

# **Financial Statements**

## **Fundo Brasileiro para a Biodiversidade - FUNBIO**

December 31, 2021  
with Independent Auditor's Report

# Fundo Brasileiro para a Biodiversidade - FUNBIO

## Financial statements

December 31, 2021 and 2020

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## Independent auditor's report on financial statements

The Executive Secretary and the Board of Directors  
**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 "Entity" or "FUNBIO"), which comprise the statement of financial position as at December 31, 2021, and the statements of surplus or deficit, of comprehensive surplus (deficit), of changes in net asset value and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the Entity's financial position as at December 31, 2021, and its financial performance and 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 the Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Entity in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants, the professional standards issued by Brazil's National Association of State Boards of Accountancy (CFC) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free of material misstatement, whether due to fraud or error.



In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit 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 Entity'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 significant 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 future conditions may cause the Entity 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 20, 2022.

ERNST & YOUNG  
Auditores Independentes S.S.  
CRC-SP015199/F-7

  
Beatriz Gonçalves de Moraes Nicolaci  
Accountant CRC-RJ091370/0

## Fundo Brasileiro para a Biodiversidade - FUNBIO

Statement of financial position  
December 31, 2021 and 2020  
(In thousands of reais)

	Note	12/31/2021	12/31/2020
<b>Assets</b>			
Current assets			
Cash and cash equivalents	5.a	2,994	9,351
Funds related to projects	5.e	543,809	354,977
Funds related to GEF Agency	5.c and 8	21,011	12,042
Project-related advances - GEF Agency	8	2,999	3,000
GCF Agency - Readiness	5.d and 9	1,091	1,173
Amounts in transit from abroad		550	495
Other		2,776	1,579
		<b>575,230</b>	<b>382,617</b>
Noncurrent assets			
Funds related to projects - Funds	5.f	975,947	854,658
FUNBIO Resources Fund ("FRF")	5.b and 10	37,418	32,433
Property and equipment		1,450	1,290
		<b>1,014,815</b>	<b>888,381</b>
<b>Total assets</b>		<b>1,590,045</b>	<b>1,270,998</b>
<b>Liabilities and net asset value</b>			
Current liabilities			
Trade accounts payable		241	513
Payroll and related charges	6	2,829	2,523
Taxes and charges		240	130
Funds related to projects	7	540,760	354,584
Funds related to GEF Agency	8	24,010	15,042
Funds related to GCF Agency - Readiness	9	1,091	1,173
Other accounts payable		224	111
Other receivables		2,691	4,215
		<b>572,086</b>	<b>378,291</b>
Noncurrent liabilities			
Funds related to projects - Funds	7	975,947	854,658
		<b>975,947</b>	<b>854,658</b>
Equity			
FUNBIO Resources Fund ("FRF")	10	37,418	32,433
Accumulated surplus		4,594	5,616
<b>Total net asset value</b>		<b>42,012</b>	<b>38,049</b>
<b>Total liabilities and net asset value</b>		<b>1,590,045</b>	<b>1,270,998</b>

See accompanying notes.

## Fundo Brasileiro para a Biodiversidade - FUNBIO

Statement of surplus or deficit  
Years ended December 31, 2021 and 2020  
(In thousands of reais)

	Note	12/31/2021	12/31/2020
Operating revenues			
GEF Agency	8	720	720
GCF Agency (Readiness)	9	117	184
Reimbursement of projects	11	10,726	9,301
Recovery of costs	12	13,199	7,882
Total revenue from donations		<b>24,762</b>	18,087
Services rendered		-	90
Total service revenue		-	90
Gross revenue		<b>24,762</b>	18,177
Other operating income (expenses)			
General and administrative expenses	13	(21,110)	(17,780)
Investment of funds	10	-	1,000
Operating income before finance income (costs)		<b>3,652</b>	1,397
Finance income (costs)	14		
Finance costs		(141)	(926)
Finance income		954	4,994
		<b>813</b>	4,068
Operating income (costs)		<b>4,465</b>	5,465
Surplus (deficit) from projects			
GCF Agency (Readiness) Accountability approved	9	(15)	-
GCF Agency (Readiness) Funds executed	9	15	-
Accountability approved	7	118,262	105,530
Disbursement to partners		(49,470)	(29,701)
Funds executed		(69,192)	(76,286)
Provision under execution	7	400	457
Total surplus (deficit) from projects		-	-
Other operating income (expenses)		(2)	-
Write-off of property and equipment		(2)	-
Surplus for the year		<b>4,463</b>	5,465

See accompanying notes.

## Fundo Brasileiro para a Biodiversidade - FUNBIO

Statement of changes in net asset value  
 Years ended December 31, 2021 and 2020  
 (In thousands of reais)

	Note	FUNBIO Resources Fund ("FRF")	Accumulated surplus/(defic it)	Surplus for the year	Total net asset value
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	10	3,872	(3,872)	-	-
Transfer of funds to administrative account	10	(1,000)	-	-	(1,000)
Transfer of funds to FUNBIO Scholarship Project	10	(500)	-	-	(500)
Balances at December 31, 2020		32,433	5,616	-	38,049
Surplus for the year		-	-	<b>4,463</b>	<b>4,463</b>
Transfer to accumulated surplus/(deficit)		-	<b>4,463</b>	<b>(4,463)</b>	-
Allocation of surplus for the year	10	<b>485</b>	<b>(485)</b>	-	-
Contribution - FUNBIO Resources Fund ("FRF")	10	<b>5,000</b>	<b>(5,000)</b>	-	-
Transfer of funds to administrative account	10	-	-	-	-
Transfer of funds to FUNBIO Scholarship Project	10	<b>(500)</b>	-	-	<b>(500)</b>
Balances at December 31, 2021		<b>37,418</b>	<b>4,594</b>	-	<b>42,012</b>

See accompanying notes.



## Fundo Brasileiro para a Biodiversidade - FUNBIO

### Statement of cash flows Years ended December 31, 2021 and 2020 (In thousands of reais)

	<u>12/31/2021</u>	<u>12/31/2020</u>
Operating activities		
Surplus for the year	4,463	5,465
Adjustment of surplus to cash and cash equivalents from/ (used in) operating activities		
Depreciation and amortization	214	221
Finance income - FRF	(485)	(3,872)
	<u>4,192</u>	<u>1,814</u>
Decrease in current assets		
Other assets	(1,252)	(1,898)
Increase (decrease) in current liabilities		
Trade accounts payable	(272)	(1,012)
Payroll and labor obligations	306	148
Taxes and charges	110	(91)
Other accounts payable	113	(23)
Other receivables	(1,524)	4,215
Net cash flows from operating activities	<u>1,673</u>	<u>3,153</u>
Investing activities		
Contribution - FRF	(4,500)	1,500
Acquisition of property and equipment	(374)	(181)
Net cash flows from (used in) investing activities	<u>(4,874)</u>	<u>1,319</u>
Financing activities		
Funds received	275,624	139,333
Investment yield	120,036	154,045
Foreign exchange differences	51,277	111,079
Finance costs	(580)	(3,886)
Funds executed	(139,745)	(122,713)
Other transfers	853	(4,518)
Increase in funds related to projects	(310,121)	(270,506)
Transfer of funds to administrative account	-	(1,000)
Transfer of funds to FUNBIO Scholarship Project	(500)	(500)
Net cash flows used in financing activities	<u>(3,156)</u>	<u>1,334</u>
Increase (decrease) in cash and cash equivalents	<u>(6,357)</u>	<u>5,806</u>
Balance of cash and cash equivalents at beginning of year	9,351	3,545
Balance of cash and cash equivalents at end of year	2,994	9,351
Increase (decrease) in cash and cash equivalents	<u>(6,357)</u>	<u>5,806</u>

See accompanying notes.

## Fundo Brasileiro para a Biodiversidade - FUNBIO

Notes to financial statements  
December 31, 2021 and 2020  
(In thousands of reais)

### 1. Operations

Fundo Brasileiro Para a Biodiversidade (the “Entity” or “FUNBIO”) is a Brazilian private not-for-profit entity that operates in partnership with the government and business sectors as well as the civil society so that strategic and financial resources be 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, Rio de Janeiro, State of Rio de Janeiro, with establishment in the city of Brasília, Federal District, at SHN Quadra 2, Bloco F, Executive Office Tower, suite 1323 to 1326, Asa Norte.

The main activities include financial management of projects and funds, design of financial mechanisms and studies of new sources of funds for conservation, as well as procurement and engagement of goods and services. FUNBIO is accredited as an implementing agency for GEF - Global Environment Facility and for GCF - Green Climate Fund.

Funds executed in 2021 amounted to R\$125,146 (R\$112,598 in 2020), an increase of 11%, with R\$118,262 (R\$105,987 in 2020) used by FUNBIO in the projects listed in Note 7, R\$6,869 (R\$7,068 in 2020) linked to GEF, according to Note 8, and R\$15 from GCF, as shown in Note 9. Operating mostly remotely in order to protect the health of employees, and automating access to cloud systems, FUNBIO has managed to follow the guidelines of health authorities while fulfilling its mission of investing funds in Biodiversity.

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, FUNBIO’s AUM amount to R\$1,590,045 (R\$1,270,998 at December 31, 2020), a 25% growth, of which approximately 64% are related to long-term actions and projects organized in long-term investment funds.

FUNBIO’s governance is led by the Board of Directors, 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 Board of Directors 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 members participate as volunteers, bringing their experience and knowledge. The Board of Directors is organized into Committees that address specific issues, such as the Management, Project Techniques, Finance and Audit and Asset Management Committees.

## **Fundo Brasileiro para a Biodiversidade - FUNBIO**

Notes to financial statements (Continued)  
December 31, 2021 and 2020  
(In thousands of 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 investments to 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.

#### COVID-19 impacts

At the beginning of January 2020, the outbreak of a new virus called COVID-19 was 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.

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 Entity's employees. Project management, financial management, and the management of disbursements, acquisitions and hiring were less impacted. However, those actions that depend on personnel mobility, such as travel, field monitoring and local tasks were reduced or postponed.

FUNBIO monitored COVID-19-related developments in 2020, and in 2021, continued the remote work regime, coordinating its operational actions based on the existing business continuity plans and on the guidance from global and local health organizations, Federal, State and Municipal Governments, and general best practices for crisis management.

FUNBIO considers that so far there has been no significant changes in the fair value of its assets and liabilities brought about by the COVID-19-related restrictions.

### **2. Presentation of financial statements and accounting policies**

#### **2.1. Statement of compliance**

The Entity's financial statements for the year ended December 31, 2021 have been 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 the pronouncements issued by Brazil's Financial Accounting Standards Board (CPC), approved by Brazil's National Association of State Boards of Accountancy (CFC).

## **Fundo Brasileiro para a Biodiversidade - FUNBIO**

Notes to financial statements (Continued)  
December 31, 2021 and 2020  
(In thousands of reais)

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

#### **2.1. Statement of compliance (Continued)**

These financial statements were authorized for issue by the Board of Directors on April 20, 2022.

#### **2.2. Current versus noncurrent classification**

The Entity presents assets and liabilities in the statement of financial position based on current/noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized within twelve months after the reporting period.
- Cash or cash equivalent.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period.

There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

#### **2.3. Functional and presentation currency**

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

## **Fundo Brasileiro para a Biodiversidade - FUNBIO**

Notes to financial statements (Continued)  
December 31, 2021 and 2020  
(In thousands of reais)

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

#### **2.4. Foreign currency translation**

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

#### **2.5. Cash and cash equivalents, funds related to projects, FRF and short-term investments**

Cash and cash equivalents include cash on hand, bank deposits, other highly liquid short-term investments maturing within three months and with insignificant risk of changes in value.

The funds received to be exclusively used in projects are treated as short- and long-term assets, depending on the availability for use, and are not classified as cash and cash equivalents.

The investments of Funds managed by FUNBIO, through the 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 Bonds – National Treasury Notes (NTN-Bs), local and international variable income, equities, hedge funds, low vol fixed income, and fixed income/inflation-indexed bonds. The investments follow the investment policies of each fund and the guidelines of FUNBIO's Asset Management Committee, and are not presented as cash and cash equivalents.

#### **2.6. Financial instruments**

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

## Fundo Brasileiro para a Biodiversidade - FUNBIO

Notes to financial statements (Continued)  
December 31, 2021 and 2020  
(In thousands of reais)

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

#### 2.6. Financial instruments (Continued)

##### Financial assets

##### a) *Classification and measurement*

The measurement of FUNBIO's financial assets is detailed in the table below:

<u>Financial assets</u>	<u>FUNBIO's FS</u>	<u>Asset category</u>
Cash and cash equivalents	Cash and cash equivalents	Amortized cost
Short-term investments	Short-term investments	Fair value through profit or loss
Project-related funds	Short-term investments	Fair value through profit or loss
Agency-related funds	Short-term investments	Fair value through profit or loss
Restricted amounts abroad	Short-term investments	Fair value through profit or loss
Project-related advances	Advances to suppliers	Amortized cost

##### b) *Impairment*

The carrying amount of financial assets is impaired for all financial assets, with the exception of accounts receivable, in which case the carrying amount is impaired through the recognition of a provision.

