In 2016, under the Cooperation Agreement No. 04/2016, which received all the remaining funds from the SEA Agreement No. 003/2009 terminated on November 14, 2016, the Institution highlights the following instruments that were created pursuant to Law No. 6572 of October 31, 2013, as amended by State Law No. 7061 of September 25, 2015, in accordance with the conditions and procedures laid down in the Public Call Notice No. 01/16, in the FMA Management Manual (to be agreed by the parties), as well as SEA Resolution No. 491/15, as amended by Resolution No. 503/16.

FMA Agreement consists of six (6) project operating instruments, namely:

8.2.1 SNUC Environmental Compensation Operational Instrument

Mechanism intended to operate projects arising from environmental compensation resources, established on the basis of article 36 of Federal Law No. 9985/00, in which the entrepreneur, after INEA’s consent, chooses to deposit the funds in a specific FMA Financial Manager account for the implementation of projects approved by the Environmental Compensation Chamber of the state of Rio de Janeiro (“CCA/RJ”), subdivided into three ways:

a) *Project portfolio approved by CCA/RJ*

Intended for the implementation of projects presented by municipal, state and federal environmental agencies, as well as those intended for the management of Private Natural Heritage Reserves (“RPPN”), and approved by CCA/RJ, whose purpose is the support for the implementation and maintenance of one, or more, full protection Protected Areas. This portfolio received the initial balance of R\$179,900 from Agreement No. 003/2009 terminated on November 14, 2016. During the effective term of the Cooperation Agreement, there was no execution in 2020 (R\$9,184 in 2019), no receipt of new funds in 2020 and 2019, and yields from this portfolio amounted to R\$1,019 (R\$3,142 in 2019). In 2020, according to the 2nd amendment to Agreement No. 004/2016, through which resources under FUNBIO’s operational management were transferred to other operational managers selected by the State Environment Secretariat (“SEA”), there was no transfer to the Operational Manager Instituto de Desenvolvimento e Gestão (IDG) (R\$28,000 in 2019). Therefore, the balance of this portfolio at the end of 2020 amounts to R\$41,097 (R\$40,078 in 2019).

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8. Third-party funds related to projects (Continued)

8.2. Rio de Janeiro Atlantic Forest Fund (“FMA”) - Cooperation Agreement No. 04/2016 (Continued)

8.2.1 SNUC Environmental Compensation Operational Instrument (Continued)

b) *Project portfolio arising from federal environmental compensation*

Agreement intended for the implementation of projects at Protected Areas, presented by the Brazilian Institute of Environment and Renewable Natural Resources (“IBAMA”), whose purpose is the support for the implementation and maintenance of one or more state Protected Areas. In 2020 and 2019, this portfolio received no funds. There was no execution in 2020 (R\$11 in 2019), yields of approximately R\$87 (R\$159 in 2019) were generated and the year was closed with a balance of approximately R\$3,368 (R\$3,281 in 2019).

c) *Land Regularization Reserve*

Aimed specifically to land regularization of protected areas established by the Rio de Janeiro State Government, made as public domain and the expropriated owner being compensated through legal or administrative agreement. In 2020 and 2019, this portfolio received no funds. There was no execution in 2020 (R\$9 in 2019), yields of approximately R\$221 (R\$424 in 2019) were generated and the year was closed with a balance of approximately R\$9,247 (R\$9,025 in 2019).

8.2.2. Operational Instrument for Donation

Mechanism intended to operate projects from national and international donation resources aimed at biodiversity protection and conservation, approved by SEA/RJ, which is executed through projects and accompanied by FMA’s computerized system. This instrument received no funds by the end of 2020.

8.2.3. Trust Financial Instrument

Financial mechanism intended to raise funds, the principal of which, whenever possible, should be preserved to ensure the management of protected areas created by the State Government, especially its current expenses, aiming at its financial sustainability on a permanent basis. This instrument is divided as follows:

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8. Third-party funds related to projects (Continued)

8.2. Rio de Janeiro Atlantic Forest Fund (“FMA”) - Cooperation Agreement No. 04/2016 (Continued)

8.2.3. Trust Financial Instrument (Continued)

a) *Trust Fund Financial Instrument*

In 2016, it received the amount of R\$27,800 arising from transfer of balance of the Trust Instrument of Agreement No. 003/2009 and during the effective term of the Cooperation Agreement in 2020, it received no funds (R\$215 in 2019). In addition, yields amounting to R\$771 (R\$1,589) were generated. In 2020, according to the 2nd amendment to Agreement No. 004/2016, through which resources under FUNBIO’s operational management were transferred to other operational managers selected by the State Environment Secretariat (“SEA”), there was no transfer to the Operational Manager Instituto de Desenvolvimento e Gestão (IDG) (R\$4,000 in 2019), closing 2020 with a balance of R\$30,966 (R\$30,195 in 2019).

b) *Trust Financial Instrument of Restricted Account*

Consisting of a bank account No. 25.738-9 at Banco do Brasil that is used to feed 33 prepaid cards linked to the Protected Areas and Centers. At the end of Agreement No. 003/2009 and beginning of the Cooperation Agreement No. 04/2016, this account had a balance of R\$1,700 and, during the period of the Cooperation Agreement through the end of 2020, there was no financial execution (R\$337 in 2019) to feed the cards, and there was no yields in the year (R\$9 in 2019). In 2019, R\$3 were returned and the account balance closed the year at zero in 2020 and 2019, as the remaining funds were returned to the Trust Fund Financial Instrument account (3005-8) in September 2019.

8.2.4 Forest Restoration Operational Instrument

Mechanism intended to operate projects arising from the forest replacement obligation, provided for in Federal Law No. 11.428/2007, due for cutting or removal of primary or secondary vegetation in the middle or advanced stages of regeneration of the Atlantic Forest Biome, authorized by INEA, as well as other obligations consisting of forest restoration. In the effective term of the Cooperation Agreement, this instrument received no funds in 2020 (R\$34 in 2019). In 2020, there was no execution (R\$43 in 2019) and yields of approximately R\$66 (R\$123 in 2019) were generated, remaining a balance of R\$2,651 (R\$2,585 in 2019) at the end of 2020.

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8. Third-party funds related to projects (Continued)

8.2. Rio de Janeiro Atlantic Forest Fund ("FMA") - Cooperation Agreement No. 04/2016 (Continued)

8.2.5. Conduct Adjustment Agreement ("TAC")

Mechanism intended to operate environmental projects from TACs entered into with individuals or legal entities to adjust their conduct with the environmental agency in relation to environmental damages caused by them. This instrument received R\$10,300 from the Other Sources Instrument of Agreement No. 003/2009, received no funds in 2020 and 2019 already during the effective term of Cooperation Agreement No. 04/2016, plus yields of R\$57 (R\$210 in 2019).

There was no execution in the year (R\$2,213 in 2019) and the amount of R\$516 was returned in 2019. In addition, in 2019, according to the 2nd amendment to Agreement No. 004/2016, through which resources under FUNBIO's operational management were transferred to other operational managers selected by the State Environment Secretariat ("SEA"), there was no transfer to the Operational Manager Instituto de Desenvolvimento e Gestão - IDG (R\$1,800 in 2019), generating a balance of R\$2,359 (R\$2,302 in 2019) at the end of 2020;

8.2.6. Operational Instrument of Other Sources

Mechanism to operate state environmental protection programs, the origin of which is not in the hypotheses of items I, II, III, IV and V. This instrument received R\$13,800 from the Other Sources Instrument of Agreement No. 003/2009, received no funds in 2020 and 2019, executed no funds in the period (R\$22 in 2019) and generated yields of R\$145 (R\$291 in 2019). In 2020 and 2019, according to the 2nd amendment to Agreement No. 004/2016, through which resources under FUNBIO's operational management were transferred to other operational managers selected by the State Environment Secretariat ("SEA"), FUNBIO transferred no amount to the Operational Manager Instituto de Desenvolvimento e Gestão (IDG), closing the year with a balance of R\$6,262 (R\$6,117 in 2019).

In the table shown in this Note, it is possible to identify the total funds used under each of the contractual instruments (Agreement No. 003/2009 and Cooperation Agreement No. 04/2016), as well as confirm the transfer of funds from the Banco do Brasil accounts to the mechanism's Financial Manager accounts, Bradesco.

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8. Third-party funds related to projects (Continued)

8.3. Kayapó Fund

Endowment established and designed by FUNBIO to support Kayapó organizations in the long term and increase the capacity of Kayapó Indigenous Lands to maintain their physical integrity. FK received donations totaling R\$14,400 from the Amazon Fund, through the National Bank for Economic and Social Development ("BNDES"), and from CI-Brazil (Conservation International). FUNBIO is the manager of the resources, which should be allocated to projects formulated by Brazilian indigenous organizations in connection with this ethnic group.

In 2020, the following results were achieved:

- Closing of three projects in connection with the 3rd Support Cycle, namely:
 - (I) Strengthening of the Organizational Management and Production Activities of Kayapó Menkragnoti People in BR-163 Corridor (Xingu Basin), in connection with Kabu Institute (closed on April 24, 2020);
 - (II) Promote the Social, Economic, Land, Institutional, Cultural and Political Autonomy of Kayapó people, in connection with Raoni Institute (closed on June 2, 2020);
 - (III) Initiatives relating to Land and Environmental Management of Kayapó Communities, in connection with the Protected Forest Association (closed on July 23, 2020).
- Approval of the Operational Plan for this mechanism and the consequent internalization of R\$5,499;
- Beginning of the implementation of a Strategic Plan to support small Kayapó representation organizations;
- Holding of the 4th Meeting of the Kayapó Fund Technical Committee for the evaluation and selection of proposals related to the 4th Support Cycle;
- Holding of the 7th Meeting of the Kayapó Fund Donors Committee for the selection and approval of proposals related to the 4th Cycle;
- Engagement of 2 projects approved in the 4th Kayapó Fund Support Cycle, namely: I) Defense of the Mekrãgnotí Territory in the deforestation corridor in southwest of Pará, in connection with kabu Institute, in the amount of R\$1,400 and; II) Mě Anodjá - Taking care of our Kayapó/Metuktire People, in connection with Raoni Institute, in the amount of R\$1,400.