##### c) *Derecognition*

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

- The rights to receive cash flows from the asset have expired;
- FUNBIO has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Entity has transferred substantially all the risks and rewards of the asset, or (b) the Entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When FUNBIO has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset, an asset is recognized to the extent of the Entity's continuing involvement.

## Fundo Brasileiro para a Biodiversidade - FUNBIO

Notes to financial statements (Continued)  
December 31, 2021 and 2020  
(In thousands of reais)

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

#### 2.6. Financial instruments (Continued)

##### Financial liabilities

##### a) *Classification and measurement*

The effective interest method is used to calculate the amortized cost of a financial liability and to allocate interest expenses over the corresponding period. The effective interest rate is the rate that exactly discounts the estimated future cash flows over the expected life of the financial liability or (where appropriate) over a shorter period, for the net carrying amount at initial recognition.

The Entity's financial liabilities include trade accounts payable, other accounts payable and funds related to projects. These liabilities were classified as "other financial liabilities" and were initially measured at fair value, net of transaction costs.

These financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expenses recognized at the effective rate.

The effective interest method is used to calculate the amortized cost of a financial liability and to allocate interest expenses over the corresponding period. The effective interest rate is the rate that exactly discounts the estimated future cash flows over the expected life of the financial liability or (where appropriate) over a shorter period, for the net carrying amount at initial recognition.

##### b) *Derecognition*

A financial liability is derecognized when the obligation under the liability is discharged or 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 profit or loss.

## Fundo Brasileiro para a Biodiversidade - FUNBIO

Notes to financial statements (Continued)  
December 31, 2021 and 2020  
(In thousands of reais)

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

#### 2.6. Financial instruments (Continued)

##### Financial instruments - net presentation

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

#### 2.7. 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.

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.

#### 2.8. 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, 2021 and 2020  
(In thousands of reais)

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

#### **2.9. 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 Entity 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.

#### **2.10. 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 Entity 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.

#### **2.11. Realizable and settlement values**

Other assets and liabilities are stated at realizable and settlement values, respectively, and include where applicable, monetary or foreign exchange differences, as well as income earned and charges incurred through to the reporting date, recognized on a pro rata temporis basis. When applicable, the Entity recognizes provisions for impairment of assets to market or probable realizable value.

#### **2.12. 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 Entity's business.

## Fundo Brasileiro para a Biodiversidade - FUNBIO

Notes to financial statements (Continued)  
December 31, 2021 and 2020  
(In thousands of reais)

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

#### 2.13. Revenue recognition (Continued)

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 Entity. 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 method.

#### 2.14. 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.

#### 2.15. Tax obligations

##### 2.15.1. 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:

## Fundo Brasileiro para a Biodiversidade - FUNBIO

Notes to financial statements (Continued)  
December 31, 2021 and 2020  
(In thousands of reais)

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

#### 2.15. Tax obligations (Continued)

##### 2.15.1. Income and social contributions taxes (Continued)

- 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 Entity'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 its business purposes;
- Bookkeeping all its revenues and expenses in proper books that ensure their accuracy; properly keep, over a five-year period 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; and
- Ensure that its net asset value is allocated to another entity that satisfies the conditions for enjoying immunity, in case of merger, consolidation, spin-off or discontinuance of activities, or to a governmental body.

The Entity has complied with the requirements of Law No. 9532/97 in order to benefit from the aforementioned exemptions.

## Fundo Brasileiro para a Biodiversidade - FUNBIO

Notes to financial statements (Continued)  
December 31, 2021 and 2020  
(In thousands of reais)

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

#### 2.15. Tax obligations (Continued)

##### 2.15.2. 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 Entity has complied with the requirements of Law No. 9532/97 in order to benefit from the aforementioned exemptions.

### 3. Standards issued but not yet effective at the financial statements issue date

The standards and interpretations that are issued, but not yet effective up to the date of issuance of the Entity's financial statements are disclosed below. FUNBIO intends to adopt these standards, if applicable, when they become effective:

#### Amendments to IAS 1: Classification of liabilities as current or noncurrent

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 (CPC 26) to specify the requirements for classifying liabilities as current or noncurrent.

The amendments are effective for annual periods beginning on or after January 1, 2023 and must be applied retrospectively.

## Fundo Brasileiro para a Biodiversidade - FUNBIO

Notes to financial statements (Continued)  
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### 3. Standards issued but not yet effective at the financial statements issue date (Continued)

#### Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of accounting policies

In February 2021, the IASB issued amendments to IAS 1 (CPC 26 (R1)) and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures.

The amendments to IAS 1 are effective from January 1, 2023.

#### Amendments to IAS 8: Definition of accounting estimates

In February 2021, the IASB issued amendments to IAS 8 (CPC 23), in which it introduces a definition of “accounting estimates”. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective from January 1, 2023.

### 4. Financial risk management

The Entity is exposed to the following risks arising from the use of financial instruments: market risk, currency risk and liquidity risk.

Below is information on the Entity’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 for capital management. Additional quantitative disclosures are included in 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 Entity, will impact the gains on its portfolio or the amount of its financial instruments.

For short-term investments (CDB and fixed income funds held in Banco do Brasil), the Entity 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.

## Fundo Brasileiro para a Biodiversidade - FUNBIO

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### 4. Financial risk management (Continued)

#### Market risks (Continued)

For investments in funds managed by FUNBIO, through Pragma Patrimônio and Banco Julius Bär (FUNBIO Asset Managers), the market risk considers the investment policies of each fund, investing in different assets to minimize volatility and obtain the expected returns of each investment policy. The classes of assets are subject to the market value; the objective of a medium and long-term portfolio that includes 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 Entity 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.

#### Liquidity risk

This is the risk of the Entity 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 by the Entity for each project.

#### Credit risk

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

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

## Fundo Brasileiro para a Biodiversidade - FUNBIO

Notes to financial statements (Continued)  
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### 5. Cash and cash equivalents, FUNBIO Resources Fund (FRF), funds related to projects, the Global Environment Facility (GEF) and the Green Climate Fund (GCF)

Description	Note	12/31/2021	12/31/2020
Cash and cash equivalents	5.a	2,994	9,351
FUNBIO Resources Fund (FRF)	5.b	37,418	32,433
<b>Total own funds</b>		<b>40,412</b>	<b>41,784</b>
Funds related to GEF Agency	5.c	21,011	12,042
Funds related to GCF Agency	5.d	1,091	1,173
Funds related to projects - current	5.e	543,809	354,977
Funds related to projects - noncurrent	5.f	975,947	854,658
<b>Total funds related to projects</b>		<b>1,541,858</b>	<b>1,222,850</b>

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

Description	12/31/2021	12/31/2020
Fixed fund	-	3
<i>Banks in Brazil (1)</i>		
Banco do Brasil - Administrative	4	-
	<b>4</b>	<b>-</b>
<i>Short-term investments in Brazil</i>		
Banco do Brasil CDB - Administrative	1,313	2,513
Banco do Brasil RF LP Corporate - Administrative	1,166	6,112
Itaú AUTOM INVEST MAIS – Administrative	16	17
	<b>2,495</b>	<b>8,642</b>
<i>Foreign investments and banks</i>		
Banco do Brasil NY - Administrative	11	10
Banco do Brasil NY - Invest. ALLO - Administrative	484	696
	<b>495</b>	<b>706</b>
<b>Total cash and cash equivalents</b>	<b>2,994</b>	<b>9,351</b>

(1) This account refers to local checking accounts in prime banks.

## Fundo Brasileiro para a Biodiversidade - FUNBIO

Notes to financial statements (Continued)  
December 31, 2021 and 2020  
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### 5. Cash and cash equivalents, FUNBIO Resources Fund (FRF), funds related to projects, the Global Environment Facility (GEF) and the Green Climate Fund (GCF) (Continued)

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

Description	12/31/2021	12/31/2020
<i>Short-term investments in Brazil - Asset manager (1)</i>		
Itaú Pragma LIBER - FUNBIO Resources Fund (FRF)	10,752	10,465
Itaú Pragma ARES - FUNBIO Resources Fund (FRF)	7,735	6,661
Itaú Private EFFICAX - FRF	6,494	3,098
Itaú Pragma HONOR - FUNBIO Resources Fund (FRF)	5,942	6,347
BNP Paribas - Osmosis Global - FRF	4,171	-
Itaú Pragma LYNX MM - FUNBIO Resources Fund (FRF)	2,071	1,743
Itaú World EQ Fia - FRF	-	3,878
Itaú CDB DI - FRF	253	241
<b>Total FUNBIO Resources Fund (FRF)</b>	<b>37,418</b>	<b>32,433</b>

(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 Bonds – National Treasury Notes (NTN-Bs), local and international variable income, equities, hedge funds, low vol fixed income, and fixed income/inflation-indexed bonds. In 2021, the FRF had an average yield of 0.7%, below the benchmark of 1.8%. Below are the investments broken down according to type:

Local portfolio:	Low Vol Fixed income	18%
	Fixed income	34%
	Hedge Fund	21%
	Variable income	16%
	Variable income OFF	11%

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

Description	12/31/2021	12/31/2020
<i>Short-term investments in Brazil</i>		
Banco do Brasil RF LP - GEF Agency Grant Proespecies	19,351	8,904
Banco do Brasil RF LP - GEF Agency FUNBIO	1,569	2,272
Banco do Brasil CDB - GEF Agency Project	91	85
Banco do Brasil CDB – GEF Agency Grant Proespecies	-	781
<b>Total funds related to the GEF Agency</b>	<b>21,011</b>	<b>12,042</b>

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

Description	12/31/2021	12/31/2020
<i>Short-term investments in Brazil</i>		
Banco do Brasil CDB - GEF GCF Agency - Readiness	1,091	1,173
<b>Total funds related to the GCF Agency</b>	<b>1,091</b>	<b>1,173</b>



## Fundo Brasileiro para a Biodiversidade - FUNBIO

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### 5. Cash and cash equivalents, FUNBIO Resources Fund (FRF), funds related to projects, the Global Environment Facility (GEF) and the Green Climate Fund (GCF) (Continued)

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

Description	12/31/2021	12/31/2020
<i>Banks in Brazil (1)</i>		
Banco do Brasil – REWILD	2,530	-
Banco do Brasil – TAC Coral Sol	420	-
Banco do Brasil – Other projects	143	216
<b>Total funds available in banks in Brazil</b>	<b>3,093</b>	<b>216</b>
<i>Short-term investment in Brazil - Bank Deposit Certificate (CDB)</i>		
Itaú CDB - Fauna (Fauna Portfolio)	597	563
Bradesco - Atlantic Forest Fund (FMA) Agreement - Instr. I-A Environ. Comp. (2)	42,703	41,097
Bradesco - Atlantic Forest Fund (FMA) Agreement - Instr. III -A – Trust Finan. Instr. (2)	32,222	30,967
Bradesco - Atlantic Forest Fund (FMA) Agreement - Instr. V - TAC (2)	2,465	2,360
Bradesco - Atlantic Forest Fund (FMA) Agreement - Instr. I-C Land Regul. Res. (2)	9,639	9,246
Bradesco - Atlantic Forest Fund (FMA) Agreement - Instr. IV – OP. Forest Rest. (2)	2,758	2,651
Bradesco - Atlantic Forest Fund (FMA) Agreement - Instr. I-B CA Federal (2)	3,512	3,368
Bradesco - Atlantic Forest Fund (FMA) Agreement - Instr. VI - OP. Other Sources (2)	6,589	6,263
Banco do Brasil CDB - Mata Atlântica III	2,528	576
Banco do Brasil CDB – TAJ Paranaguá (3)	6,187	-
Banco do Brasil CDB - TAC Frade - Fishing and Marine Research (3)	12,609	12,986
Banco do Brasil CDB - TAC Frade - Porpoise Conservation	216	6,046
Banco do Brasil CDB – Kayapó	604	793
Banco do Brasil CDB - RVS Rio da Prata	584	564
Banco do Brasil CDB – TAC Frade - Cons. of Protected Areas (UCs) RJ (3)	4,900	12,051
Banco do Brasil CDB - TAC Frade - Wild Animal Rehabilitation Center (CRAS) RJ	-	2,944
Banco do Brasil CDB - TAC Frade - Environmental Education (3)	9,304	13,583
Banco do Brasil CDB – Rock in Rio	35	538
Banco do Brasil CDB – Probio MMA Balance	27	25
Banco do Brasil CDB – TAC Frade - Conservation of UCs Phase II (3)	6,836	6,914
Banco do Brasil CDB - TAC Frade - Environmental Education Phase II (3)	8,280	9,787
Banco do Brasil CDB - TAC Frade - CRAS Phase II	-	2,911
Banco do Brasil CDB - FUNBIO Scholarship	717	1,152
Banco do Brasil CDB - GEF MAR - Petrobras (3)	35,672	43,809
Banco do Brasil CDB - GEF Terrestre	2,716	3,454
Banco do Brasil CDB – REM Mato Grosso	19	-
Banco do Brasil CDB - FT Operational	2,059	5,806
Banco do Brasil CDB - TAJ CSN Volta Verde	-	160
Banco do Brasil CDB - PMLM - SP	-	159
Banco do Brasil CDB - Exxon Mobill	-	111
Banco do Brasil CDB - TAJ Santos	-	194
Banco do Brasil CDB - Amazon Forest Fund	-	247
Banco do Brasil CDB - Porto Sul	1,617	1,853
Banco do Brasil CDB – Copalibas (3)	9,449	-
Banco do Brasil CDB - Amazon Forest Fund	1,176	987
Banco do Brasil CDB - Abrolhos Terra e Mar Fund – Operational	477	457
Banco do Brasil CDB – ICS – Support for the Amazon Consortium	311	-
<b>Sub-total - Short-term investments in Brazil - Bank Deposit Certificate (CDB)</b>	<b>206,808</b>	<b>224,622</b>

## Fundo Brasileiro para a Biodiversidade - FUNBIO

Notes to financial statements (Continued)  
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### 5. Cash and cash equivalents, FUNBIO Resources Fund (FRF), funds related to projects, the Global Environment Facility (GEF) and the Green Climate Fund (GCF) (Continued)

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

Description	12/31/2021	12/31/2020
<i>Short-term investment in Brazil - Bank Deposit Certificate (CDB) (Continued)</i>		
Banco do Brasil CDB – TAC Underwater Warehouse	4,628	-
Banco do Brasil CDB – French Embassy	119	-
Banco do Brasil CDB – TAJ Paranaguá II	5,158	-
<b>Total short-term investments in Brazil - Bank Deposit Certificate (CDB)</b>	<b>216,713</b>	<b>224,622</b>
<i>Short-term investments in Brazil - Fixed income</i>		
Banco do Brasil RF DI VIP - PROBIO Opportunity Fund	2,465	2,675
Banco do Brasil RF LP CORPORATE - REM (4)	152,179	118,572
Banco do Brasil RF LP CORPORATE - Copaibas	7,533	3,062
Banco do Brasil RF LP CORPORATE - Porto Sul	12,963	5,038
Banco do Brasil RF LP CORPORATE - Probio Opportunity Fund	53	-
Banco do Brasil RF LP CORPORATE – Future revenues	3,047	-
Banco do Brasil RF LP CORPORATE - TAC Underwater Warehouse	15,578	-
Banco do Brasil RF LP CORPORATE - TAC Frade Marine Research	8,458	-
Banco do Brasil RF LP CORPORATE - TAC Frade Environmental	13,807	-
Banco do Brasil RF LP CORPORATE - TAJ Paranaguá I (4)	55,716	-
Banco do Brasil RF LP CORPORATE - TAJ Paranaguá II (4)	46,446	-
Banco do Brasil RF LP CORPORATE - Exxon Mobil	543	-
Banco do Brasil RF LP CORPORATE - TAC Frade UCs RJ	4,086	-
<b>Total short-term investments in Brazil - Fixed income</b>	<b>322,874</b>	<b>129,347</b>
<i>Other short-term investments in Brazil</i>		
Itaú PRIV EXCLUSIVE FIC - Fauna Fund Portfolio	148	142
<b>Total short-term investments in Brazil</b>	<b>148</b>	<b>142</b>
<i>Foreign investments and banks</i>		
Banco do Brasil Frankfurt - Mata Atlântica III	-	650
Banco do Brasil London - Mata Atlântica III	981	-
	<b>981</b>	<b>650</b>
<b>Total funds related to projects in current assets</b>	<b>543,809</b>	<b>354,977</b>

- (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 daily payments as the Operational Manager. Cooperation Agreement No. 04/2016, clause 3 on intermediation, paragraph 2, establishes that "the Operational Manager (FUNBIO) is exempt from any responsibility for the financial management of the funds, and related investments and income". In 2021, changes in the funds' income are due to the suspension of Agreements until approval of new projects by the relevant body of the State Department of Environment and Sustainability of the State of Rio de Janeiro (SEAS/RJ).
- (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) These project funds were invested in Fixed Income LP Corporate in Banco do Brasil. The performance fee is equivalent to 20% based on the Fund's surplus (deficit), on profitability that exceeds the interbank deposit (DI) daily average rate of one day, according to the regulation of the Banco do Brasil Fund. Profitability for the year was 4.96%.

## Fundo Brasileiro para a Biodiversidade - FUNBIO

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### 5. Cash and cash equivalents, FUNBIO Resources Fund (FRF), funds related to projects, the Global Environment Facility (GEF) and the Green Climate Fund (GCF) (Continued)

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

Description	12/31/2021	12/31/2020
<i>Banks in Brazil (**)</i>		
Itaú Private - Kayapó Fund (1)	5	-
Itaú Private - Transition Fund - FT (2)	5	-
Itaú Private - Abrolhos Fund (3)	1	-
Itaú Private - Amapá Fund (4)	1	-
Itaú Private - Marine Fund (5)	5	-
<b>Total funds available in banks in Brazil</b>	<b>17</b>	<b>-</b>
<i>Short-term investments in Brazil - Asset Manager</i>		
Itaú Pragma LIBER MM - Kayapó Fund (1)	3,566	3,781
Itaú Pragma LYNX MM - Kayapó Fund (1)	284	270
Itaú Pragma HONOR - Kayapó Fund (1)	1,162	2,224
Itaú Private EFFICAX - Kayapó Fund (1)	12,911	12,563
Itaú Pragma HONOR - Transition Fund - FT (2)	9,693	16,157
Itaú Pragma SUMAUMA - Transition Fund - FT (2)	93,111	125,932
Itaú Private EFFICAX - Transition Fund - FT (2)	33,225	13,439
Itaú - World EQ Fia - Transition Fund - FT (2)	-	4,148
BNP Paribas - Osmosis Global - Abrolhos Fund (3)	567	-
Itaú Pragma LIBER - Abrolhos Fund (3)	1,313	1,105
Itaú Pragma HONOR - Abrolhos Fund (3)	1,290	1,578
Itaú Pragma ARES - Abrolhos Fund (3)	870	851
Itaú EFFICAX - Abrolhos Fund (3)	231	166
Itaú World EQ Fia - Abrolhos Fund (3)	-	599
Itaú Pragma LIBER - Amapá Fund (4)	2,132	1,860
Itaú Pragma ARES - Amapá Fund (4)	1,413	1,382
Itaú Pragma HONOR - Amapá Fund (4)	2,080	2,455
Itaú Private EFFICAX - Amapá Fund (4)	350	219
Itaú World EQ Fia - Amapá Fund (4)	-	1,002
BNP Paribas - Osmosis Global - Amapá Fund (4)	914	-
Itaú Soberano - Marine Fund (5)	3,768	8,839
Itaú World EQ Fia - Marine Fund (5)	-	1,657
Itaú Pragma LYNX MM - Marine Fund (5)	2,040	1,936
Itaú Pragma LIBER MM - Marine Fund (5)	10,821	18,510
Itaú Pragma HONOR - Marine Fund (5)	3,948	4,161
Itaú Pragma ARES - Marine Fund (5)	6,686	3,475
Itaú Private EFFICAX - Marine Fund (5)	8,677	-
BNP Paribas - Osmosis Global - Marine Fund (5)	2,722	-
<b>Total short-term investments in Brazil</b>	<b>203,774</b>	<b>228,309</b>
<i>Foreign short-term investments</i>		
Julius Bär - Transition Fund (2)	752,962	610,268
Julius Bär - Abrolhos Fund (3)	8,218	5,384
Julius Bär - Amapá Fund (4)	10,976	9,147
<b>Total foreign short-term investments</b>	<b>772,156</b>	<b>624,799</b>
<i>Funds in transit (*)</i>		
	-	1,550
<b>Total funds related to projects in noncurrent assets</b>	<b>975,947</b>	<b>854,658</b>

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### 5. Cash and cash equivalents, FUNBIO Resources Fund (FRF), funds related to projects, the Global Environment Facility (GEF) and the Green Climate Fund (GCF) (Continued)

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

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

(\*\*) These accounts comprise various local checking accounts in prime banks.

Asset Manager and types of investment:

#### 1) Kayapó Fund

Local portfolio:	Low Vol Fixed income	72%
	Fixed income	22%
	Variable income	6%

#### 2) Transition Fund

Local portfolio:	Low Vol Fixed income	32%
	Fixed income	34%
	Hedge Funds	17%
	Variable income	10%
	Variable income OFF	7%
OFF portfolio:	Cash CHF	2.44%
	Cash DKK	0.02%
	Cash EUR	-9.57%
	Cash USD	15.34%
	Fixed Income	30.35%
	Variable income - Equities	59.90%
	Alternative investments	1.52%

#### 3) Abrolhos Terra e Mar Fund (ATM Fund)

Portfolio		
Local:	Low Vol Fixed income	5%
	Fixed income	31%
	Hedge Fund	21%
	Variable income	30%
	Variable income OFF	13%
Portfolio	Cash CHF	-6.77%
OFF:	Cash DKK	0.01%
	Cash EUR	-9.73%
	Cash GBP	0.01%
	Cash USD	25.86%
	Fixed income	36.08%
	Variable income - Equities	52.95%
	Alternative investments	1.59%

## Fundo Brasileiro para a Biodiversidade - FUNBIO

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### 5. Cash and cash equivalents, FUNBIO Resources Fund (FRF), funds related to projects, the Global Environment Facility (GEF) and the Green Climate Fund (GCF) (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:	Low Vol Fixed income	5%
	Fixed income	31%
	Hedge Fund	20%
	Variable income	30%
	Variable income OFF	13%
Portfolio	Cash CHF	0.24%
OFF:	Cash DKK	0.02%
	Cash EUR	0.58%
	Cash GBP	0.07%
	Cash USD	8.30%
	Forward transactions	-0.25%
	Fixed income	35.98%
	Variable income - Equities	53.49%
	Alternative investments	1.57%

##### 5) Marine Fund

Portfolio		
Local:	Low Vol Fixed income	32.2%
	Fixed income	33.3%
	Hedge Fund	17.3%
	Variable income	10.2%
	Variable income OFF	7%

The amounts stated as cash, banks in Brazil, foreign banks and short-term investments represent the Entity's own balances, which are intended for operational and administrative purposes, and these amounts are readily convertible into cash and subject to insignificant risk of changes in value. Short-term investments consist of Funds and Bank Deposit Certificates (CDBs) acquired at rates ranging from 96% to 101% (96% to 101% at December 31, 2020) of the Interbank Deposit Certificate (CDI) rate, and are recorded at the invested amount, plus income earned up to the reporting date.

Cash and cash equivalents related to projects and the GEF Agency represent the amounts transferred by various sponsors to the Entity, which are held in individual checking accounts for each project, and short-term investments held in investment funds, repurchase agreements and Bank Deposit Certificates (CDBs), whose liquidity is below 90 days, with insignificant risk of decrease in value. These investments comprise CDBs and repurchase agreements (Bradesco) earning interest at the CDI rate, and other investments in investment funds held in prime financial institutions.

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### 5. Cash and cash equivalents, FUNBIO Resources Fund (FRF), funds related to projects, the Global Environment Facility (GEF) and the Green Climate Fund (GCF) (Continued)

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

These investments are recorded at the invested amount, plus income earned through to the reporting 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 Bonds – National Treasury Notes (NTN-Bs), local and international variable income, equities, hedge funds, low vol fixed income, and fixed income/inflation-indexed bonds.