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8. Third-party funds related to projects (Continued)

8.3. Kayapó Fund (Continued)

In 2020 and 2019, the Fund received no funds, only transfers of funds from the Fund to the operational account, amounting to R\$1,897 (R\$636 in 2019), in which the project is executed. The operational account executed R\$1,145 (R\$852 in 2019) and yields totaled R\$19 (R\$8 in 2019). In the Fund, yields totaled R\$802 (R\$2,007 in 2019), closing the year with a balance in the operational account of R\$793 (R\$18 in 2019), and in the Fund of R\$18,838 (R\$19,976 in 2019).

8.4. Adoption of parks

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

The contract in force was entered into with BP Brasil in 2012, in the amount of R\$ 300, to support actions related to environmental management of Protected Areas.

At the end of 2020, the balance of the Adoption of Parks program amounts to R\$ 564 (R\$551 in 2019). In 2020 and 2019, there was no execution in its activities. Yields totaled R\$13 (R\$26 in 2019).

There was no contribution of funds in the Adoption of Parks Project in 2020 and 2019.

8.5. Opportunity Fund of Probio II Project - National Project of Integrated Public Private Actions for Biodiversity

This initiative aims to mobilize production sectors to adopt principles and practices of conservation and sustainable use of biodiversity in their businesses. Funbio promotes private sector engagement actions, aiming to boost the transformation of the production, consumption and occupation models of the national territory. The project is funded by the Global Environment Facility (GEF), through the World Bank, which allocated a total of US\$22,000 to the initiative's partners.

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8. Third-party funds related to projects (Continued)

8.5. Opportunity Fund of Probio II Project - National Project of Integrated Public Private Actions for Biodiversity (Continued)

The Donation Agreement between Funbio and the International Bank for Reconstruction and Development (IBRD) for Probio II was terminated in 2014, with partnerships entered into with the private sector to implement 7 subprojects in 6 production territories to incorporate adequate practices and favorable strategies to the biodiversity. These territories are distributed in 3 biomes - Amazon Forest, Atlantic Forest and Pampa.

The strategy was to focus on territories with multiple industries, such as agriculture, livestock, aquaculture, forestry, extraction and forest management located in priority biodiversity conservation areas. To ensure the sustainability of the actions in the medium and long term, different agendas were prepared, including strengthening the production 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 Subprojects, Probio II established the Opportunity Fund, a financial mechanism that enables adding biodiversity conservation to private sector initiatives.

Through the Opportunity Fund, the Subprojects receive funds to perform work in production chains in all 6 territories, as well as monitoring actions to assess the results achieved.

At the end of Probio II, the Opportunity Fund received the amount of R\$13,000 to be allocated to seven (7) Subprojects, which have committed themselves to a consideration in the amount of R\$47,000.

In 2020, the following actions were carried out under the Opportunity Fund:

- The territorial subproject “Strengthening Agroecology - Agroecological Circuits” located in the Atlantic Forest biome, and executed by Tabôa Fortalecimento Comunitário, carried out the following activities:
 - Technical assistance to groups of rural producers in connection with Peoples of the Forest Network (Rede Povos da Mata);
 - Release of a credit facility for Dois Riachões Settlement to improve the processing structures of cocoa bean. The best price was obtained in the trading;

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8. Third-party funds related to projects (Continued)

8.5. Opportunity Fund of Probio II Project - National Project of Integrated Public Private Actions for Biodiversity (Continued)

- four (4) areas selected for restoration with demonstrative Agroforestry System (SAFs) for cocoa plantation (cabruca); and
- Monitoring of birds and marmosets - sighted between March and June 2020, 43 birds in Terra de Santa Cruz and 1 primate (star marmoset), and 25 birds sighted in Dois Riachões;
- In 2020, the last activities of subproject “Biodiversity conservation combined with Agricultural Production in the Pampa Biome” were executed in the state of Rio Grande do Sul. Implemented by SAVE Brasil, in partnership with the Regional Bank for the Development of the Far South (Banco Regional de Desenvolvimento do Extremo Sul - BRDE) and Alianza del Pastizal. With FUNBIO's support, at the end of the initiative, a video was made (https://www.youtube.com/watch?v=yIHkpFShY_E&t=5s), which can be viewed on SAVE Brasil's YouTube channel.
- Disbursements totaled R\$965. Of this total, R\$304 were allocated to Subproject “Strengthening Agroecology - Agroecological Circuits”, and R\$501 to Subproject “Biodiversity conservation combined with agricultural production in the Pampa biome”.

In 2020, the Opportunity Fund disbursed R\$277 (R\$965 in 2019) in the initiatives above and yields totaled R\$50 (R\$151 in 2019). The Fund has a balance to be disbursed of R\$2,673 at the end of the fiscal year (R\$2,901 in 2019).

8.6. Fauna Brasil Portfolio

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

For the Ararinha na Natureza (Spix's Macaw in nature) Project, the Fauna Portfolio supported the process to create a Protected Area in the region where the species is found, in the state of Bahia, which included from social and environmental studies to public consultation. Since the financial balance of this project was zeroed at the end of 2018, there was no execution in 2020 and 2019.

Fauna Fund has a balance of R\$704 at the end of 2020 (R\$688 in 2019). In this period no fund was received; however net yield of approximately R\$16 was generated (R\$32 in 2019).

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8. Third-party funds related to projects (Continued)

8.6. Fauna Brasil Portfolio (Continued)

By 2020, Fauna Portfolio monitored the implementation of a total 11 projects for the conservation of Brazilian endangered species, such as reef fish, sea turtles, marine mammals (including porpoise, humpback whale and manatee), medium and large feline from the northern region of Rondônia State, red-tailed amazon and Spix's macaw.

8.7. Protected Marine Areas Project - GEF MAR

This Project is intended to support the creation and implementation of a representative and effective system for marine and coastal protected areas (AMCPs) to reduce biodiversity losses. It is a comprehensive action plan, where multiple agendas may be integrated in support of marine and coastal conservation. This is an initiative by FUNBIO in conjunction with the Brazilian Ministry of Environment (MMA) and Chico Mendes Institute for Biodiversity Conservation (ICMBio), funded by the Global Environment Facility (GEF) through the World Bank. From 2019, it also counted on funds from the non-refundable commitment agreement between IBAMA and Petrobrás, as part of the environmental compensation for the adequacy of the company's maritime production platforms in relation to the disposal of production water, IBAMA proceeding No. 02001.000128/2019-26.

GEF Mar expects to receive a contribution of US\$18,200 from GEF through the World Bank, and R\$60,000 from IBAMA/Petrobras, which were fully made available until January 2020. Part of GEF's resources, US\$8,500 (R\$36.686), were allocated to a fund named Marine Fund in February 2020, and shall be executed as an endowment from 2024, or as soon as the IBAMA/Petrobras resources are finalized. This Fund is managed by FUNBIO.

This project is an example of 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. To date, GEF Mar supports 30 federal and state Protected Areas, totaling approximately 95 million hectares, in addition to seven research centers associated with ICMBio.

This project supports the creation, consolidation and maintenance of protected areas, in addition to financing the development of financial mechanisms aimed at the long-term sustainability of the system.

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Notes to financial statements (Continued)
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8. Third-party funds related to projects (Continued)

8.7. Protected Marine Areas Project - GEF MAR (Continued)

On March 31, 2020, the Contract entered into between Funbio and GEF through the World Bank was terminated, with payments completed on April 30, 2020.

In February 2020, the amount of US\$8,500 (R\$36,826) was transferred to the Marine Fund. The Maritime Fund's valued portfolio reached the amount of R\$38,869, and R\$38,577 (R\$0 in 2019) after the provision for income tax, a net increase of 5.95% in 2020 resulting from short-term investment yields;

In 2020, the amount of R\$2,500 (R\$30,000 in 2019) was disbursed by virtue of an agreement entered into by and between Petrobras and IBAMA, and R\$9,381 (R\$9,259 in 2019) were executed. Yield totaled R\$1,130 (R\$1,747 in 2019), closing the year with a balance of R\$43,722 (R\$49,556 in 2019).

In addition, the project received contributions amounting to R\$149 (R\$4,893 in 2019) from GEF, and executed R\$3,902 (R\$4,972 in 2019). Yield totaled R\$20 (R\$178 in 2019), closing the year with a balance of R\$0 (R\$3,907 in 2019).

Due to the new coronavirus pandemic that has been plaguing the country since March 2020, various planned actions had to be canceled or postponed. In-person activities have been replaced by online meetings, causing less demand for resources such as per diem allowances and airline tickets. Adopting new formats for carrying out activities, the resources from the GEF/World Bank were fully and satisfactorily used, within the established deadline. The project maintained its support for actions such as:

- Support to community participation projects;
- Support for COVID 19 prevention actions in the project areas, especially with community associations;
- Continuity of Research scholarship program, involving around 74 scholarship holders;
- Videoconferences for Project Coordination with MMA, ICMBio and World Bank;
- Delivery of lots of assets purchased by FUNBIO for the Project, engagement of advisory firms and services to meet execution agencies' requirements;
- Execution of funds through purchases and engagement of legal entities, autonomous workers, fuel card, food and meal cards and umbrella agreements for recurring demands.

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8. Third-party funds related to projects (Continued)

8.7. Protected Marine Areas Project - GEF MAR (Continued)

The main results of the project, presented in the closing Mission referring the resources from GEF/World Bank, are as follows:

- Support for the creation processes of 8 Federal Protected Areas and updating of Priority Areas for biodiversity conservation;
- Preparation of construction and renovation projects for 4 executing units of the project: Centro Tamar (Guriri and Regência Bases), APA Baleia Franca and APA Costa dos Corais;
- Support for 10 Integration Projects with Communities and regional and national integration actions;
- Support to 155 scholarship holders during the project;
- The scope of the project was presented in the Project's Final Evaluation Report and are found on the MMA website (<https://www.mma.gov.br/areas-protegidas/programas-e-projetos/projeto-gef-mar/item/10537.html#metas-globais>).