### 6. Payroll and labor obligations

	<u>12/31/2021</u>	<u>12/31/2020</u>
Accrued vacation pay and related charges	1,580	1,401
Salaries payable	534	481
Withholding Income Tax (IRRF) payable	339	302
Social Security Tax (INSS) payable	245	223
Unemployment Compensation Fund (FGTS) payable	90	82
Contribution Tax on Gross Revenue for Social Integration Program (PIS) payable	11	7
Other	30	27
<b>Total</b>	<b><u>2,829</u></b>	<b><u>2,523</u></b>

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### 7. Third-party funds related to projects

#### Changes in balances of projects for 2021

	12/31/2020	Funds received	Investment income	Finance costs	Foreign exchange differences	Funds executed (1)	Provision in execution	Transfers (FUNBIO revenue) (2)	Disbursements/internal transfer	Other transfers	12/31/2021	Note
ARPA 3 <sup>rd</sup> Phase - Transition Fund - Operational	5,610	-	198	(156)	-	(30,238)	(259)	(4,369)	31,000	353	2,139	7.1
FMA Agreement - Instr. I-A Environ. Comp. (Brad. 3000-7)	41,097	-	2,343	(737)	-	-	-	-	-	-	42,703	7.2.1.a
FMA Agreement - Instr. I-B CA Federal (Brad. 3001-5)	3,368	-	210	(66)	-	-	-	-	-	-	3,512	7.2.1.b
FMA Agreement- Instr. I-C Land Regulation Res. (Brad. 3002-3)	9,246	-	507	(113)	-	-	-	-	-	-	9,640	7.2.1.c
FMA Agreement- Instr. III -A – Trust Finan. (Brad. 3005-8)	30,966	-	1,807	(551)	-	-	-	-	-	-	32,222	7.2.2
FMA Agreement- Instr. IV – Forest Rest. OP. (Brad. 3008-2)	2,651	-	153	(47)	-	-	-	-	-	-	2,757	7.2.3
FMA Agreement - Instr. V - TAC (Brad. 3009-0)	2,359	-	130	(24)	-	-	-	-	-	-	2,465	7.2.4
FMA Agreement - Instr. VI - OP. Other Sources (Brad. 3010-4)	6,262	-	326	-	-	-	-	-	-	-	6,588	7.2.5
Kayapó Operational	793	-	31	(5)	-	(1,219)	-	(133)	1,137	-	604	7.3
Adoption of parks	564	-	41	(21)	-	-	-	-	-	-	584	7.4
Opportunity Fund – Probio II	2,673	-	112	(15)	-	(170)	-	(82)	-	-	2,518	7.5
Fauna Fund Portfolio	704	-	49	(8)	-	-	-	-	-	-	745	7.6
GEF Mar - Petrobras	43,722	-	2,062	(159)	-	(8,577)	(49)	(1,344)	-	49	35,704	7.7
TAC Frade - Fishing and Marine Research	12,987	-	1,006	(143)	-	(6,208)	(3)	(872)	14,164	137	21,068	7.8.1
TAC Frade - Porpoise Conservation	6,048	-	186	(93)	-	(2,068)	-	(277)	(3,588)	9	217	7.8.2
TAC Frade - Environmental Education	13,584	4,285	1,059	(188)	-	(1,597)	-	(859)	6,827	-	23,111	7.8.3
TAC Frade - Environmental Education - Phase II	9,786	4,020	481	(131)	-	(1,933)	(8)	(698)	(3,238)	9	8,288	7.8.4
TAC Frade - Conservation of Protected Areas	12,052	3,410	746	(341)	-	(810)	-	(913)	(5,157)	-	8,987	7.8.5
TAC Frade - Conservation of Protected Areas - Phase II	6,903	4,020	342	(103)	-	(512)	(14)	(668)	(3,145)	14	6,837	7.8.6
TAC Frade - CRAS RJ	2,945	-	84	(81)	-	-	-	-	(2,948)	-	-	7.8.7
TAC Frade - CRAS RJ - Phase II	2,912	-	47	(44)	-	-	-	-	(2,915)	-	-	7.8.8
R20	2	538	1	(1)	-	(481)	-	(59)	-	-	-	7.9
Amazon Live - Rock in Rio	538	1	14	(5)	-	(508)	-	(5)	-	-	35	7.10
Mata Atlântica III	1,227	12,624	29	(53)	4	(9,698)	-	(623)	-	-	3,510	7.11
<b>Subtotal</b>	<b>218,999</b>	<b>28,898</b>	<b>11,964</b>	<b>(3,085)</b>	<b>4</b>	<b>(64,019)</b>	<b>(333)</b>	<b>(10,902)</b>	<b>32,137</b>	<b>571</b>	<b>214,234</b>	

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### 7. Third-party funds related to projects (Continued)

#### Changes in balances of projects for 2021 (Continued)

	12/31/2020	Funds received	Investment income	Finance costs	Foreign exchange differences	Funds executed (1)	Provisions in execution	Transfers (FUNBIO revenue) (2)	Disbursements/ Internal transfer	Other transfers	12/31/2021	Note
<b>Subtotal</b>	218,999	28,898	9,054	(175)	4	(64,019)	(333)	(10,902)	32,137	571	214,234	
Cooperation Agreement between FUNBIO and MMA - Probio II	25	-	1	-	-	-	-	-	-	-	26	7.12
FUNBIO Scholarships - Preserving the Future	1,303	544	20	(2)	-	(1,117)	(2)	(31)	-	2	717	7.13
GEF Land	3,451	11,921	110	(73)	-	(11,145)	-	(1,547)	-	-	2,717	7.14
REDD Early Movers Mato Grosso - REM MT	118,571	67,913	6,381	(1,173)	-	(36,144)	(6)	(3,328)	-	(16)	152,198	7.15
TCA CSN Volta Verde	160	-	1	(2)	-	(136)	-	(23)	-	-	-	7.16
Exxon Mobil - AMLD	112	1,200	11	(2)	-	(658)	-	(120)	-	-	543	7.17
PMLM-SP	133	-	-	(3)	-	(130)	-	-	-	-	-	7.18
TAJ Santos - PERB	183	-	4	(2)	-	(182)	-	(3)	-	-	-	7.19
Amazon Forest Fund	247	333	7	(5)	-	(568)	-	(14)	-	-	-	7.20
Copaibas	3,063	18,440	246	(26)	-	(1,195)	(57)	(3,546)	-	60	16,985	7.21
Porto Sul	6,892	10,041	502	(61)	-	(1,692)	-	(1,103)	-	5	14,584	7.22
Kayapó - Trad. and Future of Amazon	988	886	34	(3)	-	(523)	(2)	(206)	-	3	1,177	7.23
Abrolhos Terra e Mar Fund (ATM Fund) - Operational	457	-	20	-	-	-	-	-	-	-	477	7.25
TAC Underwater Warehouses	-	20,057	749	(71)	-	-	-	(526)	-	(2)	20,207	7.26
GCF Task Force	-	202	3	(4)	-	(728)	-	(96)	-	630	7	7.27
Amazon Consortium - ICS	-	328	7	(1)	-	-	-	(23)	-	-	311	7.28
Amazon Consortium - Embassy of France	-	156	5	(1)	-	(25)	-	(15)	-	-	120	7.28
TAJ Paranaguá II	-	50,802	861	(60)	-	-	-	-	-	-	51,603	7.29.1
TAJ Paranaguá	-	60,943	1,033	(72)	-	-	-	-	-	-	61,904	7.29.2
REWILD	-	2,540	-	(10)	-	-	-	-	-	-	2,530	7.30
TAC Coral Sol	-	420	-	-	-	-	-	-	-	-	420	7.31
<b>Subtotal</b>	354,584	275,624	21,959	(4,656)	4	(118,262)	(400)	(21,483)	32,137	1,253	540,760	
Transition Fund	769,944	-	171,213	(71,158)	49,997	-	-	-	(31,000)	-	888,996	7.1
Kayapó Fund	18,838	-	1,172	(945)	-	-	-	-	(1,137)	-	17,928	7.3
Amapá Fund	16,065	-	3,836	(2,777)	743	-	-	-	-	-	17,867	7.24
Abrolhos Terra e Mar Fund (ATM Fund)	11,234	-	3,188	(2,465)	533	-	-	-	-	-	12,490	7.25
Marine Fund	38,577	-	3,170	(3,081)	-	-	-	-	-	-	38,666	7.7
<b>Subtotal</b>	854,658	-	182,579	(60,426)	51,273	-	-	-	(32,137)	-	975,947	
<b>Total</b>	1,209,242	275,624	204,538	(85,082)	51,277	(118,262)	(400)	(21,483)	-	1,253	1,516,706	
<b>Current</b>	354,584	-	-	-	-	-	-	-	-	-	540,760	
<b>Noncurrent</b>	854,658	-	-	-	-	-	-	-	-	-	975,947	

1) Of the total funds executed of R\$118,262, R\$49,470 refers to disbursements made to other intuitions (indirect execution) engaged by FUNBIO to perform the projects' operating activities, and R\$68,792 was executed directly by FUNBIO through contracts and purchases.

2) Of the total amount presented as Transfers (FUNBIO revenue) of R\$21,483, R\$10,726 refers to Project Reimbursement – as shown in Note 12 – plus R\$41 relating to the donation of equipment received from the Kayapó - Tradition and Future of the Amazon project, as well as R\$835 in consulting services paid by FUNBIO with funds received from the Moore Foundation, and R\$13,199 refers to Recovery of Costs – as shown in the Note 13 – plus R\$1,566 relating to an advance received from the REDD Early Movers Mato Grosso - REM MT project in 2020, and allocated to FUNBIO's revenue in 2021.



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### 7. Third-party funds related to projects (Continued)

#### Changes in balances of projects for 2021 (Continued)

	12/31/2019	Funds received	Investment income	Finance costs	Foreign exchange differences	Funds executed (1)	Provisions in execution	Transfers (FUNBIO revenue) (2)	Disbursements/internal transfer	Other transfers	12/31/2020	Note
ARPA 3 <sup>rd</sup> Phase - Transition Fund - Operational	3,719	-	111	(122)	-	(38,414)	(277)	(4,458)	45,060	(9)	5,610	7.1
FMA Agreement - Instr. I-A Envir. Compensation (Brad. 3000-7)	40,078	-	1,019	-	-	-	-	-	-	-	41,097	7.2.1.a
FMA Agreement - Instr. I-B CA Federal (Brad. 3001-5)	3,281	-	87	-	-	-	-	-	-	-	3,368	7.2.1.b
FMA Agreement - Instr. I-C Land Reg. Res. (Brad. 3002-3)	9,025	-	221	-	-	-	-	-	-	-	9,246	7.2.1.c
FMA Agreement - Instr. III - A - Trust Finan. (Brad. 3005-8)	30,195	-	771	-	-	-	-	-	-	-	30,966	7.2.2
FMA Agreement - Instr. IV - Forest Rest. OP. (Brad. 3008-2)	2,585	-	66	-	-	-	-	-	-	-	2,651	7.2.3
FMA Agreement - Instr. V - TAC (Brad. 3009-0)	2,302	-	57	-	-	-	-	-	-	-	2,359	7.2.4
FMA Agreement - Instr. VI - OP. Other Sources (Brad. 3010-4)	6,117	-	145	-	-	-	-	-	-	-	6,262	7.2.5
Kayapó Operational	18	-	19	-	-	(878)	-	(267)	1,897	4	793	7.3
Adoption of parks	551	-	13	-	-	-	-	-	-	-	564	7.4
Opportunity Fund – Probio II	2,901	-	50	-	-	(226)	-	(52)	-	-	2,673	7.5
Fauna Fund Portfolio	688	-	18	(2)	-	-	-	-	-	-	704	7.6
GEF Mar	3,754	149	20	(2)	-	(2,888)	-	(1,014)	-	(19)	-	-
GEF Mar - Petrobras	49,556	2,500	1,130	(2)	-	(7,901)	(81)	(1,480)	-	-	43,722	7.7
Project K - KNOWLEDGE FOR ACTION	-	-	-	-	-	-	-	(187)	-	187	-	-
TAC Frade - Fishing and Marine Research	16,255	-	352	-	-	(3,203)	-	(453)	-	36	12,987	7.8.1
TAC Frade - Porpoise Conservation	8,844	-	176	-	-	(2,637)	-	(335)	-	-	6,048	7.8.2
TAC Frade - Environmental Education	13,392	-	315	-	-	(23)	-	(100)	-	-	13,584	7.8.3
TAC Frade - Environmental Education - Phase II	9,744	-	235	-	-	(15)	-	(178)	-	-	9,786	7.8.4
TAC Frade - Conservation of Protected Areas	12,971	-	296	-	-	(1,015)	-	(200)	-	-	12,052	7.8.5
TAC Frade - Conservation of Protected Areas - Phase II	7,768	-	174	-	-	(832)	(10)	(197)	-	-	6,903	7.8.6
TAC Frade - CRAS RJ	2,908	-	67	-	-	-	-	(30)	-	-	2,945	7.8.7
TAC Frade - CRAS RJ - Phase II	2,860	-	69	-	-	-	-	(17)	-	-	2,912	7.8.8
R20	-	403	1	(1)	-	(401)	-	-	-	-	2	7.9
<b>Subtotal</b>	<b>229,512</b>	<b>3,052</b>	<b>5,412</b>	<b>(129)</b>	<b>-</b>	<b>(58,433)</b>	<b>(368)</b>	<b>(8,968)</b>	<b>46,957</b>	<b>199</b>	<b>217,234</b>	

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### 7. Third-party funds related to projects (Continued)