After the contract termination with the World Bank, on March 31, the GEF MAR Project continued its execution with resources from TC Petrobrás / IBAMA. Among the most significant actions carried out in 2020, apart from those already mentioned, the following stand out: renovation of vessel Soloncy Moura, which belongs to CEPSUL/ICMBio, and the implementation of the Funbio's Research Scholarship Policy, adapting the GEF MAR's Scholarship Program to the new guidelines.

8.8. Project K - "KNOWLEDGE FOR ACTION"

This project aims at increasing the funds in its operation and using innovative financial mechanisms 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 the Latin American and Caribbean Network of Environmental Funds ("RedLAC") and the Consortium of African Funds for the Environment (CAFÉ). The initiative relies on resources amounting to €1,600 + US\$900 guaranteed by French Fund for the Global Environment (FFEM), Mava Foundation and GEF.

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8. Third-party funds related to projects (Continued)

8.8. Project K - “KNOWLEDGE FOR ACTION” (Continued)

Challenges for 2020

At the beginning of 2020, the project evaluation that had been contracted by the French Fund for the Global Environment (FFEM) was completed and the final accountability was carried for the Global Environment Facility (GEF), closing the project.

In 2020, the project received the amount of R\$187 (R\$136 in 2019) and executed funds amounting to R\$187 (R\$624 in 2019). There was neither yield nor financial balance in the project funds account at the end of 2020 and 2019.

8.9. Conduct Adjustment Agreement (TAC) Implementation Term - Frade

Execution of a Conduct Adjustment Agreement (“TAC”) by Chevron Brasil and the Federal Prosecutor’s Office, with the participation of Brazil’s National Petroleum Agency (“ANP”) and the Brazilian Institute of Environment and Renewable Natural Resources (IBAMA). In March 2019, Chevron disposed of its equity interest in Campo de Frade to PetroRio O&G Exploração e Produção de Petróleo Ltda. (PetroRio) and, as a result, all negotiations on the execution of this compensatory measure also became the responsibility of this company. The funds arising from the TAC, amounting to R\$95,000, gave rise to eight (8) projects, aimed at the conservation of the marine-coastal environment in the states of Rio de Janeiro, Espírito Santo and São Paulo, some of them divided into phases I and II, namely:

8.9.1. Project to Support Marine and Fishing Research in Rio de Janeiro

The first project is intended to support the generation and dissemination of scientific knowledge on the biology, ecology and population dynamics of targeted fishing species; status of fishing stocks; fisheries unloading; and nutritional aspects of target species, in order to subsidize the sustainable use of fisheries resources in the state of Rio de Janeiro, as well as contributing to the recovery and sustainable use of true sardines through the feasibility of actions proposed in this species’ Management Plan, focusing on the state of Rio de Janeiro.

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8. Third-party funds related to projects (Continued)

8.9. Conduct Adjustment Agreement (TAC) Implementation Term - Frade (Continued)

8.9.1. Project to Support Marine and Fishing Research in Rio de Janeiro (Continued)

The year began with the establishment of sanitary measures that impacted, to a greater or lesser extent, the execution of all supported subprojects and management measures were necessary for the replanning of activities to mitigate the impact. Most of the supported subprojects went through a replanning phase and were followed up through technical and financial reports.

The TAC Frade newsletters, Linhas do Mar, were kept throughout 2020 and 4 new editions were launched. This year, small videos of the subprojects were launched and made available on a free-access digital platform. Each video was also made available to the subproject coordinators for dissemination among their network of partners. Also in 2020, a legal advice was engaged to prepare a communication strategy, considering that the supported subprojects are in the final phase of execution, showing, therefore, new results and discoveries.

In addition, a Call for Projects amounting to R\$4.8 million was launched to select the initiatives that will be supported with the resources of the CRAS Phases I and II Project. The proposals shall address actions for conservation and sustainable use of the mangrove ecosystem in the state of Rio de Janeiro.

In 2020 and 2019, this project received no funds; R\$3,656 (R\$6,158 in 2019) were executed; investment yields totaled R\$352 (R\$888 in 2019); and the year was closed with a balance of approximately R\$12,986 (R\$16,255 in 2019).

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8. Third-party funds related to projects (Continued)

8.9. Conduct Adjustment Agreement (TAC) Implementation Term - Frade (Continued)

8.9.2. Porpoise Conservation in Management Area I (Franciscana Management Area I - FMA I)

The second project is intended to support the porpoise conservation by generating knowledge on the biology, ecology and population viability of the species in the Management Area I (FMA I) and the dissemination of knowledge acquired, through feasibility studies that technically and scientifically support the actions proposed to the porpoise's National Action Plan ("PAN"). The focus is on three goals of the Porpoise Management Plan: 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 porpoise conservation (Goal 2); and increasing the biological and ecological knowledge of porpoise (Goal 6).

2020 was marked by the readjustment in the monitoring models and communication strategies of the project as a whole. Due to the Covid-19 pandemic, only one supported subproject can be monitored on-site, however, the other continued to be monitored through semiannual reports.

New communication strategies and the continuation of other in progress marked year 2020. One of the new communication actions was the creation of the first science fiction podcast in Brazil, launched on the main access and dissemination platforms in various information vehicles. Also in 2020, publications of newsletters, Linhas do Mar, were kept throughout the year and 4 new editions were launched.

At last, prospecting for other actions that could contribute to the dissemination of knowledge about porpoises was carried out, supported by a communication matrix, which addresses the different products, strategies and target audience. These actions will be validated with the partners.

In 2020 and 2019, this project received no funds; R\$2,972 (R\$3,232 in 2019) were executed; investment yields totaled R\$176 (R\$450 in 2019); and the year was closed with a balance of approximately R\$6,048 (R\$8,844 in 2019).

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8. Third-party funds related to projects (Continued)

8.9. Conduct Adjustment Agreement (TAC) Implementation Term - Frade (Continued)

8.9.3. Implementation of Environmental Education Projects and Income Generation for Fishing Communities of the state of Rio de Janeiro

The Implementation of Environmental Education Projects and Income Generation for Fishing Communities projects aim to promote the biodiversity conservation in the coastal and marine zone of the state of Rio de Janeiro, the sustainable use of fisheries resources in that State and the strengthening of artisanal fishing as a long-term strategy to contribute to the environmental, social and economic sustainability of the activity, by implementing environmental education projects and income generation.

In 2020 and 2019, this project received no funds; R\$124 (R\$264 in 2019) were executed; investment yields totaled R\$315 (R\$641 in 2019); and the year was closed with a balance of approximately R\$13,584 (R\$13,392 in 2019).

8.9.4. Implementation of Environmental Education Projects focused on the environmental quality of fishing communities of the state of Rio de Janeiro (Phase II)

This project aims to promote the biodiversity conservation in the coastal and marine zone of the state of Rio de Janeiro, the sustainable use of fisheries resources in that State and the strengthening of artisanal fishing as a long-term strategy to contribute to the environmental, social and economic sustainability of the activity, by implementing educational projects and improving environmental quality.

In 2020, an emergency Call for Project was launched, in order to reduce or mitigate the negative effects arising from or aggravated by the COVID-19 pandemic in the fishing communities of the coast of the state of Rio de Janeiro. The activities started with the launch of an Expression of Interest to obtain a survey of the main demands and institutions interested in submitting proposals, in order to measure the size of the contribution and the main lines of action. The proposals submitted were technically analyzed by a Technical Board composed of specialists. Of those proposals, nine (9) were selected and will mobilize R\$950 thousand to support community projects in Costa Verde, Guanabara Bay, Region of Lagos and Northern Fluminense Region.

In 2020 and 2019, this project received no funds; R\$192 (R\$14 in 2019) were executed; investment yields totaled R\$235 (R\$454 in 2019); and the year was closed with a balance of approximately R\$9,786 (R\$9,744 in 2019).

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8. Third-party funds related to projects (Continued)

8.9. Conduct Adjustment Agreement (TAC) Implementation Term - Frade (Continued)

8.9.5. Biodiversity Conservation and Sustainable Use in the Federal Coastal Protected Areas

The Biodiversity Conservation and Sustainable Use in Federal Coastal Protected Areas project aims to promote the biodiversity conservation in the coastal and marine zone of the state of Rio de Janeiro, as well as the sustainable use of fisheries resources and the strengthening of artisanal fishing, by strengthening and supporting the biodiversity conservation and sustainable use in the Federal coastal and estuarine Protected Areas of the state of Rio de Janeiro. Activities aimed at the consolidation and/or deployment of five coastal and estuarine Protected Areas in the state of Rio de Janeiro will be carried out:

- (i) Extractive Reserve (RESEX) Marinha de Arraial do Cabo, located in the city of Arraial do Cabo, Region of Lagos;
- (ii) Environmental Protection Area ("APA") Guapi-Mirim, located in part of the cities of Magé, Guapimirim, Itaboraí and São Gonçalo;
- (iii) Ecological Station (ESEC) of Guanabara, located in the cities of Itaboraí and Guapimirim;
- (iv) National Park ("PARNA") of Restinga de Jurubatiba, located in the cities of Macaé, Carapebus and Quissamã; and
- (v) Tamoios Ecological Station (ESEC), between the cities of Angra dos Reis and Paraty.

In 2020, referrals were made to the execution of purchases and contracts for all supported Protected Areas, as provided for in the project planning. Significant activities developed over the year were:

- Preparation of an executive project for the implementation of a trail and suspended walkway in the mangrove area of APA Guapimirim and ESEC Guanabara;
- Preparation of an executive project for the construction of a multipurpose space center that will serve the public use of APA Guapimirim;
- Installation of a system for generation of electricity from photovoltaic plates at ESEC Guanabara and APA Guapimirim.

In 2020 and 2019, this project received no funds; R\$1,215 (R\$1,692 in 2019) were executed; investment yields totaled R\$296 (R\$660 in 2019); and the year was closed with a balance of approximately R\$12,052 (R\$12,971 in 2019).

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8. Third-party funds related to projects (Continued)

8.9. Conduct Adjustment Agreement (TAC) Implementation Term - Frade (Continued)

8.9.6. Biodiversity Conservation and Sustainable Use in five (5) Federal Coastal and Estuarine Protected Areas of the states of Rio de Janeiro and São Paulo

This project aims to promote the biodiversity conservation in the coastal and marine zone of the states of Rio de Janeiro and São Paulo, as well as the sustainable use of fisheries resources as a long-term strategy to contribute to the environmental, social and economic sustainability of the activity, by strengthening and supporting the conservation and the sustainable use of biodiversity in five coastal and estuarine Protected Areas of the states of Rio de Janeiro and São Paulo:

- (i) Natural Monument ("MONA") in Cagarras Islands;
- (ii) Environmental Protection Area ("APA") in Cairuçu;
- (iii) National Park ("PARNA") in Serra da Bocaina;
- (iv) Guanabara Ecological Station (ESEC); and
- (v) Tupinambás Ecological Station (ESEC).

In 2020, referrals were made to the execution of purchases and contracts for all supported Protected Areas, as provided for in the project planning. Significant activities developed over the year were:

- Preparation of an executive project for the construction of a reception and visitation area in Trindade, in PARNA Serra da Bocaina;
- Construction of medium-sized vessel for ESEC Tamoios;

In 2020 and 2019, this project received no funds; R\$1,029 (R\$1,632 in 2019) were executed; investment yields totaled R\$174 (R\$394 in 2019); and the year was closed with a balance of approximately R\$6,903 (R\$7,768 in 2019).

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8. Third-party funds related to projects (Continued)

8.9. Conduct Adjustment Agreement (TAC) Implementation Term - Frade (Continued)

8.9.7. Implementation of a Wild Animal Rehabilitation Center ("CRAS") in the state of Rio de Janeiro

The project previously provided for the implementation of a Wild Animal Rehabilitation Center - CRAS - in the state of Rio de Janeiro, however with the establishment of other centers with the same purpose in the state, it was concluded that the resource could be allocated for another purpose. Therefore, in 2020, meetings were held to define the directions to be given to the project, which were attended by members of the Technical Board and IBAMA.

The project is in the process for being finalized and the funds will be transferred to the Project to Support Marine and Fishing Research to support initiatives aimed at the conservation and sustainable use of the mangrove ecosystem in the state of Rio de Janeiro.

In 2020 and 2019, this project received no funds; R\$30 (R\$35 in 2019) were executed; investment yields totaled R\$67 (R\$141 in 2019); and the year was closed with a balance of approximately R\$2,945 (R\$2,908 in 2019).

8.9.8. Maintenance of a Wild Animal Rehabilitation Center ("CRAS") in the state of Rio de Janeiro

Likewise Phase I, the project is in the process for being finalized and the funds will be transferred to the Project to Support Marine and Fishing Research to support initiatives aimed at the conservation and sustainable use of the mangrove ecosystem in the state of Rio de Janeiro.

In 2020, this project received no funds (R\$1,526 in 2019); R\$17 (R\$141 in 2019) were executed; investment yields totaled R\$69 (R\$114 in 2019); and the year was closed with a balance of approximately R\$2,912 (R\$2,860 in 2019).

8.10. Project to Support R20 activities in Brazil

R20 - Regions of Climate Action, is a non-governmental organization founded in 2010 in California, United States of America that entered into a partnership agreement with FUNBIO aiming operational support for the management of funds contributed by and for R20, consisting of financial resource management for the feasibility of the initial funds receipts and payments for R20 activities in Brazil.

In 2020, R\$403 (R\$314 in 2019) were received, and accountability was carried out amounting to R\$401 (R\$313 in 2019).

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8. Third-party funds related to projects (Continued)

8.11. Amazon Live - 1 Million Trees in Xingu River headwaters (Rock in Rio and ISA)

A Rock World S.A. initiative, which is the promoter of the Rock in Rio event, FUNBIO was selected for the financial management of resources from an initial cooperation of R\$3,000 to plant 1 million trees at Xingu River headwaters in the state of Mato Grosso. The action found in the Socio and Environmental Institute and in the Xingu Seeds Network the ideal partners to achieve the proposed target, through a planting technique known as "muvuca" which ensures the species variety in the same territory.

In addition to the initial donation, which will take place gradually as the need for planting, Rock in Rio, through the Amazon Live Project, strives to raise funds through voluntary donations in "crowdfunding" websites, donations of goods for auctions, donations from sponsors, always aiming at enlarging the amount of trees to be planted.

In 2020, a new amendment was entered into with resources from donations made for the planting of over 215 thousand trees. Over the year, seeds of native species were purchased from the Xingu Seeds Network, and a negotiation was carried out with rural producers, for the new plantations to be carried out in 2021.

In 2020, this project received the amount of R\$25 (R\$500 in 2019); R\$512 (R\$32 in 2019) were executed; yields totaled R\$18 (R\$30 in 2019); and the year was closed with a balance of R\$538 (R\$1,007 in 2019).

8.12. Mata Atlântica III

Project with resources amounting to €7,900 funded by BMU (German Ministry of Environment) through the German Development Bank ("KfW"), which aims to contribute to the Atlantic Forest's biodiversity conservation and ecological restoration, with emphasis on the selected mosaics of protected areas, Mosaic of the Far South of Bahia (BA), Central Fluminense Mosaic (RJ) and Lagamar Mosaic (SP/PR), contributing to the mitigation and adaptation to climate change in this biome. Considerations are expected for this project amounting to €6,400 from the German Agency for International Cooperation ("GIZ") and €4,000 from the Brazilian Ministry of Environment (MMA).

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Notes to financial statements (Continued)
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8. Third-party funds related to projects (Continued)

8.12. Mata Atlântica III (Continued)

The following activities were carried out in 2020:

8.12.1. Component 1

- (i) *Registration and validation of registrations with CAR in the MAPES/BA mosaics: progress of activities in the field and realization of part of the registrations of rural environmental registers;*
- (ii) *Preparation and implementation of Municipal Plans for Conservation and Recovery of the Atlantic Forest - PMMA: the execution of activities in the cities of Lagamar/PR and MCF/RJ was closed.*

8.12.2. Component 2

- (i) *Economic analysis of the supply chain for recovery of native vegetation: the contract in the Lagamar/SP mosaic region was terminated;*
- (ii) *Preparation of a strategy to increase the availability of funding for recovery of the native vegetation on a large scale: the contract execution was terminated;*

In 2020, this project received the amount of R\$1,616 (R\$3,333 in 2019); R\$2,634 (R\$3,513 in 2019) were executed; yields totaled R\$7 (R\$20 in 2019); and the year was closed with a balance of R\$1,227 (R\$1,522 in 2019).

8.13. Cooperation Agreement between Funbio and MMA - Probio II

This Agreement was entered into to enable the use of the remaining financial resources from the Integrated Public-Private Actions for Biodiversity Project (Probio II - TF 91515). These resources derive from the finance income from GEF donation and upon an agreement made among Brazil's Federal Savings and Loans Bank ("CEF"), the World Bank and FUNBIO.

On January 31, 2017, the amount of R\$600 was transferred to FUNBIO to be invested in the following activities:

- Promote actions related to the review of priority areas for the conservation, sustainable use and partition of the Brazilian biodiversity benefits to Pampa biome, and
- Disseminate information on the Brazilian biodiversity by means of the digitalization and online availability of critical rare biodiversity works in Brazilian libraries.

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8. Third-party funds related to projects (Continued)

8.13. Cooperation Agreement between Funbio and MMA - Probio II (Continued)

The Cooperation Agreement expired on January 17, 2019, with all activities completed.

In 2020, there was no execution of the Project.

In 2020 and 2019, no funds were received and the amount of R\$6 (R\$281 in 2019) was executed. At December 31, 2020, the checking account dedicated to the Agreement had a balance of R\$25 (R\$31 in 2019).

8.14. FUNBIO Scholarships - Preserving the Future

Result of the partnership between Humanize Institute and FUNBIO, the 2020 FUNBIO Scholarships - Preserving the Future Program is an initiative of this organization to provide financial support to field research on biodiversity and environmental conservation, of students enrolled in Master and PhD courses in Brazilian higher-education institutes and universities. A total of 461 (four hundred and sixty-one) applications were submitted from applicants of 25 states and of Federal District, mostly females (62%). The total funds expected for the scholarships amounted to R\$1,100, of which Master students (29% of applicants) could apply for up to R\$20 while PhD students could apply for up to R\$38.

A specific commission was established for the final selection of projects. This commission was composed of three members of FUNBIO Board: Mr. Ricardo Machado, Ms. Maria José Gontijo and Mr. Paulo Moutinho, the unit coordinator Ms. Fernanda Marques and Ms. Rosa Lemos (general executive secretary of Funbio).

Thirty-seven (37) research projects were selected from students of 22 different public institutions in the country. These researches were proposed to be carried out in the fields of Atlantic Forest (14), Marine and Coastal (8), Amazon Forest (7), Cerrado (3) and Caatinga (3), Pantanal (1) and Pampa (1) biomes. Thirty (30) scholarships were granted to PhD students and seven (7) to master students. The result was published on the FUNBIO website on December 15, 2020 and the contracts' execution with selected applicants was carried out by FUNBIO's legal advisors.

In 2020, this project received the amount of R\$1,153 (R\$1,000 in 2019); R\$435 (R\$1,431 in 2019) were executed; yields totaled R\$7 (R\$10 in 2019); and the year was closed with a balance of R\$1,303 (R\$579 in 2019).

The engagement of research scholarship and the withdrawal of funds took place until February 2021.

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Notes to financial statements (Continued)
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8. Third-party funds related to projects (Continued)

8.15. Conservation, Restoration and Management Strategies for the Biodiversity of Caatinga, Pampa and Pantanal Project (GEF LAND)

Conservation, Restoration and Management Strategies for the Biodiversity of Caatinga, Pampa and Pantanal Project GEF Land aims to promote the conservation of the biodiversity of Caatinga, Pampa and Pantanal, through three main strategies:

- (1) Expansion and consolidation of the Brazil's National System of Protected Areas ("SNUC"), including the creation of new Protected Areas and promoting increase in effective conservation of already existing areas;
- (2) Restoration of native vegetation; and
- (3) National Action Plans of endangered species.