#### Changes in balances of projects for 2021 (Continued)

	12/31/2019	Funds received	Investment income	Finance costs	Foreign exchange differences	Funds executed (1)	Provisions in execution	Transfers (FUNBIO revenue) (2)	Disbursements/internal transfer	Other transfers	12/31/2020	Note
<b>Subtotal</b>	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	7.10
Mata Atlântica III	1,522	1,616	7	(15)	731	(1,866)	-	(768)	-	-	1,227	7.11
Cooperation Agreement between FUNBIO and MMA - Probio II	31	-	1	(1)	-	(6)	-	-	-	-	25	7.12
FUNBIO Scholarships - Preserving the Future	579	1,153	7	(1)	-	(435)	-	-	-	-	1,303	7.13
GEF Land	6	9,839	48	(38)	-	(5,655)	(2)	(747)	-	-	3,451	7.14
REDD Early Movers Mato Grosso - REM MT	89,900	67,575	2,818	(269)	-	(32,934)	(47)	(4,212)	-	(4,260)	118,571	7.15
TCA CSN Volta Verde	4,276	-	68	-	-	(4,184)	-	-	-	-	160	7.16
Exxon Mobil - AMLD	287	500	4	(1)	-	(628)	-	(50)	-	-	112	7.17
PMLM-SP	219	303	3	(1)	-	(292)	(29)	(70)	-	-	133	7.18
TAJ Santos - PERB	363	-	7	-	-	(126)	(11)	(50)	-	-	183	7.19
Amazon Forest Fund	-	543	3	(4)	-	(268)	-	(27)	-	-	247	7.20
Copaibas	-	5,011	38	-	-	-	-	(1,986)	-	-	3,063	7.21
Porto Sul	-	6,843	49	-	-	-	-	-	-	-	6,892	7.22
Kayapó - Trad. and Future of Amazon	-	987	1	-	-	-	-	-	-	-	988	7.23
Abrolhos Terra e Mar Fund (ATM Fund) - Operational	-	-	1	-	-	(353)	-	(143)	952	-	457	7.25
<b>Subtotal</b>	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	7.1
Kayapó Fund	19,976	-	802	(43)	-	-	-	-	(1,897)	-	18,838	7.3
Amapá Fund	12,498	-	2,050	(252)	1,769	-	-	-	-	-	16,065	7.24
Abrolhos Terra e Mar Fund (ATM Fund)	9,535	-	1,429	(146)	1,368	-	-	-	(952)	-	11,234	7.25
Marine Fund	-	36,826	2,229	(478)	-	-	-	-	-	-	38,577	7.7
<b>Subtotal</b>	608,199	41,886	145,561	(3,427)	110,348	-	-	-	(47,909)	-	854,658	
<b>Total</b>	935,901	139,333	154,045	(3,886)	111,079	(105,530)	(457)	(17,183)	-	(4,061)	1,209,242	
<b>Current</b>	327,702										354,584	
<b>Noncurrent</b>	608,199										854,658	

1) Of the total funds executed of R\$105,530, R\$29,701 refers to disbursements made to other intuitions (indirect execution) engaged by FUNBIO to perform the projects' operating activities, and R\$75,829 was executed directly by FUNBIO through contracts and purchases.

2) Of the total amount of R\$17,183 presented as Transfers (FUNBIO revenue), R\$9,301 refers to Project Reimbursement – as shown in Note 12 – and R\$7,882 refers to Recovery of Costs – as shown in Note 13.

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### **7. Third-party funds related to projects (Continued)**

#### **7.1. Amazon Region Protected Areas (ARPA) Program**

ARPA program is the largest tropical forest protection initiative in the world. The Transition Fund (FT) emerged from ARPA for Life initiative, 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.

FUNBIO is the program's financial manager, and conducts the procurement and engagement activities for the Protected Areas, and the Fund's asset management, which 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.

The Transition Fund's valued portfolio did not record contributions in 2021 (R\$5,060 in 2020), and recorded income of R\$171,213 (R\$139,051 in 2020), finance costs of R\$71,158 (R\$2,508 in 2020), foreign exchange difference of R\$49,997 (R\$ 107,211 in 2020), and year-end balance of R\$888,996 (R\$769,944 in 2020), an increase of 15%.

In 2021, the project's operating account receive a transfer of R\$31,000 (R\$45,060 in 2020), executed R\$34,607 (R\$42,872 in 2020), recorded an income of R\$198 (R\$111 in 2020), finance costs of R\$156 (R\$122 in 2020), other changes in the amount of R\$94 (R\$286 in 2020), and year-end balance of R\$2,139 (R\$5,610 in 2020).

#### **7.2. Rio de Janeiro Atlantic Forest Fund (FMA) - Cooperation Agreement No. 04/2016**

The Rio de Janeiro Atlantic Forest Fund (FMA) was created in 2016, under the Cooperation Agreement No. 04/2016, which received all the remaining funds of the SEA Agreement No. 003/2009, terminated on November 14, 2016.

This fund has six (6) operational instruments created in accordance with State Law No. 6572 of October 31, 2013, as amended by State Law No. 7061 of September 25, 2015, pursuant to the conditions and procedures stipulated in the Public Hearing notice No. 01/16, in the FMA Management Manual (to be agreed by the parties), as well as in Resolution No. 491/15, as amended by Resolution No. 503/16.

## Fundo Brasileiro para a Biodiversidade - FUNBIO

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

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

In 2021, there were changes in the income of funds related to the six (6) operational instruments, since the Agreements are suspended until the approval of new projects by the relevant bodies of the State Department of Environment and Sustainability of the State of Rio de Janeiro (SEAS/RJ). The instruments are listed below:

##### 7.2.1. Operational Instrument for Environmental Compensation - Brazil's National System of Protected Areas (SNUC)

Mechanism for projects relating to environmental compensation funds, established in accordance with article 36 of Federal Law No. 9985/00, in which business entrepreneurs, after authorization by the State Environmental Institute (INEA), choose to deposit the funds in a specific account of the FMA Financial Manager for the implementation of projects approved by the Environmental Compensation Chamber of the State of Rio de Janeiro (CCA/RJ), subdivided into three types:

a) *Portfolio of projects approved by the Environmental Compensation Chamber of the State of Rio de Janeiro (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 to support the implementation and maintenance of one or more Protected Areas under full protection.

In 2021, the portfolio's short-term investment income was R\$2,343 (R\$1,019 in 2020), finance costs amounted to R\$737, and the year-end balance was R\$42,703 (R\$41,097 in 2020).

b) *Portfolio of projects arising from federal environmental compensation*

Instrument intended for the implementation of projects at Protected Areas, presented by the Brazilian Institute of Environment and Renewable Natural Resources (IBAMA), whose purpose is to support the implementation and maintenance of one or more state Protected Areas.

This portfolio recorded income of R\$210 (R\$87 in 2020), finance costs of R\$66, and year-end balance of R\$3,512 (R\$3,368 in 2020).

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### 7. Third-party funds related to projects (Continued)

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

##### 7.2.1. Operational Instrument for Environmental Compensation – SNUC (Continued)

###### c) *Land Regularization Reserve*

Aimed specifically at land regularization of protected areas established by the Rio de Janeiro State Government, which were expropriated and became public land, with the landowner being compensated through legal or administrative agreements.

In 2021, this portfolio recorded income of R\$507 (R\$221 in 2020), finances costs of R\$113, and year-end balance of R\$9,640 (R\$9,246 in 2020).

##### 7.2.2. 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.

Income from the Financial Instrument Trust Fund was R\$1,807 (R\$771 in 2020), and finance costs amounted to R\$551, with year-end balance in 2021 of R\$32,222 (R\$30,966 in 2020).

##### 7.2.3. Forest Restoration Operational Instrument

Mechanism for projects relating to the forest replacement obligation provided for in Federal Law No. 11428/2007, due to 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 2021, this instrument's income was R\$153 (R\$66 in 2020), finance costs were R\$47, and year-end balance was R\$2,757 (R\$2,651 in 2020).

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

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

##### 7.2.4. Consent Decree (TAC)

Mechanism for environmental projects relating to TACs entered into between the environmental agency and individuals or legal entities, in order to adjust their conduct in relation to environmental damages caused by them.

In 2021, this instrument's income was R\$130 (R\$57 in 2020), finance costs amounted to R\$24, and the year-end balance was R\$2,465 (R\$2,359 in 2020).

##### 7.2.5. Operational Instrument from Other Sources

Mechanism for state environmental protection programs not relating to the assumptions of instruments I, II, III, IV and V described above.

In 2021, this instrument's investment income was R\$326 (R\$145 in 2020), and the year-end balance was R\$6,588 (R\$6,262 in 2020).

#### 7.3. Kayapó Fund (FK)

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 from the Amazon Fund, through the Brazilian Development Bank (BNDES), and from CI-Brazil (Conservation International).

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 Brazilian Development Bank (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.

The Kayapó Fund's income was R\$1,172 (R\$802 in 2020), finance costs amounted to R\$945 (R\$43 in 2020), transfers between the fund and the operating account totaled R\$1,137 (R\$1,897 in 2020), and the year-end balance was R\$17,928 (R\$18,838 in 2020).

## **Fundo Brasileiro para a Biodiversidade - FUNBIO**

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### **7. Third-party funds related to projects (Continued)**

#### **7.3. Kayapó Fund (FK) (Continued)**

The Operating Account executed R\$1,352 (R\$1,145 in 2020), with income of R\$31 (R\$19 in 2020), finance costs of R\$5, and transfers between the Fund and the operating account of R\$1,137 (R\$1,897 in 2020); no other amounts were recorded (R\$4 in 2020), and the year-end balance was R\$604 (R\$793 in 2020).

#### **7.4. 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. The current contract entered into with BP Brasil in 2012 provides for a donation to support actions related to the administration and environmental management of protected areas. The project and territory that will receive the benefit have not yet been defined, and changes in the allocation of funds have not been determined.

FUNBIO manages the donations and provides specialized procurement and engagement, financial control and reporting services. In consideration for the contribution of resources, the companies' sponsorship is recognized and gain visibility in communication actions.

In 2021, income amounted to R\$41 (R\$13 in 2020), finance costs amounted to R\$21, and the year-end balance was R\$584 (R\$564 in 2020).

#### **7.5. Opportunity Fund of Probio II Project - National Project of Integrated Public Private Actions for Biodiversity**

This initiative aims at encouraging production sectors to adopt principles and practices of conservation and sustainable use of biodiversity in their businesses. 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 for works in production chains, as well as for monitoring actions to assess the results achieved.

FUNBIO promotes private sector engagement actions, aiming to boost the transformation of the production, consumption and occupation models in the national territory.

In 2021, the Opportunity Fund disbursed R\$252 (R\$278 in 2020), income amounted to R\$112 (R\$50 in 2020), finance costs totaled R\$15, and the year-end balance was R\$2,518 (R\$2,673 in 2020).

## **Fundo Brasileiro para a Biodiversidade - FUNBIO**

Notes to financial statements (Continued)  
December 31, 2021 and 2020  
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### **7. Third-party funds related to projects (Continued)**

#### **7.6. 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.

Currently, the Portfolio has not received funds, and the intention is to allocate the funds to projects with similar objectives. This can only be achieved by reinstating members representing the governance of the mechanism.

In 2021, the Fund's income was R\$49 (R\$18 in 2020), finance costs amounted to R\$8 (R\$4 in 2020), and the year-end balance was R\$745 (R\$704 in 2020).

#### **7.7. 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 together 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 received funds from the non-refundable commitment agreement between IBAMA and Petrobras, as part of the environmental compensation relating to the adjustment of the company's offshore production platforms for the appropriate disposal of production water, IBAMA proceeding No. 02001.000128/2019-26.

Part of GEF's funds were allocated to a fund called the Marine Fund in February 2020, and will be executed as an endowment from 2024, or as soon as the IBAMA/Petrobras funds end. This Fund is managed by FUNBIO. 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.

The Marine Fund did not record contributions in 2021 (R\$36,826 in 2020), and recorded short-term investment income of R\$3,170 (R\$2,229 in 2020), finance costs of R\$3,081 (R\$478 in 2020), and year-end balance of R\$38,666 (R\$38,577 in 2020).



## Fundo Brasileiro para a Biodiversidade - FUNBIO

Notes to financial statements (Continued)  
December 31, 2021 and 2020  
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### 7. Third-party funds related to projects (Continued)

#### 7.7. Protected Marine Areas Project - GEF MAR (Continued)

In 2021, Petrobras and Ibama did not disburse funds (R\$2,500 in 2020), and R\$9,921 (R\$9,381) was executed, with income of R\$2,062 (R\$1,130 in 2020), and finance costs of R\$159 (R\$2 in 2020); no other amounts were recorded (R\$81 in 2020), and the year-end balance was R\$35,704 (R\$43,722 in 2020).

#### 7.8. Consent Decree (TAC) Implementation Agreement - Frade

The Consent Decree (TAC) between Chevron Brasil and the Federal Public Prosecutor's Office, with the intervention of Brazil's National Petroleum Agency (ANP) and the Brazilian Institute of Environment and Renewable Natural Resources (IBAMA), was entered into in March 2019, when Chevron sold its share in Frade Oil Field to PetroRio O&G Exploração e Produção de Petróleo Ltda. (PetroRio) and, consequently, all dealings on the implementation of this compensatory measure have also become the responsibility of this company. The funds from this TAC gave rise to eight projects aimed at the conservation of the marine-coastal environment in the states of Rio de Janeiro, Espírito Santo and São Paulo, namely:

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

This project is intended to support the generation and dissemination of scientific knowledge about the biology, ecology and population dynamics of species targeted by fishing activities; the status of fish stocks; fisheries unloading; and nutritional aspects of target species, in order to subsidize the sustainable use of fishery resources in the state of Rio de Janeiro, as well as to contribute to the recovery and sustainable use of true sardines through the implementation of actions proposed in this species' Management Plan, focusing on the state of Rio de Janeiro. In 2020, a new specific objective was approved for the Project, i.e. to foster the conservation and sustainable use of mangroves in the state of Rio de Janeiro.