Its implementation is in partnership with ICMBio, JBRJ and state environmental agencies, under the technical coordination of the Ministry of Environment and its execution will be carried out by Funbio. The InterAmerican Development Bank (IDB) is the implementing agency of the resources of donation from *Global Environment Facility Trust Fund* (GEF), amounting to US\$32,621 million to be executed throughout 5 years from the contract date, which was entered into in May 2018.

In 2020, this Project received from IDB contributions amounting to R\$9,839 (R\$0 in 2019); R\$6,402 (R\$610 in 2019) were executed; yields totaled R\$48 (R\$19 in 2019); and the year was closed with a balance of R\$3,451 (R\$6 in 2019).

The Project carried out various activities such as:

- Three (3) Calls for Projects for the Recovery of Degraded Areas in Caatinga, Pantanal and Pampa launched;
- Twelve (12) disbursement projects contracted and in progress, totaling more than 6,000 hectares of degraded areas under recovery;
- Six (6) Degraded Area Recovery Plans prepared for the Protected Areas of Caatinga and 1 for Pampa;
- Three (3) workshops held with specialists from Pampa, Pantanal and Caatinga to identify the variables and criteria for preparing maps of priority areas for restoration in the three biomes;
- Ten (10) exchange seminars and training held with more than 100 participants;
- 4th Strategic Committee Meeting.

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8. Third-party funds related to projects (Continued)

8.16. REDD Early Movers Mato Grosso - REM MT

This Project consists of the remuneration on results (ex-post) of reductions of emissions of greenhouse gases from deforestation. The main purpose of the Project is to significantly reduce the emissions from deforestation and environmental degradation in the state of Mato Grosso and in Brazil.

The resources to facilitate the Program are contributed by the German Government in the amount of up to €17,000, through KfW and the UK Government through the Brand Energy & Infrastructure Services (BEIS) of up to £24,000. The contracts are conditioned to the maintenance of total deforestation indexes in the state of Mato Grosso below the limit of 1,744 square kilometers per year.

Although 2020 was characterized by the global pandemic scenario caused by the Covid-19, the REM MT Program managed to continue with some of the actions initially planned. The two calls made stand out, the first in the Family Farming and Traditional Peoples and Communities Subprogram, which received more than 60 project proposals and had 23 projects recommended by the Technical Board; and the call for the Production, Innovation and Sustainable Markets Subprogram, which received 32 project proposals and will support six (6) projects.

In relation to the Indigenous Territories subprogram, the subprogram's governance together with Fepoint prepared the Emergency Plan to Support Combating COVID 19, which has the KfW's No Objection for its full implementation with the different types provided for in the Program's Operational Manual. Control actions and sanitary barriers as well as food security, fire prevention and fighting are foreseen and should start in 2021.

The Institutional Strengthening subprogram maintained the main actions for controlling and combating illegal deforestation, with an arrangement of contracts that foresee from monitoring by remote sensing, including the removal of vehicles and machinery from offenders, to the systematization and scanning of accountability and assessment proceedings of these offenders. It has been showing expressive results in the increases of infraction notices and fines applied. Actions with ATER and EMPAER were compromised due to the pandemic scenario and have been redesigned for 2021.

In 2020, this project received the amount of R\$67,575 (R\$75,992 in 2019); R\$37,146 (R\$9,123 in 2019) were executed; yields totaled R\$2,818 (R\$2,039 in 2019); and the year was closed with a balance of R\$118,571 (R\$89,900 in 2019).

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8. Third-party funds related to projects (Continued)

8.17. TCA CSN - Volta Verde

The financial resources for execution of the TCA Volta Verde program derive from conducts found to be harmful to the environment of Companhia Siderúrgica Nacional (CSN). These consisted of the excessive release of benzo-a-pyrene in the Paraíba do Sul River and benzene in the air in the period from 1990 to 1996, more specifically at Usina Presidente Vargas (UPV), in the city of Volta Redonda, in the state of Rio de Janeiro. In order to promote environmental compensation, the company made deposits in a judicial account.

The amount of R\$5,413 was allocated to the Volta Verde Nature Conservation Program, presented by the Volta Redonda Municipal Secretariat for the Environment ("SMMA"). In addition, the amount was authorized to be deposited into the account held by Fundo Brasileiro para a Biodiversidade (Funbio), which was in charge of the financial and operational management of resources. Following the necessary formalization, on November 27, 2018, the Environmental Compensatory Measure Agreement was entered into between the Federal Prosecutor's Office ("MPF"), the State Prosecutor's Office (MPE/RJ), the City Administration of Volta Redonda and Fundo Brasileiro para a Biodiversidade (Funbio). In addition, on May 30, 2019, a Cooperation Agreement was entered into between the City Administration of Volta Redonda and Funbio. This document was published on July 11, 2019 and is effective for two years.

The Volta Verde Program aims to implement the municipal Botanical Garden and expand the coverage of the vegetation of Volta Redonda, through urban afforestation and reforestation in the Permanent Protected Area of São João Island. In 2020, construction works were carried out at the Botanical Garden, which was opened on November 14, and all the inputs requested by SMMA were acquired and delivered by Funbio, enabling the realization of planting activities. The allocation and execution of the balance of financial resources of this Project as well as its closing are expected for 2021.

In 2020, this project received no funds (R\$5,413 in 2019); R\$4,184 (R\$1,273 in 2019) were executed; investment yields totaled R\$68 (R\$136 in 2019); and the year was closed with a balance of R\$160 (R\$4,276 in 2019).

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8. Third-party funds related to projects (Continued)

8.18. Exxon Mobil - AMLD

8.18.1. Partnership: Forest Restoration for the Conservation of the Golden Lion Tamarin

With up to 50 centimeters and dense golden-orange fur, the golden lion tamarin is a unique species of Atlantic Forest of Rio de Janeiro. Like the forest, the population of *Leontopithecus rosalia* is now fragmented. This is mainly caused by the expansion of pastures, infrastructure works and agricultural activity along the São João River basin. The (re) connection between the golden lion tamarin groups, which live on vegetation islands and gather up to 11 individuals, is essential. These actions are necessary to ensure the future of the species, since it is an endangered species.

This initiative is named “Partnership: Forest Restoration for the Conservation of the Golden Lion Tamarin”. The project will be carried out by the Mico-Leão-Dourado Association (AMLD) with resources donated by ExxonMobil, for the purpose of planting 20 thousand seedlings of native species of Atlantic Forest in Silva Jardim. Therefore, the project contributes to the survival of the species. The restored area corresponds to 14 football fields.

Today, it is estimated that the golden lion tamarin population in the wild is formed by 2,500 animals. As a result, the work will also directly benefit residents of the surroundings who work in seedling nurseries. And, indirectly, the population of the municipalities in the region, which, due to the continuous work of forest restoration promoted by AMLD, will count on improved ecosystem services.

The project’s activities was closed in 2020, with the final activities of maintenance and monitoring of 20 thousand trees planted on the 14 hectares of Igarapé Farm.

8.18.2. Partnership: Implementation of the Golden Lion Tamarin Ecological Park

In August 2020, project “Partnership for Implementation of the Golden Lion Tamarin Ecological Park” was started to support the implementation of the Golden Lion Tamarin Ecological Park at Fazenda Igarapé, where, also in 2020, the forest restoration process with 20 thousand seedlings of species from the Atlantic Forest was executed, in the city of Silva Jardim, in the state of Rio de Janeiro. In 2020, the maintenance and monitoring of seedlings of native species from Atlantic Forest planted in 2019 were carried out by project “Forest Restoration for the Conservation of the Golden Lion Tamarin”.

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Notes to financial statements (Continued)
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8. Third-party funds related to projects (Continued)

8.18. Exxon Mobil - AMLD (Continued)

8.18.2. Partnership: Implementation of the Golden Lion Tamarin Ecological Park (Continued)

In 2020, this project received the amount of R\$500 (R\$941 in 2019); R\$678 (R\$658 in 2019) were executed; yields totaled R\$4 (R\$4 in 2019); and the year was closed with a balance of R\$112 (R\$287 in 2019).

8.19. Plan for Monitoring and Evaluation of Marine Waste in São Paulo state (PMLM-SP)

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.

Primary goals

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

Main risks and opportunities for Funbio

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

Planned for 2021

- (i) Launching of the State Plan
- (ii) Closing of the project within the scheduled period

In 2020, this project received the amount of R\$303 (R\$324 in 2019); R\$362 (R\$96 in 2019) were executed; yields totaled R\$3 (R\$3 in 2019); and the year was closed with a balance of R\$133 (R\$219 in 2019).

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8. Third-party funds related to projects (Continued)

8.20. TAJ Santos - PERB

The financial resources for the execution of the Project derive from Civil Class Action No. 208.283-16.1989.4.03.6104 and from a Legal Agreement Term entered into by and between L. Figueiredo Empreendimentos Imobiliários Ltda. and the Federal Prosecutor's Office (MPF) on March 19, 2018. The triggering event was the environmental damage that occurred on November 8, 1989 due to the leakage of about 2,400 liters of gasoline at sea. As a result, the company was sentenced and committed itself to pay the net amount of R\$360, which was deposited in court.

The Federal Prosecutor's Office (MPF) determined that the funds were used in favor of Parque Estadual Restinga de Bertiooga (PERB), managed by the Foundation for the Conservation and Forest Production of the State of São Paulo (Fundação Florestal), which was approved by order of the Federal Court. In addition, the amount was authorized to be deposited into the account held by Fundo Brasileiro para a Biodiversidade (Funbio), which was in charge of the financial and operational management of resources. To this end, on December 31, 2019, a Cooperation Agreement (AC) was entered into by and between Fundação Florestal and Funbio to start the execution of the Project. This document was published on January 29, 2020 and is effective for two years.

The Project aims to benefit PERB, a Protected Area located in the municipality of Bertiooga, in the state of São Paulo, created by State Decree No. 56500 of December 9, 2010, through the execution of actions provided for in its Management Plan. Purchases of goods and materials are expected, in addition to an engagement to promote sustainable alternatives to improve the quality of life and generate income for the local community, in view of the convergence of community action with the management objectives of the Protected Area. In 2020, all the procurement and contracting processes required by Fundação Florestal were carried out, and for 2021, consulting services and the allocation and execution of the Project's financial resources balance are expected.

In 2020, this project received no funds (R\$360 in 2019); investment yields totaled R\$7 (R\$3 in 2019); R\$176 (R\$0 in 2019) were executed; and the year was closed with a balance of approximately R\$183 (R\$363 in 2019).

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8. Third-party funds related to projects (Continued)

8.21. Amazon Forest Fund

The Amazon Forest Fund Project aims to ensure the effective coordination and integration of the Amazon Forest Fund initiative across Brazil, by building a shared strategy both to face the impacts already felt by the 2019 forest fires, and to prepare for the 2020 forest fire season.

In addition, the project will promote the sustainability and continuation of the results achieved through investments from the Amazon Forest Fund so far, leveraging these investments with new donors, both in Brazil and abroad. The contract in force since May 2020 provides for the execution of USD157,500 until October 2021.

In 2020, this project received funds amounting to R\$543 (R\$0 in 2019); investment yields totaled R\$3 (R\$0 in 2019); R\$295 (R\$0 in 2019) were executed; and the year was closed with a balance of approximately R\$247 (R\$0 in 2019).

8.22. COPAIBAS - Community, Protected Areas and Indigenous Peoples Project in the Brazilian Amazon and Cerrado Savannah

Copaibas is a Funbio execution project enabled by resources from the Norwegian Ministry of Foreign Affairs (MFA). With a total value of R\$222 million, the project has a duration of six (6) years and is the first of the category intended to prepare the initiatives that will be carried out in the subsequent five (5) years.

Copaibas aims to reduce the deforestation rate in the Brazilian Amazon and Cerrado. Accordingly, four (4) goals related to the main objective were listed, the first one restricted to Cerrado and the other covering both biomes:

- (I) Strengthening the protected areas system;
- (II) Strengthening the territorial management of indigenous peoples;
- (III) Improving the information available to the public on the importance of the Protected Areas for the mitigation of climate change and the conservation of biodiversity;
- (IV) Improving the economic efficiency of value chains and of local production arrangements for socio-biodiversity products.

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8. Third-party funds related to projects (Continued)

8.22. COPAIBAS - Community, Protected Areas and Indigenous Peoples Project in the Brazilian Amazon and Cerrado Savannah (Continued)

In the project structure, each of these goals is represented by a component, with its own resources, approaches and activities.

In 2020, important milestones occurred in the project, with emphasis on the contract entered into between Funbio and the MFA, which took place on June 5. In the subsequent month, on July 5, the official beginning of the actions related to the Copaíbas preparation year, named Inception Phase (IP), took place.

On July 10, the MFA made the first disbursement for the project, in the amount of R\$5,011 (R\$0 in 2019); in 2020 R\$1,986 (R\$0 in 2019) was executed; investment yields totaled R\$38 (R\$0 in 2019), and the year was closed with a balance of R\$3,063 (R\$0 in 2019).

In addition, between the contract execution date and the end of 2020, the following activities also took place:

- Beginning of the structuring of the project team, with the relocation of employees and the hiring of the Copaíbas manager;
- Configuration of Funbio's systems to start the project execution;
- Setting up of the project's governance boards, selecting significant players and sending of the first invitations;
- Meetings with the public bodies that will be part of the project, with emphasis on the Goiás, Maranhão, Mato Grosso and Minas Gerais State Environment Secretariat, and identification of state Protected Areas that may be supported by Copaíbas;
- Development of initial versions of project documents, with emphasis on the Standard Operational Manual ("MOP");
- Preparation of Terms of Reference for the hiring of consultants for specific topics of the Project;
- Application of methodology to identify safeguards that may be triggered by social and environmental projects. With the support of experts, ten (10) themes were included in this process, which will subsidize the development of the Copaíbas safeguards plan.

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8. Third-party funds related to projects (Continued)

8.23. TCSA Porto Sul

Porto Sul Social and Environmental Agreement (“TCSA Porto Sul”) corresponds to a legal instrument resulting from the environmental licensing granted to Bahia Mineração S/A (BAMIN) for the construction of the venture named Porto Sul, located 14 km north of the city of Ilhéus, State of Bahia, Region of Aritaguá.

TCSA Porto Sul, executed by the Federal Prosecutor’s Office (“MPF”) and the Bahia State Prosecutor’s Office (MPE/BA), was approved on October 17, 2019 and entered into with the State of Bahia (represented by the Bahia State Environment Secretariat (SEMA-BA) and Casa Civil), the mining company BAMIN, the State Environmental and Water Resources Institute (INEMA) and the city of Ilhéus, Bahia state.

The Agreement aims to ensure sustainable development, environmental integrity, ecological functions and ecosystem services in the region of settlement of Porto Sul, through integrated actions aimed at preventing, at landscape scale, avoidable environmental damage and mitigating unavoidable impacts resulting from the implementation of the venture.

The cooperation agreement, in force since June 2020, provides for the execution of the Porto Sul Social and Environmental Agreement, in the amount of R\$45,056, until June 24, 2026.

In 2020, this project received funds amounting to R\$6,843 (R\$0 in 2019); investment yields totaled R\$49 (R\$0 in 2019); there was no execution in both years; and the year was closed with a balance of approximately R\$6,892 (R\$0 in 2019).

8.24. Tradition and Future of Amazon

The project is supported by the Petrobras Social and Environmental Program and aims to contribute to the territorial and environmental management of TI Menkragnoti, promoting the maintenance of vegetation cover, carbon stock, biodiversity and the appreciation of knowledge of the Kayapó people (Mêbêngôkre).

Executed by Funbio in partnership with Conservation International of Brazil (CI-Brazil), Instituto Kabu (IK), Instituto Raoni (IR) and Associação Floresta Protegida (AFP), over a 2-year period.

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8. Third-party funds related to projects (Continued)

8.24. Tradition and Future of Amazon (Continued)

In 2020, this project achieved the following results:

- Authorization to start activities in November 30, 2020;
- Receipt of the 1st Disbursement Portion, in the amount of R\$987;
- Adjustment and agreement of the project's actions in face of the COVID-19 pandemic;
- Alignment and detailing of actions with the partner institutions of the project;
- Booting of operational actions to fulfill contractual obligations.

In 2020, this project received funds amounting to R\$987 (R\$0 in 2019); investment yields totaled R\$1 (R\$0 in 2019); there was no execution in both years; and the year was closed with a balance of approximately R\$988 (R\$0 in 2019).

8.25. Amapá Fund

The Amapá Fund was designed by FUNBIO with support from Gordon and Betty Moore Foundation and CI-Brasil, and in close cooperation with the State of Amapá Environment Secretariat team to allocate resources for the maintenance of biodiversity protected areas in that state. Launched in 2015, it had an initial contribution of US\$2,500 donated by the Global Conservation Fund (GCF), Conservation International and state contribution of R\$1,000.

The mechanism provides for the funding from diversified sources such as TACs, donations and payments for environmental services. The purpose is to give agility to the execution and flexibility in the allocation of resources in protected areas, in a manner that meets the real needs of the Protected Areas of the most preserved state of Brazil.

FUNBIO ensures the engagement of a professional asset manager for compliance with the investment policy proposed by the fund. The first contribution occurred in 2016, in the amount of R\$8,100. The fund is invested and a review is being conducted in the project operational guide and governance structure, in addition to the need for realignment due to changes in the team.

In 2020, alignment meetings were held with partners (CI-Brasil and SEMA-AP) to discuss and define the Fund's governance structure and the most appropriate execution format that guides the preparation of the MOP.

In 2020 and 2019, no new contributions were performed. However, in 2020, the funds invested generated yields amounting to R\$2,050 (R\$1,979 in 2019), closing the year with a balance of R\$16,065 (R\$12,498 in 2019).

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8. Third-party funds related to projects (Continued)

8.26. Abrolhos Terra e Mar Fund (ATM Fund)

Abrolhos Terra e Mar Fund, formerly known as “Bahia & ES Fund”, was designed by FUNBIO with support from the Gordon and Betty Moore Foundation and CI-Brasil, and in close coordination with Chico Mendes Institute for Biodiversity Conservation (ICMBio), to allocate resources to ensure the viability and sustainability of Federal Protected Areas of Abrolhos Terra e Mar territory. Launched in 2016, this fund had an initial contribution of US\$2,100 donated by the Global Conservation Fund (GCF), from Conservation International.

FUNBIO ensures the engagement of a professional asset manager for compliance with the investment policy proposed by the fund. The first contribution took place in 2016, in the amount of R\$6,928.

In 2020, the main activities carried out were:

- Structuring of the Managing Board of Abrolhos Terra e Mar Fund and 1st ordinary meeting carried out;
- Approval of biannual planning for the first redemption of the Fund;
- First Fund redemption carried out;
- Formalization of the first disbursement contract;
- First disbursement made and start of project execution, whose main actions are:
 - Promoting entrepreneurship for the integrated development of sustainable tourism in the Protected Areas of the territory and its surroundings;
 - Participatory development of the strategy for the Abrolhos Terra e Mar Route;
 - Development of the Abrolhos Region Portal as a reference for integrating and stimulating business engaged in nature-based solutions;
 - Support for Public Use of the Abrolhos Marine National Park;
 - Support for Public Use of the Discovery National Park (*Parque Nacional do Descobrimento*);

In 2020 and 2019, the Fund received no funds, only transfers of funds from the Fund to the operational account were made, amounting to R\$952 (R\$0 in 2019), in which the project is executed. The operational account executed the amount of R\$496 (R\$0 in 2019). Investment yields in the operational account totaled R\$1 (R\$0 in 2019) while in the Fund yields totaled R\$1,429 (R\$1,542 in 2019), closing the year with a balance of R\$457 (R\$0 in 2019) in the operational account, and balance of R\$11,234 (R\$9,535 in 2019) in the Fund.