In 2021, the project received internal transfers from other projects that belong to the TAC Frade Implementation Agreement, in the amount of R\$14,164, executed R\$7,080 (R\$3,656 in 2020), recorded investment income of R\$1,006 (R\$352 in 2020), finance costs of R\$143, other amounts totaling R\$134 (R\$36 in 2020), and year-end balance of R\$21,068 (R\$12,987 in 2020).

## Fundo Brasileiro para a Biodiversidade - FUNBIO

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

### 7. Third-party funds related to projects (Continued)

#### 7.8. Consent Decree (TAC) Implementation Agreement - Frade (Continued)

##### 7.8.2. Porpoise Conservation in Management Area I (Franciscana Management Area I – FMA I)

The second project is intended to foster the porpoise conservation by generating knowledge about the biology, ecology and population viability of the species in the Management Area I (FMA I), and by disseminating the knowledge acquired through studies that technically and scientifically support the actions proposed for the National Action Plan (PAN) aimed at porpoises. The focus is on three goals of the Porpoise Management Plan: support for actions contributing to the generation of inputs 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 about the porpoise (Goal 6).

In 2021, R\$2,345 (R\$2,972 in 2020) was executed, investment income amounted to R\$186 (R\$176 in 2020), finance costs amounted to R\$93, other amounts totaled R\$9, internal transfers from other projects that belong to the TAC Frade Implementation Agreement amounted to R\$3,588, and year-end balance was R\$217 (R\$6,048 in 2020).

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

The project Implementation of Environmental Education Projects and Income Generation for Fishing Communities 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 and income generation projects.

In 2021, the project received R\$4,285, executed R\$2,456 (R\$123 in 2020), investment income amounted to R\$1,059 (R\$315 in 2020), finance costs amounted to R\$188, internal transfers from other projects that belong to the TAC Frade Implementation Agreement amounted to R\$6,827, and year-end balance was R\$23,111 (R\$13,584 in 2020).

## Fundo Brasileiro para a Biodiversidade - FUNBIO

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

### 7. Third-party funds related to projects (Continued)

#### 7.8. Consent Decree (TAC) Implementation Agreement - Frade (Continued)

##### 7.8.4. 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 2021, the project received R\$4,020, executed R\$2,631 (R\$193 in 2020), investment income amounted to R\$481 (R\$235 in 2020), finance costs amounted to R\$131, other amounts totaled R\$1, internal transfers to other projects that belong to the TAC Frade Implementation Agreement amounted to R\$3,238, and year-end balance was R\$8,288 (R\$9,786 in 2020).

##### 7.8.5. 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.

In 2021, the project received R\$3,410, executed R\$1,723 (R\$1,215 in 2020), investment income amounted to R\$746 (R\$296 in 2020), finance costs amounted to R\$341, internal transfers to other projects that belong to the TAC Frade Implementation Agreement amounted to R\$5,157, and year-end balance was R\$8,987 (R\$12,052 in 2020).

## Fundo Brasileiro para a Biodiversidade - FUNBIO

Notes to financial statements (Continued)  
December 31, 2021 and 2020  
(In thousands of reais)

### 7. Third-party funds related to projects (Continued)

#### 7.8. Consent Decree (TAC) Implementation Agreement - Frade (Continued)

##### 7.8.6. Biodiversity Conservation and Sustainable Use in five 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 2021, the project received R\$4,020, executed R\$1,180 (R\$1,029 in 2020), investment income amounted to R\$342 (R\$174 in 2020), finance costs amounted to R\$103, there were no other amounts (R\$10 in 2020), internal transfers to other projects that belong to the TAC Frade Implementation Agreement amounted to R\$3,145, and year-end balance was R\$6,837 (R\$6,903 in 2020).

##### 7.8.7. 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 that state, the Entity concluded that the funds could be used for another purpose. The new proposal was based on the priority actions identified in the Action Plan (PAN) for the conservation of threatened species and the social and economic importance of the mangrove ecosystem.

Consequently, this Project was ended and its financial resources are now part of another TAC-related project, namely the Marine and Fisheries Research Support Project in Rio de Janeiro.

## Fundo Brasileiro para a Biodiversidade - FUNBIO

Notes to financial statements (Continued)  
December 31, 2021 and 2020  
(In thousands of reais)

### 7. Third-party funds related to projects (Continued)

#### 7.8. Consent Decree (TAC) Implementation Agreement - Frade (Continued)

##### 7.8.7. Implementation of a Wild Animal Rehabilitation Center (CRAS) in the state of Rio de Janeiro (Continued)

In 2021, no funds were executed (R\$30 in 2020), investment income amounted to R\$84 (R\$67 in 2020), finance costs amounted to R\$81, internal transfers to other projects that belong to the TAC Frade Implementation Agreement amounted to R\$2,948, and year-end balance was nil (R\$2,945 in 2020).

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

As in Phase I, the project was ended and the funds were transferred to the Marine and Fisheries Research Support Project intended to support initiatives for the conservation and sustainable use of the mangrove ecosystem in the state of Rio de Janeiro.

In 2021, no funds were executed (R\$17 in 2020), investment income amounted to R\$47 (R\$69 in 2020), finance costs amounted to R\$44, internal transfers to other projects that belong to the TAC Frade Implementation Agreement amounted to R\$2,915 (R\$0 in 2020), and year-end balance was nil (R\$2,912 in 2020).

#### 7.9. 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 for operational support in managing funds contributed by and for R20, which consists of financial asset management to enable paying and receiving the initial funds for R20 activities in Brazil.

In 2021, the project received R\$538 (R\$403 in 2020), executed R\$540 (R\$401 in 2020), investment income amounted to R\$1 (R\$1 in 2020), finance costs amounted to R\$1 (R\$1 in 2020), and year-end balance was nil (R\$2 in 2020).

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

This was a Rock World S.A. initiative, which promotes the Rock in Rio event, and FUNBIO was selected for the financial management of resources from an initial cooperation whose goal is to plant trees at the Xingu River headwaters in the state of Mato Grosso. The Instituto Socioambiental (ISA) and the Xingu Seeds Network were considered the ideal partners to achieve the proposed goal, through a planting technique known as "muvuca", which ensures a variety of species in the same territory.

## Fundo Brasileiro para a Biodiversidade - FUNBIO

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

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

In addition to the initial donation, Rock in Rio, through the Amazon Live Project, is making efforts to raise funds through voluntary donations in crowdfunding websites, donations of assets for auctions, donations from sponsors, aiming at increasing the amount of trees to be planted.

In 2021, the project received R\$1 (R\$25 in 2020), executed R\$513 (R\$512 in 2020), investment income amounted to R\$14 (R\$18 in 2020), finance costs amounted to R\$5, and year-end balance was R\$35 (R\$538 in 2020).

#### 7.11. Mata Atlântica III

Project funded by Bundesministerium für Umwelt (BMU, the German Ministry of Environment) through the German Development Bank (KfW), intended to contribute to the Atlantic Forest's biodiversity conservation and ecological restoration, focusing on the protected area mosaics, such as the Extreme South of Bahia Mosaic (Bahia State), Central Rio de Janeiro Atlantic Forest Mosaic (Rio de Janeiro State) and Lagamar Mosaic (São Paulo and Paraná States), contributing to the mitigation and adaptation to climate changes in this biome.

FUNBIO is the Financial Manager of the program and, after entering into a Cooperation Agreement with BMU on December 23, 2020, gave a new design to the Project, with the strategy of launching a Call for Projects for the selection of initiatives for the recovery of native vegetation in the Lagamar Mosaic, Central Rio de Janeiro Atlantic Forest Mosaic (MCF), and Extreme South of Bahia Mosaic (MAPES).

In 2021, the project received R\$12,624 (R\$1,616 in 2020), investment income amounted to R\$29 (R\$7 in 2020), finance costs amounted to R\$53 (R\$15 in 2020), foreign exchange difference was R\$4 (R\$731 in 2020), funds executed amounted to R\$10,321 (R\$2,634 in 2020), and year-end balance was R\$3,510 (R\$1,227 in 2020).

#### 7.12. Cooperation Agreement between FUNBIO and MMA - Probio II

This Agreement was entered into to enable the use of the remaining financial resources from the Project Integrated Public-Private Actions for Biodiversity, under the agreement entered into by Brazil's Federal Savings and Loans Bank (*Caixa Econômica Federal*), the World Bank and FUNBIO. These funds come from the finance income from the GEF donation.

## **Fundo Brasileiro para a Biodiversidade - FUNBIO**

Notes to financial statements (Continued)  
December 31, 2021 and 2020  
(In thousands of reais)

### **7. Third-party funds related to projects (Continued)**

#### **7.12. Cooperation Agreement between FUNBIO and MMA - Probio II (Continued)**

The objectives of the project have already been achieved and the existing balance arising from investment income awaits technical guidance for its allocation. After a resolution is issued, the project will be terminated.

In 2021, investment income amounted to R\$1 (R\$1 in 2020), there were no finance costs (R\$1 in 2020), no funds were executed (R\$6 in 2020), and the year-end balance was R\$26 (R\$26 in 2020).

#### **7.13. FUNBIO Scholarships - Preserving the Future**

The FUNBIO Scholarships – Preserving the Future Program, which is the result of the initial partnership between Instituto Humanize and FUNBIO, received in 2021 a contribution from Eurofins, in addition to the contributions from the aforementioned institutions. The purpose of the program is to provide financial support for field research on environment and biodiversity conservation conducted by master's and PhD students enrolled in universities and higher education institutes in the Brazilian territory.

In 2021, the project received R\$544 (R\$1,153 in 2020), investment income amounted to R\$20 (R\$7 in 2020), finance costs amounted to R\$2 (R\$1 in 2020), funds executed amounted to R\$1,148 (R\$435 in 2020), and year-end balance was R\$717 (R\$1,303 in 2020).

#### **7.14. Conservation, Restoration and Management Strategies for the Biodiversity of Caatinga, Pampa and Pantanal Project (GEF TERRESTRE)**

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

- Expansion and consolidation of Brazil's National System of Protected Areas (SNUC), including the creation of new Protected Areas, and enhancement of the effective conservation of existing areas;
- Restoration of native vegetation; and
- National Action Plans for endangered species.

## Fundo Brasileiro para a Biodiversidade - FUNBIO

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

### 7. Third-party funds related to projects (Continued)

#### 7.14. Conservation, Restoration and Management Strategies for the Biodiversity of Caatinga, Pampa and Pantanal Project (GEF TERRESTRE) (Continued)

The project has been implemented in partnership with the Chico Mendes Institute for Biodiversity Conservation (ICMBio), the Botanical Gardens of Rio de Janeiro (JBRJ), and state environmental agencies, under the technical coordination of the Ministry of the Environment. FUNBIO is in charge of implementing it. The Inter-American Development Bank (IDB) is the agency in charge of implementing the donations from the Global Environment Facility Trust Fund (GEF), to be executed throughout 5 years from the contract date, which was entered into in May 2018.

In 2021, the project received R\$11,921 (R\$9,839 in 2020) from IDB, investment income amounted to R\$110 (R\$48 in 2020), finance costs amounted to R\$73 (R\$38 in 2020), funds executed amounted to R\$110 (R\$48 in 2020), and year-end balance was R\$2,717 (R\$3,454 in 2020).

#### 7.15. REDD Early Movers Mato Grosso - REM MT

This Project consists of remuneration on results (ex-post) of reductions in greenhouse gases emissions 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 funds for the Program are provided by the German Government, through the German Development Bank (KfW), and by the Government of the United Kingdom, through the Department for Business, Energy & Industrial Strategy (BEIS).

In 2021, the project received R\$67,913 (R\$67,575 in 2020), short-term investment income amounted to R\$6,381 (R\$2,818 in 2020), finance costs amounted to R\$1,173 (R\$269 in 2020), funds executed amounted to R\$39,472 (R\$37,146 in 2020), other amounts totaled R\$22 (R\$4,307 in 2020), and year-end balance was R\$152,198 (R\$118,571 in 2020).

#### 7.16. TCA CSN - Volta Verde

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



## **Fundo Brasileiro para a Biodiversidade - FUNBIO**

Notes to financial statements (Continued)  
December 31, 2021 and 2020  
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### **7. Third-party funds related to projects (Continued)**

#### **7.16. TCA CSN - Volta Verde (Continued)**

The donation was allocated to the Volta Verde Conservation Program presented by the Department of the Environment of Volta Redonda (SMMA). In addition, a deposit in the account held by Fundo Brasileiro para a Biodiversidade (FUNBIO) was authorized, and FUNBIO is now in charge of the financial and operational management of the funds.

The Volta Verde Program aims to implement the municipal Botanical Garden and expand the vegetation coverage in Volta Redonda, through urban afforestation and reforestation in the Permanent Protected Area of São João Island. The project ended in July 2021, when the Cooperation Agreement expired.

Therefore, in 2021, investment income amounted to R\$1 (R\$68 in 2020), finance costs amounted to R\$2, funds executed amounted to R\$159 (R\$4,184 in 2020), and the year-end balance was nil (R\$160 in 2020).

#### **7.17. Exxon Mobil - AMLD**

In 2020, project "Partnership for Implementation of the Golden Lion Tamarin Ecological Park" was created to support the implementation of the Golden Lion Tamarin Ecological Park at Fazenda Igarapé, where, also in 2020, the forest restoration process with seedlings of species of the Atlantic Forest began, in the city of Silva Jardim, state of Rio de Janeiro. In 2020, the project "Forest Restoration for the Conservation of the Golden Lion Tamarin" performed maintenance and monitoring of seedlings of native species of the Atlantic Forest planted in 2019.

In 2021, the project received R\$1,200 (R\$500 in 2020), short-term investment income amounted to R\$11 (R\$4 in 2020), finance costs amounted to R\$2 (R\$1 in 2020), funds executed amounted to R\$778 (R\$678 in 2020), and year-end balance was R\$543 (R\$112 in 2020).

#### **7.18. Marine Waste Monitoring and Evaluation Plan – São Paulo State (PMLM-SP)**

The project aims to create a structured and integrated strategy to prepare the Plan for monitoring and evaluating marine waste in São Paulo State, by establishing an effective communication channel between science and management, integrating civil society players, NGOs, government, private sector and academic institutions. The project ended in 2021.

## **Fundo Brasileiro para a Biodiversidade - FUNBIO**

Notes to financial statements (Continued)  
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### **7. Third-party funds related to projects (Continued)**

#### **7.18. Marine Waste Monitoring and Evaluation Plan – São Paulo State (PMLM-SP)** (Continued)

In 2021, the project did not receive funds (R\$303 in 2020), short-term investment income was nil (R\$3 in 2020), finance costs amounted to R\$3 (R\$1 in 2020), funds executed amounted to R\$130 (R\$362 in 2020), there were no other amounts (R\$29 in 2020), and year-end balance was nil (R\$133 in 2020) since the project ended.

#### **7.19. TAJ Santos - PERB**

The financial resources for the execution of the Project derive from the Civil Class Action No. 208.283-16.1989.4.03.6104 and from a Settlement 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 caused by the spill of approximately 2,400 liters of gasoline into the 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 be 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 for deposit in an account held by Fundo Brasileiro para a Biodiversidade (FUNBIO), which is now in charge of the financial and operational management of the funds. The project ended in December 2021.

In 2021, short-term investment income amounted to R\$4 (R\$7 in 2020), finance costs amounted to R\$2, funds executed totaled R\$185 (R\$176 in 2020), there were no other amounts (R\$11 in 2020), and year-end balance was nil (R\$183 in 2020).

#### **7.20. 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. During the 20 months of the project, in addition to supporting projects in the Amazon, other actions were also developed as opportunities in Brazil, such as the development of a new financial mechanism to support new projects in the Amazon in partnership with the European Commission - the Rapid Rescue Facility.

## Fundo Brasileiro para a Biodiversidade - FUNBIO

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

#### 7.20. Amazon Forest Fund (Continued)

In 2021, funds received totaled R\$333 (R\$543 in 2020), investment income amounted to R\$7 (R\$3 in 2020), finance costs amounted to R\$5 (R\$4 in 2020), funds executed totaled R\$582 (R\$295 in 2020), and year-end balance was nil (R\$247 in 2020).

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

Copaibas is a FUNBIO project enabled by resources from the Norwegian Ministry of Foreign Affairs (MFA). The project's duration is six years, with the first year allocated to the preparation of initiatives that will be carried out in the subsequent five years. Copaibas aims to reduce the deforestation rate in the Brazilian Amazon and Cerrado.

In 2021, the MFA disbursed R\$18,440 for the project (R\$5,011 in 2020), short-term investments amounted to R\$246 (R\$38 in 2020), finance costs amounted to R\$26, funds executed totaled R\$4,741 (R\$1,986 in 2020), other amounts totaled R\$3 (nil in 2020), and year-end balance was R\$16,985 (R\$3,063 in 2020).

#### 7.22. TCSA Porto Sul

Porto Sul Social and Environmental Agreement ("TCSA Porto Sul") is a legal instrument relating to the environmental licensing granted to Bahia Mineração S/A (BAMIN) for the construction of the venture called Porto Sul, in the Aritaguá Region. TCSA Porto Sul, executed by the Federal Prosecutor's Office and the Bahia State Prosecutor's Office, was approved on October 17, 2019 and entered into with the State of Bahia (represented by the Bahia State Department of the Environment (SEMA-BA) and the Office of the Chief of Staff), the mining company BAMIN, the State Environmental and Water Resources Institute (INEMA) and the city of Ilhéus, Bahia State.

The Agreement aims to ensure the sustainable development, environmental integrity, ecological functions and ecosystem services in the region surrounding Porto Sul, through integrated actions intended to prevent landscape-scale avoidable environmental damage and mitigate unavoidable impacts resulting from the implementation of the venture.

In 2021, funds received totaled R\$10,041 (R\$6,843 in 2020), gross investment income was R\$502 (R\$49 in 2020), finance costs amounted to R\$61, funds executed amounted to R\$2,795, other amounts totaled R\$5, and year-end balance was R\$14,584 (R\$6,892 in 2020).

## **Fundo Brasileiro para a Biodiversidade - FUNBIO**

Notes to financial statements (Continued)  
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### **7. Third-party funds related to projects (Continued)**

#### **7.23. Tradition and Future in the 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, by promoting the maintenance of vegetation cover, of carbon stock, and of the biodiversity, and by valuing the knowledge of the Kayapó people (Mêbêngôkre). Executed by FUNBIO in partnership with Conservation International Brazil (CI-Brazil), Instituto Kabu (IK), Instituto Raoni (IR) and Associação Floresta Protegida (AFP).

In 2021, funds received totaled R\$886 (R\$987 in 2020), investment income was R\$34 (R\$1 in 2020), finance costs amounted to R\$3, funds executed amounted to R\$729, other amounts totaled R\$1, and year-end balance was R\$1,177 (R\$988 in 2020).

#### **7.24. Amapá Fund**

The Amapá Fund was designed by FUNBIO with the support from the Gordon and Betty Moore Foundation and CI-Brazil, and in close cooperation with the State of Amapá Department of the Environment, in order to allocate resources for the maintenance of biodiversity protected areas in that state.

FUNBIO is the financial manager of the mechanism, which provides for the funding from various sources such as TACs, donations and payments for environmental services. The purpose is to give agility to the execution and flexibility in allocating resources to protected areas, so as to meet the actual needs of the Protected Areas of the most preserved state in Brazil.

In 2021, investment income totaled R\$3,836 (R\$2,050 in 2020), finance costs amounted to R\$2,777 (R\$252 in 2020), foreign exchange differences were R\$743 (R\$1,769 in 2020), and year-end balance was R\$17,867 (R\$16,065 in 2020).

#### **7.25. Abrolhos Terra e Mar Fund (ATM Fund)**

Abrolhos Terra e Mar Fund, formerly known as “Bahia & ES Fund”, was designed by FUNBIO with the support from the Gordon and Betty Moore Foundation and CI-Brazil, and in close coordination with Chico Mendes Institute for Biodiversity Conservation (ICMBio), in order to allocate resources to ensure the viability and sustainability of the Federal Protected Areas of Abrolhos Terra e Mar territory.

## Fundo Brasileiro para a Biodiversidade - FUNBIO

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

#### 7.25. Abrolhos Terra e Mar Fund (ATM Fund) (Continued)

In 2021, the Abrolhos Terra e Mar Fund (ATM Fund) recorded income of R\$3,188 (R\$1,429 in 2021), finance costs of R\$2,465 (R\$146 in 2020), foreign exchange differences of R\$533 (R\$1,368 in 2020), did not record other amounts (R\$952 in 2020), and its year-end balance was R\$12,490 (R\$11,234 in 2020).

In 2021, the operating account income was R\$20 (R\$1 in 2020), no funds were executed (R\$496 in 2020), no other amounts were recorded (R\$952 in 2020), and year-end balance was R\$477 (R\$457 in 2020).

#### 7.26. TAC Underwater Warehouses

The Project TAC Underwater Warehouses (TAC ALSUB) is related to the compensatory measure established in the Consent Decree entered into on March 25, 2021 between the Federal Prosecutor's Office (MPF) and Petróleo Brasileiro S.A. – PETROBRAS, in connection with Civil Investigation No. 1.30.001.000486/2019-08 (Annex 1). The estimated execution term is four (4) years. The three general objectives of the project are:

- (i) Support for federal or state marine and coastal Protected Areas located in the State of Rio de Janeiro;
- (ii) Support for the sustainable production, income generation and improvement of the quality of life in artisanal fishing and mariculture communities, considering the social and economic impacts of the Covid-19 pandemic;
- (iii) Support for scientific research in the fields of oceanography, marine biodiversity, marine pollution control, climate change, and other related fields.

The project began in 2021, when it received R\$20,057, and recorded investment income of R\$749 and finance costs of R\$71, executed funds in the amount of R\$526, and recorded other amounts totaling R\$2; its year-end balance was R\$20,207.

## Fundo Brasileiro para a Biodiversidade - FUNBIO

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

#### 7.27. GCF Task Force

The project GCF Task Force is part of an international program intended to enhance discussions on climate and forest issues. In Brazil, the Governors' Climate and Forests Task Force (GCF Task Force) aims to support the Forum of Environmental Secretaries, with representatives of the 9 states in the Legal Amazon, in the development of a state cooperation mechanism for the design and implementation of initiatives and actions intended to reduce carbon emissions. The actions are coordinated by the University of Colorado (USA), which is responsible for the Global Secretariat. The project's main goals are:

- (i) Political, financial and technical alignment at the national and subnational levels to reduce deforestation.
- (ii) Support to states in accessing the emissions market, focusing on REDD+ Standards.
- (iii) Increased visibility of regional demand at the international level, aiming to explore financing opportunities and joint actions.
- (iv) Preparation of an Action Plan focused on value chains.
- (v) Preparation of proposals for bioeconomy.
- (vi) Strengthening the partner network, with the establishment of the Regional Committee and the Indigenous Peoples Advisory Group.

The project began in 2021, when it received R\$202, and recorded investment income of R\$3 and finance costs of R\$4, executed funds in the amount of R\$824, and recorded other amounts totaling R\$630; its year-end balance was R\$7.

#### 7.28. Amazon Consortium

The Interstate Consortium of the Legal Amazon is an agency established as a public association, with autonomy to raise funds, make investments and implement projects that are of common interest to the nine states of the Brazilian Legal Amazon. It is part of the indirect administration of all member states and is based in the Federal District, with head office in Brasilia and administrative offices in the associated states.

In 2021, the Consortium received R\$328 from Instituto Clima e Sociedade, and recorded investment income of R\$7 and finance costs of R\$1, executed funds in the amount of R\$23, and its year-end balance was R\$311.

## Fundo Brasileiro para a Biodiversidade - FUNBIO

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

#### 7.28. Amazon Consortium (Continued)

In 2021, the Consortium received R\$156 from the French Embassy, and recorded investment income of R\$5 and finance costs of R\$1, executed funds in the amount of R\$40, and its year-end balance was R\$120.

#### 7.29. TAJ Paranaguá

The Settlement entered into between the Federal Prosecutor's Office, the Paraná State Prosecutor's Office and Petrobras, with the intervention of Fundo Brasileiro para a Biodiversidade (FUNBIO) and the Chico Mendes Institute for Biodiversity Conservation (ICMBio), in connection with sentences No. 5001333-55.2012.4.04.7008 and No. 5001337-92.2012.4.04.7008, provided for the creation of the Biodiversity Conservation Program for the Paraná State Coast, hereinafter called the Program, through a private financial and operational mechanism managed by FUNBIO.

The compensation funds (compensation and equivalent relief) were deposited in two separate accounts, namely:

##### 7.29.1. Type IA

Account related to Type IA (Payment of Judgment No. 50011333-55.2012.404.7008) concerning ICMBio.

For this account type, funds received in 2021 totaled R\$50,802, gross investment income amounted to R\$861, finance costs amounted to R\$60, and the year-end balance was R\$51,603.

##### 7.29.2. Type III

Account related to Type III (Payment of Judgment No. 50011337- 92.2012.404.7008) referring to the State and Federal Prosecutor's Office, with funds that can be used in the Federal, State and Municipal Protected Areas.

For type III, funds received in 2021 totaled R\$60,943, gross investment income amounted to R\$1,033, finance costs amounted to R\$72, and the year-end balance was R\$61,904.

## Fundo Brasileiro para a Biodiversidade - FUNBIO

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

#### 7.30. REWILD

The project Articulated strategy to face ethno-environmental emergency in the Brazilian Amazon is an initiative funded by the international environmental organization Re:wild, through the Rapid Rescue Facility Program, with funds from the European Union. Its main purpose is to support traditional communities, indigenous peoples and family farmers impacted by the Covid-19 pandemic. FUNBIO is the project's financial manager.

In 2021, funds received totaled R\$2,540, finance costs amounted to R\$10, and the year-end balance was R\$2,530.