Fundo Brasileiro para a Biodiversidade - Funbio

Notes to financial statements (Continued)
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9. GEF Agency

	12/31/2020	12/31/2019
Funds related to GEF Agency - FUNBIO	2,272	2,951
Funds related to GEF Agency - Projects	85	83
Funds related to GEF Agency - Pro-Species Grant	9,685	7,142
Funds related to GEF Agency	12,042	10,176
Project-related advances - Projects	-	472
Project-related advances - Grant Prospecies	3,000	1,525
Project-related advances - GEF Agency	3,000	1,997
Total	15,042	12,173

The Global Environment Facility (GEF) created in 1991, following the Convention on Biological Diversity entered into in Rio-92, had a pilot phase as a program of the World Bank and, in 1994, became independent.

GEF funds are available for developing countries and countries whose economy is in transition to meet the objectives of international conventions and environmental agreements. GEF funds are transferred to agencies accredited by GEF. FUNBIO, which already executed projects implemented by other agencies, such as: the World Bank and FAO, is the only agency in Brazil and one of the 3 agencies in the world accredited by GEF.

The tables below segregate the funds intended for advances to FUNBIO for preparation of the institution's proposals and the administrative costs, relating to funds that shall be directly allocated to the projects approved.

9.1. GEF Agency

Funds related to GEF Agency - FUNBIO

Description	12/31/2019	Cash inflow / Contributions to project preparation	FUNBIO transfer (allocation)	Funbio Costs	Short-term investment yields	Finance costs	12/31/2020
GEF Agency - Funbio (c/c 29149-8)	2,951	-	(720)	(13)	55	(1)	2,272
	2,951	-	(720)	(13)	55	(1)	2,272

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Notes to financial statements (Continued)
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9. GEF Agency (Continued)

9.1. GEF Agency (Continued)

Funds related to GEF Agency - FUNBIO

GEF Agency is an area of Funbio, the purpose of which is to mobilize resources directly from the Global Environment Facility (GEF), capacity allowed to Funbio after an accreditation process in this Fund, which was closed in 2015.

The creation of GEF Agency in FUNBIO allows to support institutions, especially the Ministries of Environment, Sciences, Technology, Innovation and Communication, interested in the preparation and adequacy of projects to be submitted to GEF.

Once approved, each project receives funds for the Fund Project (funds allocated to the project to be implemented) and for Agency FEE (funds from the implementing agency) initially for the preparation of projects and, after referred to approval, for its actual implementation.

In 2020, Funbio submitted only one project proposal to the GEF under call for Non-Grant Instruments, a type of project that Funbio has never implemented. The proposal was not approved, but a new one, adjusted, will be resubmitted in early 2021, this is a competitive GEF process whose approval is significantly more difficult than regular projects.

Projects under implementation	Partners	Biome
Pro-Species Project	MMA, IBAMA, ICMBio and WWF	Nationwide

The Pro-Species Project, which is intended to improve the conservation status of 290 endangered species that cannot be found in Protected Areas or Indigenous Lands, was approved by GEF Board at the meeting held in April 2016. After that, FUNBIO received funds to detail the project to a full version and engaged the International Union for Conservation of Nature ("UICN") to do such works together with MMA. In early 2018, WWF-Brazil was selected to financially execute the project's actions, going through a period of preparation of documents and systems. In August 2018, the project was started.

This was the first project of GEF Agency at Funbio to go through the entire GEF approval cycle and start implementation processes. In addition to this work, the area was also responsible for accreditation in another multilateral fund, the Green Climate Fund, in October 2018.

Fundo Brasileiro para a Biodiversidade - Funbio

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands reais)

9. GEF Agency (Continued)

9.2. Pro-Species Preparation Project

Funds related to GEF Agency

Contracts	12/31/2019	Cash inflow / Projects approved	Advances - Project	Investment yields	Finance costs	Costs related to projects	12/31/2020
Pro-Species Preparation (c/c 129150)	83	-	-	2	-	-	85
	83	-	-	2	-	-	85

Project-related advances

Contracts	12/31/2019	Advance - Project preparation	Accountability	12/31/2020
Pro-Species Preparation	472	-	472	-
Total	472	-	472	-

On August 24, 2016, a financial support contract for the preparation of the evaluation document of the "National Strategy for the Conservation of Endangered Species - Pro-Species" Project, for application to the *Global Environment Facility* (GEF) Board, was entered into between FUNBIO and UICN, effective for 9 months, in the amount of R\$800, of which R\$400 was transferred in 2016. In 2017, an Amendment was entered into extending the effective period by 5 months and adding R\$147 to the contract amount. The amount of R\$400 was transferred and R\$328 were accounted for.

UICN is an environmentalist organization founded in 1948. In Brazil, it has operated as a non-governmental organization since 2010. Its activities are focused on the application of UICN's Global Program in Brazil, involving a variety of topics, such as governance, environmental policies and legislation, protected areas, endangered species and ecosystems, landscape ecology and planning, ecological restoration, climate change and ecosystem services.

The Project aims to prepare a Pro-Species Project based on the support to the Ministry of Environment in preparing the Pro-Species Project Document, with technical and administrative support to hold meetings and workshops, articulation of key players for the preparation and execution of Pro-Species Project, engagement of advisory firms and preparation of documents, including and mainly the Pro-Species Project Evaluation Document, with content and form adequate for the submittal of the document to GEF Executive Secretariat for their endorsement.

Fundo Brasileiro para a Biodiversidade - Funbio

Notes to financial statements (Continued)
December 31, 2020 and 2019
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9. GEF Agency (Continued)

9.2. Pro-Species Preparation Project (Continued)

Project-related advances (Continued)

The transfer of funds to the project was made by means of disbursements, according to the physical and financial budget and disbursement schedule, and the execution has followed the rules in FUNBIO's Procedures, Acquisitions and Engagement activities Manual - PO-12/2014.

All purchases and contracts have been recorded in the plan of acquisitions and each transaction is submitted to FUNBIO for analysis and acceptance as a way to enforce and ensure the application of the FUNBIO'S rules.

Funds related to GEF Agency - National resources

Contracts	12/31/2019	Cash inflow - Projects approved	Advances - Project	Yields Investment yields	Finance costs	Project Projects	12/31/2020
Pro-Species Grant (c/c 23533-4)	7,142	10,641	(8,071)	14	(41)	-	9,685
	7,142	10,641	(8,071)	14	(41)	-	9,685

Project-related advances

Contracts	12/31/2019	Advance Project preparation	Accountability	12/31/2020
Pro-Species Preparation	1,525	8,071	(6,596)	3,000
Total	1,525	8,071	(6,596)	3,000

The project was actually started in August 2018 and the first WWF-Brazil accountability was conducted at year end; however, these accounts had not yet been approved by FUNBIO until year end.

The initial activities of the project were being carried out at the end of 2019, and two supervision missions have already been carried out, whereby the progress of the project towards its goals was checked and it was concluded that although there are certain activities behind schedule, there is a greater number of activities ahead of schedule and the project is at a satisfactory level of implementation. At the end of 2020, a Mid Term Review of the project will be conducted, whereby a project thorough evaluation will be carried out, including by independent advisors. This is an important and mandatory step in projects funded by GEF.

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Notes to financial statements (Continued)
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10. Green Climate Fund (GCF) Agency

	12/31/2020	12/31/2019
Funds related to GCF Agency - Readiness Project	1,173	-
Total funds related to GCF Agency	1,173	-

The purpose of Green Climate Fund (GCF) is to support developing countries to implement actions to adapt and mitigate global climate change. The Fund works with implementing entities that go through a rigorous accreditation process. These entities must follow the GCF's policies and procedures to submit eligible proposals for its consideration and possible approval. In Brazil, three national entities were accredited by GCF, Brazil's Federal Savings and Loans Bank ("CEF"), the National Bank for Economic and Social Development ("BNDES") and Fundo Brasileiro para a Biodiversidade (FUNBIO).

GCF funds are available for developing countries and countries whose economy is in transition to meet the objectives of the United Nations Framework Convention on Climate Change (UNFCCC). GCF funds are transferred through implementing agencies. FUNBIO, which was already a Global Environment Facility (GEF)'s implementing agency, was accredited as a National Accredited Entity in 2018. The creation of the GCF Agency at FUNBIO allows supporting institutions interested in climate mitigation and adaptation projects to be submitted to GCF. In 2020, FUNBIO submitted no project proposal to GCF, however there are two (2) projects in phase of preparation, which are expected to be submitted in 2021. One of these projects is focused on the Amazon region and the other on adapting the public health sector to climate change.

Funds related to GCF Agency - Readiness Project

Description	12/31/2019	Cash inflows	Execution of projects	FUNBIO transfer (allocation)	Investment yields	Finance costs	12/31/2020
Readiness Project (c/c 25432-0)	-	1,346	-	(184)	16	(5)	1,173
	-	1,346	-	(184)	16	(5)	1,173

At the end of 2019, Funbio presented a project to GCF, in the Readiness category, which was approved, and in 2020 it received the first resources. Project "Strengthening Brazilian DAEs and executors for the implementation and execution of GCF projects" aims to support all three national entities accredited by GCF to improve their ability to operate with this fund. The improvement opportunities addressed by this project are issues related to environmental and social safeguards, gender issues and project monitoring. In addition, this project will support the initial preparation of projects for GCF and increase communication with public and private entities interested in accessing GCF. In 2020, the activities carried out were mainly internal activities, partly due to the new coronavirus pandemic.

Fundo Brasileiro para a Biodiversidade - Funbio

Notes to financial statements (Continued)
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11. FUNBIO resources Fund (“FRF”) - Net asset value

The purpose of FUNBIO Resources Fund (“FRF”) is to supplement the Institution’s cash requirements when necessary. The strategic direction of the Decision-Making Board points toward reducing the Institution’s reliance on 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 the continuity of FUNBIO’s activities in times that require the investment of own funds.