#### 7.31. TAC Coral Sol

The purpose of the "TAC Coral-sol" Program is to analyze and monitor the biodiversity associated with consolidated natural substrates of Ilha Grande Bay, especially in the Federal Protected Area called Tamoios Ecological Station, evaluate management strategies and implement early detection procedures for sun coral (*Tubastraea spp.*), investigate the interspecific ecological relationships between native and invasive species, and develop a hydrodynamic model for the region.

The funds to implement this activity will come from compensatory obligations agreed through a Consent Decree (TAC) initiated due to the absence of measures to mitigate and control biological invasion. The Consent Decree was entered into by the Federal Prosecutor's Office and five companies (Petróleo Brasileiro S.A., Petrobras Transporte S/A, Estaleiro Brasfels Ltda., Vale S.A. and Technip Operadora Portuária S/A), with FUNBIO as one of the intermediaries and as the financial and operational manager of the Projects.

In 2021, funds received totaled R\$420 and, since there were no major transactions, the year-end balance was R\$420.



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### 8. GEF Agency

	12/31/2021	12/31/2020
Funds related to the GEF Agency - FUNBIO	1,569	2,272
Funds related to the GEF Agency - Projects	91	85
Funds related to the GEF Agency – Grant Prospecies	19,351	9,685
<b>Funds related to the GEF Agency</b>	<b>21,011</b>	<b>12,042</b>
Project-related advances – Grant Prospecies	2,999	3,000
<b>Project-related advances - GEF Agency</b>	<b>2,999</b>	<b>3,000</b>
<b>Total</b>	<b>24,010</b>	<b>15,042</b>

The Global Environment Facility (GEF), created in 1991 after the Convention on Biological Diversity entered into during Rio-92, had a pilot phase as a World Bank program 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 environmental conventions and agreements, and are transferred through the Agencies accredited by GEF. FUNBIO is the only agency in Brazil and one of the 3 agencies in the world accredited by GEF.

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

#### 8.1. Funds related to the GEF Agency - FUNBIO

Description	12/31/2020	Cash inflow / Contributions for project preparation	FUNBIO transfer (allocation)	Costs/Other transfers FUNBIO(1)	Investment income	Finance costs	12/31/2021
<b>GEF Agency - FUNBIO</b>							
(c/a 29149-8)	2,272	-	(720)	(58)	76	(1)	1,569
	2,272	-	(720)	(58)	76	(1)	1,569

(1) Of the amount of R\$58, R\$56 refers to management expenses for 2021, and R\$2 refers to regularized travel expenses for 2021.

The creation of a GEF Agency in FUNBIO allows supporting institutions, especially the Ministry of the Environment and the Ministry of Sciences, Technology, Innovation and Communication, interested in preparing projects to be submitted to the GEF.

## Fundo Brasileiro para a Biodiversidade - FUNBIO

Notes to financial statements (Continued)  
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### 8. GEF Agency (Continued)

#### 8.2. Funds related to the GEF Agency - Prospecies Preparation Project

Contracts	12/31/2020	Cash inflow / Projects approved	Advances - Project	Investment income	Finance costs	Costs related to projects	12/31/2021
Prospecies Preparation (c/a 129150)	85	-	-	6	-	-	91
	85	-	-	6	-	-	91

It refers to a contract for financial support for preparation of the evaluation document of project "National Strategy for the Conversation of Threatened Species - Prospecies", to be used as recommended by the Global Environment Facility (GEF), agreed between FUNBIO and the IUCN.

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

#### 8.3. Prospecies Grant Project

Contracts	12/31/2020	Cash inflow - Projects approved	Advances - Project	Short-term investment income (1)	Finance costs	Costs related to projects	12/31/2021
Prospecies Grant (c/a 23533-4)	9,685	16,242	(6,869)	356	(63)	-	19,351
	9,685	16,242	(6,869)	356	(63)	-	19,351

(1) Total income for the year was R\$ 476, with R\$120 returned to the donor, as determined by the Agency's financial procedures agreement.

## Fundo Brasileiro para a Biodiversidade - FUNBIO

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### 8. GEF Agency (Continued)

#### 8.3. Prospecies Grant Project (Continued)

Contracts	12/31/2020	Advance Project preparation	Accountability	12/31/2021
Prospecies Grant	3,000	6,869	(6,870)	2,999
<b>Total</b>	3,000	6,869	(6,870)	2,999

The project began in August 2018, and the project activities have been overseen, with progress towards the project's goals being identified. Although certain activities are behind schedule, there is a greater number of activities ahead of schedule and the project is at a satisfactory level of implementation.

### 9. GCF Agency

	12/31/2021	12/31/2020
Funds related to the GCF Agency - Readiness Project	1,091	1,173
<b>Total funds related to the GCF Agency</b>	1,091	1,173

The purpose of Green Climate Fund (GCF) is to support developing countries to implement actions to adapt and mitigate global climate changes. The Fund works with entities that go through an accreditation process. These entities must follow the GCF policies and procedures.

#### Funds related to the GCF Agency - Readiness Project

Description	12/31/2020	Cash inflows	Execution of projects	FUNBIO transfer (allocation)	Investment income	Finance costs	12/31/2021
Readiness Project (c/a 25432-0)	1,173	-	(15)	(117)	50	-	1,091
	1,173	-	(15)	(117)	50	-	1,091

The project "Strengthening Brazilian DAEs and executors for the implementation and execution of GCF projects" aims to support all three national entities accredited by the 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.

## Fundo Brasileiro para a Biodiversidade - FUNBIO

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### 9. GCF Agency (Continued)

Readiness PC is a credit facility from the Green Climate Fund (GCF) that makes donations to the signatory countries of the United Nations Framework Convention on Climate Change (UNFCCC) and is managed by Fundo Brasileiro para a Biodiversidade (FUNBIO), funded by means of the agreement entered into with the United Nations Office for Project Services (UNOPS).

### 10. FUNBIO resources Fund (FRF) - Net asset value

The FUNBIO Resources Fund (FRF) recognizes a capital reserve for payment of the Entity's fixed expenses, in case it does not receive funds from third parties. However, the strategic direction of the Board of Directors is to reduce the Entity's dependence on the FRF, by raising funds from third parties.

In 2021, management decided, and the Finance and Audit Committee approved, that there would not be transfers to FUNBIO's administrative account to supplement cash. R\$5,000 was transferred to the FRF account, and R\$500 was transferred to the FUNBIO Scholarship Project sponsored by the FRF. The FRF's asset management is conducted by Pragma Gestão de Patrimônio and overseen by FUNBIO's Asset Management Committee.

	<u>12/31/2021</u>	<u>12/31/2020</u>
<b>Balance at January 1</b>	<b>32,433</b>	30,061
Allocation of surplus arising from finance income (1)	<b>485</b>	3,872
Contribution - FUNBIO Resources Fund (FRF) (2)	<b>5,000</b>	-
Transfer of funds to administrative account (3)	-	(1,000)
Transfer of funds to FUNBIO Scholarship Project (3)	<b>(500)</b>	(500)
<b>Balance at December 31</b>	<b><u>37,418</u></b>	<u>32,433</u>

- (1) Allocation of surplus for the year proportionally to finance income from the FRF's assets (net of provision for income tax and funds from the fund management) managed by Pragma. In 2021, R\$485 (R\$3,872 in 2020) was allocated from surplus for the year.
- (2) In 2021, R\$5,000 was transferred to the FRF account.
- (3) In 2021, there was no transfer of funds to FUNBIO's administrative account, but a total of R\$500 was approved for the FUNBIO Scholarships Project (R\$500 in 2020) by the Finance and Audit Committee.

## Fundo Brasileiro para a Biodiversidade - FUNBIO

Notes to financial statements (Continued)  
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### 11. Reimbursement of projects

Projects	12/31/2021	12/31/2020
Arpa 3 <sup>rd</sup> Phase - Transition Fund	4,369	4,458
TAC Frade - Support to Federal Coastal and Estuarine Protected Areas of Rio de Janeiro	202	200
TAC Frade - Support to Federal Coastal and Estuarine Protected Areas of Rio de Janeiro - Phase II	180	197
TAC Frade - Porpoise Conservation	277	335
TAC Frade - CRAS Implementation	-	30
TAC Frade - CRAS Implementation - Phase II	-	17
TAC Frade - Fishing and Marine Research	443	453
TAC Frade - Environmental Education Project	170	100
TAC Frade - Environmental Education Project - Phase II	206	178
Kayapó	133	267
GEF Mar	-	1,014
Mata Atlântica III	-	1
Probio/Opportunity Fund	82	52
R20	59	-
Amazon Live - Rock in Rio	5	10
GEF Terrestre	446	361
Marine Waste Monitoring Plan – São Paulo	-	49
Copaíbas	2,839	1,579
Kayapó - Tradition and Future of Amazon	247	-
TAC Underwater Warehouses	150	-
Amazon Consortium	38	-
GCF Task Force	45	-
Moore Bain Fund	835	-
<b>Total</b>	<b>10,726</b>	<b>9,301</b>

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. Therefore, the revenue presented herein consists of direct project costs.

## Fundo Brasileiro para a Biodiversidade - FUNBIO

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### 12. Recovery of costs

Projects	12/31/2021	12/31/2020
TAC Frade - Fishing and Marine Research	429	-
TAC Frade - Environmental Education Project - Phase I	689	-
TAC Frade - Support to Federal Coastal and Estuarine Protected Areas of Rio de Janeiro - Phase I	711	-
TAC Frade - Environmental Education Project - Phase II	492	-
TAC Frade - Support to Federal Coastal and Estuarine Protected Areas of Rio de Janeiro - Phase II	488	-
Mata Atlântica III	623	767
GEF Mar Petrobras	1,344	1,480
GEF Terrestre	1,101	386
Amazon Live - Rock in Rio	-	152
TCA CSN Volta Verde	23	-
REDD Early Movers Mato Grosso - REM MT	4,894	4,212
Exxon Mobil - AMLD	120	50
Marine Waste Monitoring Plan – São Paulo	-	21
TAJ Santos - PERB	3	50
Project K	-	187
Amazon Forest Fund	14	27
Abrolhos Terra e Mar Fund (ATM Fund) - Operational	-	143
Copaíbas	707	407
TCSA Porto Sul	1,103	-
TAC Underwater Warehouses	376	-
GCF Task Force	51	-
FUNBIO scholarships	31	-
<b>Total</b>	<b>13,199</b>	<b>7,882</b>

This account of the revenue group records the amounts transferred by the projects to overhead costs incurred by FUNBIO in carrying out the activities 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.

### 13. General and administrative expenses

	12/31/2021	12/31/2020
Salaries and related charges	(16,356)	(14,413)
Third-party services	(3,435)	(1,939)
Lease and maintenance	(865)	(901)
Travel expenses	(32)	(34)
General expenses	(422)	(493)
	<b>(21,110)</b>	<b>(17,780)</b>

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### 14. Finance income (costs)

	<u>12/31/2021</u>	<u>12/31/2020</u>
<b>Finance income</b>		
Foreign exchange gains	131	237
Short-term investment income	<b>823</b>	4,757
<b>Total finance income</b>	<b>954</b>	4,994
<b>Finance costs</b>		
Foreign exchange losses	(91)	(111)
Bank expenses	(50)	(815)
<b>Total finance costs</b>	<b>(141)</b>	(926)
	<b>813</b>	4,068

### 15. Provision for tax, civil and labor contingencies

The Entity is party to lawsuits and administrative proceedings before various courts and government agencies, arising from the ordinary course of its activities, involving labor, tax and civil matters.

At December 31, 2021 and 2020, there were no contingencies assessed as probable loss.

At December 31, 2021 and 2020, the Entity has the following lawsuits, whose likelihood of loss was assessed as possible by the legal advisors:

	<u>12/31/2021</u>	<u>12/31/2020</u>
<b>Nature of lawsuits:</b>		
Civil (*)	1,000	1,000
<b>Total</b>	<b>1,000</b>	1,000

(\*) 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 Rio de Janeiro State Department of the Environment (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 Department of the Environment ("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 Department of the Environment (SEA) and State Environmental Institute (INEA).

## Fundo Brasileiro para a Biodiversidade - FUNBIO

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### 15. Provisions for tax, civil and labor contingencies (Continued)

Under the referred to 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 15<sup>th</sup> Public Finance Court of the Capital City of Rio de Janeiro State, in which it challenges the validity of the legal mechanism of environmental compensation in relation to Parque Estadual da Costa do 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 and the Federal Supreme Court. Therefore, according to these same lawyers, the likelihood of loss on this lawsuit was classified as possible in the amount of R\$1,000.

### 16. Insurance coverage

The Entity'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.

At December 31, 2021, the Entity had the following main insurance policies taken out from third parties:

Type	Amount insured
Property and equipment items - effective from 12/2021 to 12/2022	2,876
Sundry perils - effective from 12/2021 to 12/2022	70
General Civil Liability - effective from 12/2021 to 12/2022	160
Civil Liability of Directors & Officers - D&O - effective from 06/2021 to 06/2022	5,000