In 2020, as defined by management and approved by the Finance and Audit Committee, the amount of R\$1,000 (R\$0 in 2019) was transferred to Funbio’s administrative account to supplement the Institution’s cash, and the amount of R\$500 (R\$500 in 2019) was transferred to Funbio Scholarship Project. The FRF’s asset management is administered by Pragma Gestão de Patrimônio and overseen by FUNBIO’s Asset Management Committee.

	<u>12/31/2020</u>	<u>12/31/2019</u>
Balance at January 1	30,061	26,452
Allocation of surplus arising from yields (*)	3,872	3,500
Contribution - FUNBIO Resources Fund (“FRF”)	-	609
Transfer of funds to administrative account (**)	(1,000)	-
Transfer of funds to Funbio Scholarship Project (**)	(500)	(500)
Balance at December 31	<u>32,433</u>	<u>30,061</u>

(*) Allocation of surplus for the year proportionally to yields from the FRF asset (net of provision for income tax and funds from the fund management), administered by Pragma. In 2020, surplus for the year amounting to R\$3,872 (R\$3,500 in 2019) was allocated.

(**) In 2020, the amount of R\$1,500 (R\$500 in 2019) was received from the Administrative account and Funbio Scholarship Program, approved by the Finance and Audit Committee.

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Notes to financial statements (Continued)
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12. Reimbursement of projects

Projects	12/31/2020	12/31/2019
FMA RJ Agreement	-	2,165
Arpa 3rd Phase - Transition Fund	4,458	7,057
TAC Frade - Support to Federal coastal and estuarine Protected Areas of RJ - Phase I	200	128
TAC Frade - Support to Federal coastal and estuarine Protected Areas of RJ - Phase II	197	166
TAC Frade Porpoise Conservation	335	241
TAC Frade - Cras Implementation	30	35
TAC Frade - Cras Implementation - Phase II	17	9
TAC Frade - Fishing and Marine Research	453	467
TAC Frade - Environmental Education Project - Phase I	100	147
TAC Frade - Environmental Education Project - Phase II	178	15
Kayapó	267	133
GEF Mar	1,014	229
GEF Mar - Petrobras	-	1,648
GEF Nutrition - BIOVERSITY	-	109
Mata Atlântica III	1	7
Probio/Oportunity Fund	52	160
Project K - KNOWLEDGE FOR ACTION	-	98
R20	-	46
Amazon Live - Rock in Rio	10	14
TAC Aerolave Caçapava	-	(9)
GEF Land	361	244
Marine Waste Monitoring Plan - SP	49	13
Copaíbas	1,579	-
Total	9,301	13,122

This account of the revenue group includes the project funds used in the reimbursement of expenses incurred by FUNBIO as the executing entity for the initiative. Most of them refer to personnel, commuting and administrative expenses absolutely necessary to carry out the work. Every reimbursement request is backed by the program or project budget, being accompanied by supporting documentation of expenses, becoming a part of the accountability submitted to the donors' approval. Therefore, the revenue presented herein consists of direct project costs.

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Notes to financial statements (Continued)
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13. Recovery of costs

Projects	12/31/2020	12/31/2019
TFCA	-	32
TAC Frade - Cras Implementation - Phase II	-	132
Mata Atlântica III	767	919
GEF Mar Petrobras	1,480	-
GEF Land	386	-
Amazon Live - Rock in Rio	152	-
TCA CSN Volta Verde	-	665
REDD Early Movers Mato Grosso - REM MT	4,212	1,400
Exxon Mobil - AMLD	50	94
Marine Waste Monitoring Plan - SP	21	22
TAJ Santos - PERB	50	-
Project K	187	-
Amazon Forest Fund	27	-
Abrolhos Terra e Mar Fund (ATM Fund) - Operational	143	-
Copaíbas	407	-
Total	7,882	3,264

This account of the revenue group records the amounts transferred by the projects to overhead costs incurred by FUNBIO in carrying out its business provided for 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 purpose set out in the project budget.

14. Services rendered

Projects	12/31/2020	12/31/2019
Patrimônio Natural Fondo Para La Biodiversidade Y Áreas Protegidas	-	238
Suzano S.A.	90	-
Total	90	238

This account of the revenue group includes the entries related to services rendered - such as advisory services - involving the issue of a municipal invoice, and when so requested by the Institution's partners. This type of transaction does not decharacterize the Institution condition of not-for-profit entity.

Fundo Brasileiro para a Biodiversidade - Funbio

Notes to financial statements (Continued)
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15. General and administrative expenses

	<u>12/31/2020</u>	<u>12/31/2019</u>
Salaries and related charges	(14,413)	(13,962)
Third-party services	(1,939)	(1,562)
Lease and maintenance	(901)	(914)
Travel expenses	(34)	(358)
General expenses	(493)	(823)
	<u>(17,780)</u>	<u>(17,619)</u>

16. Finance income (costs), net

	<u>12/31/2020</u>	<u>12/31/2019</u>
Finance income		
Interest income	-	4
Foreign exchange gains	237	81
Short-term investment yield	4,757	4,479
Total finance income	<u>4,994</u>	<u>4,564</u>
Finance costs		
Foreign exchange losses	(111)	(53)
Bank expenses	(815)	(735)
Total finance costs	<u>(926)</u>	<u>(788)</u>
Finance income (costs), net	<u>4,068</u>	<u>3,776</u>

17. Provision for tax, civil and labor contingencies

The Institution is party to lawsuits and administrative proceedings before various courts and government agencies, arising from the ordinary course of its business, involving labor, tax and civil matters. Based on information from its legal advisors and analysis of pending litigation, management recognizes provisions only for contingencies assessed as probable loss.

At December 31, 2020 and 2019, there were no contingencies assessed as probable loss.

Fundo Brasileiro para a Biodiversidade - Funbio

Notes to financial statements (Continued)
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17. Provisions for tax, civil and labor contingencies (Continued)

At December 31, 2020 and 2019, the Institution has the following lawsuits, whose likelihood of loss was assessed as possible by the legal advisors:

	<u>12/31/2020</u>	<u>12/31/2019</u>
Nature of lawsuits:		
Civil (*)	1,000	1,000
Total	<u>1,000</u>	<u>1,000</u>

(*) The mechanism for the Biodiversity Conservation in the state of Rio de Janeiro is known as Atlantic Forest Fund (FMA/RJ), through a partnership with the State Environmental Secretariat of Rio de Janeiro (SEA-RJ). FUNBIO manages the FMA/RJ funds from environmental impact compensation by production enterprises, whose payment is regulated by Brazil's National System of Protected Areas ("SNUC"), and funds from other sources.

FMA/RJ/RJ was supported by the Agreement No. 003/2009 entered into between the state of Rio de Janeiro, through the State Environment Secretariat ("SEA"), and FUNBIO, facilitated by the State Environmental Institute ("INEA"), aiming at the operation, maintenance and control of the mechanism, which remained effective until 2015. Currently, the Project is supported by Cooperation Agreement No. 04/2016, entered into by and between FUNBIO and the State Environment Secretariat ("SEA") and State Environment Institute ("INEA").

Under the referred Agreement No. 003/2009, the Public Prosecutor's Office of the State of Rio de Janeiro initiated a Civil Class Action against the state of Rio de Janeiro, INEA and FUNBIO at the 15th Public Finance Court of the Capital of Rio de Janeiro, in which it challenges the validity of the legal mechanism of environmental compensation in relation to Parque Estadual da Costa del Sol (PECS). The lawyers engaged by FUNBIO reported that a favorable decision was awarded in the lower court and an unfavorable decision awarded in the higher court. Currently, an appeal was filed and has been examined by the High Court of Justice ("STJ") and the Federal Supreme Court of Brazil ("STF"). Therefore, according to these same lawyers, the likelihood of loss on this lawsuit was classified as possible in the amount of R\$1,000.

18. Insurance coverage

The Institution's policy is to take out insurance coverage on assets subject to risks at amounts deemed sufficient to cover losses, if any, considering the nature of its activity.

Fundo Brasileiro para a Biodiversidade - Funbio

Notes to financial statements (Continued)
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18. Insurance coverage (Continued)

At December 31, 2020, the Institution had the following main insurance policies taken out from third parties:

Type	Amount insured
Property and equipment items - effective from 12/2020 to 12/2021	2,876
Sundry perils - effective from 12/2020 to 12/2021	30
General Civil Liability - effective from 12/2020 to 12/2021	160
Civil Liability of Directors & Officers - D&O - effective from 06/2020 to 06/2021	5,000

Rosa Maria Lemos de Sá

Rosa Maria Lemos de Sá (29 de April de 2021 18:03 ADT)

Rosa Maria Lemos de Sá
General Secretary

Aylton Coelho

Aylton Coelho Costa Neto (4 de May de 2021 11:26 ADT)

Aylton Coelho Neto
Planning and Management Superintendent

DANIELE SOARES DOS SANTOS SEIXAS

DANIELE SOARES DOS SANTOS SEIXAS (29 de April de 2021 16:56 ADT)

Daniele Soares dos Santos Seixas
Accountant CRC-RJ - 095.266/0-0
Chief Technical Officer in charge












Funbio - Demonstração Financeira - Inglês

Relatório de auditoria final

2021-05-04

Criado em:	2021-04-29
Por:	Ana Maria Rodrigues Martins (ana.martins@funbio.org.br)
Status:	Assinado
ID da transação:	CBJCHBCAABAAmsjnnbQ0RY0g6_-_1NqAQizimbPN7BO2

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-  Documento enviado por email para Rosa Maria Lemos de Sá (rosa.lemos@funbio.org.br) para assinatura
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-  Documento enviado por email para DANIELE SOARES DOS SANTOS SEIXAS (daniele.soares@funbio.org.br) para assinatura
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-  Email visualizado por Rosa Maria Lemos de Sá (rosa.lemos@funbio.org.br)
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-  Email visualizado por Aylton Coelho Costa Neto (aylton.coelho@funbio.org.br)
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