

## **Financial Information**

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

Period from January 1 to December 31, 2023  
with Independent auditor's report on the Financial Information on Global  
Environment Facility (GEF) Agency

**Fundo Brasileiro para a Biodiversidade - FUNBIO**

Financial Information on GEF Agency

Period from January 1 to December 31, 2023

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**A free translation from Portuguese into English of Independent Auditor's Report on financial information prepared in Brazilian currency in accordance with the contracts entered into by and between the parties, and the cash receipt and disbursement basis of accounting described in Note 2**

## **Independent auditor's report on the financial information on GEF Agency**

The Executive Office and the Board of Directors of  
**Fundo Brasileiro para a Biodiversidade - FUNBIO**  
**GEF Agency**  
Rio de Janeiro - RJ

### **Opinion**

We have audited the financial information on Projects of Global Environment Facility (GEF) Agency ("Projects" or "GEF Agency"), managed by Fundo Brasileiro para a Biodiversidade - FUNBIO (the "Entity"), funded with resources from the Entity and the International Bank for Reconstruction and Development (IBRD), for the period from January 1 to December 31, 2023, as well as the corresponding notes to the financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion, the accompanying Projects' Financial Information for the period from January 1 to December 31, 2023 were prepared, in all material respects, in accordance with the contracts entered into by and between the parties, and the cash receipt and disbursement basis of accounting described in Note 2.

### **Basis for opinion**

We conducted our audit in accordance with the Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the 'Auditors' responsibilities for the audit of the financial information' section of our report. We are independent of the Entity and comply with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants and 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 audit opinion.

### **Emphasis of matter - Basis of preparation and presentation of the financial information and restriction on distribution or use**

We draw attention to Note 2 to the financial information, which describes the accounting basis of these financial information, prepared to assist the Entity in complying with the clauses for preparing the financial reports of the aforementioned contract. As such, the financial information may not serve any other purposes. Our report is exclusively intended for use and information by the management of the Entity and the Project funding agent, and should not be distributed or used by parties other than those mentioned. Our opinion is not modified in respect of this matter.

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

Management is responsible for preparing the financial information in accordance with the contracts entered into between the parties and with the cash receipt and disbursement basis of accounting described in Note 2, and for the internal controls as management determines is necessary to enable the preparation of the financial information that is free from material misstatement, whether due to fraud or error.

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

Those charged with governance of the Project are responsible for overseeing the process of preparing its financial information.

## **Auditor's responsibilities for the audit of the financial information**

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

As part of the audit conducted in accordance with the Brazilian and International Standards on Auditing, and the specific audit requirements set out in the clauses of the financial contribution agreement of International Bank for Reconstruction and Development (IBRD), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identified and assessed risks of material misstatements of the financial information, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 Project's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Project to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial 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 planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Rio de Janeiro, May 29, 2024.

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



Felipe Sant' Anna Vergete  
Accountant CRC-RJ106842/O

**A free translation from Portuguese into English of Independent Auditor's Report on Financial Information prepared in Brazilian currency in accordance with the contracts entered into by and between the parties, and the cash receipt and disbursement basis of accounting described in Note 2**

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

Financial Information on GEF Agency  
Period from January 1 to December 31, 2023  
(In thousands of reais, unless otherwise stated)

The changes in resources of GEF Agency in the period from January 1 to December 31, 2023 are as follows:

	Notes	GEF Agency - FUNBIO	GEF Agency- Projects (Prospecies Preparation)	GEF Agency Projects-(BARU Preparation)	GEF Agency Projects - (BARU Grant)	GEF Agency Projects - (Territories Preparation)	Total GEF Agency
<b>Project balance at beginning of period</b>		<b>912</b>	<b>19,410</b>	<b>277</b>	<b>-</b>	<b>-</b>	<b>20,599</b>
Cash inflow (*)	4	1,547	20,419	-	5,645	495	28,106
Financial investment yields, net (**)	3	94	863	4	72	13	1,046
Finance costs	3	(7)	(84)	(9)	(23)	(2)	(125)
Transfer between accounts (***)		-	-	(2)	2	-	-
Donor Transfer (****)	6	-	(1,400)	-	-	-	(1,400)
FUNBIO costs	5	(151)	-	-	-	-	(151)
FUNBIO transfer (allocation)	5	(720)	-	-	-	-	(720)
Funds executed	5	-	(17,339)	(270)	(1,855)	-	(19,464)
<b>Project balance at end of period</b>		<b>1,675</b>	<b>21,869</b>	<b>-</b>	<b>3,841</b>	<b>506</b>	<b>27,891</b>

(\*) According to a GEF rule starting in 2023, the funds were deposited into only one Funbio account, which is the Funbio Administrative account (112001-8). Therefore, for the Pró Espécies Grant, BARU Grant, and Territories Preparation projects, the amounts were credited to account 112001-8 and subsequently transferred to the specific account of each Project.

(\*\*) The amount refers to the financial income obtained from the financial investment, net of income tax that will be withheld upon redemption by Funbio.

(\*\*\*) In the year 2023, there was an internal transfer of R\$2 between the accounts of Baru Preparation and Baru Grant, related to the closure of the project, as per GEF's guidance.

(\*\*\*\*) It refers to a portion of the financial income, obtained from financial investments, net of income tax, which was returned to the donor, as required by the contract.

See accompanying notes.

## Fundo Brasileiro para a Biodiversidade - FUNBIO

Financial Information on GEF Agency  
Period from January 1 to December 31, 2023  
(In thousands of reais, unless otherwise stated)

The changes in resources of GEF Agency in the period from January 1 to December 31, 2023 are as follows:

	Notes	GEF Agency - FUNBIO	GEF Agency- Projects (Prospecies Preparation)	GEF Agency - Projects (Prospecies Grant)	GEF Agency Projects-(BARU Preparation)	Total GEF Agency
<b>Project balance at beginning of period</b>		1,569	88	22,351	-	24,008
Cash inflow	4	25	-	-	272	297
Financial investment yields, net (*)	3	129	(47)	1,810	8	707
Finance costs	3	(1)	(3)	(6)	(3)	(13)
Transfer between accounts (**)		-	(38)	38	-	-
Donor Transfer (***)	6	-	-	(1,193)	-	-
FUNBIO costs	5	(90)	-	-	-	(90)
FUNBIO transfer (allocation)	5	(720)	-	-	-	(720)
Funds executed	5	-	-	(3,590)	-	(3,590)
<b>Project balance at end of period</b>	3	912	-	19,410	277	20,599

(\*) The amount refers to the financial income obtained from the financial investment, net of income tax that will be withheld upon redemption by Funbio.

(\*\*) In the year 2022, there was an internal transfer of resources of R\$38 between the accounts of Pró Espécies Preparation (PPG 129.150-5) to Pró Espécies Grant (23533-4), related to the closure of the project, as per GEF's guidance.

(\*\*\*) It refers to a portion of the financial income, obtained from financial investments, net of income tax, which was returned to the donor, as required by the contract.

See accompanying notes.

# Fundo Brasileiro para a Biodiversidade - FUNBIO

Notes to financial information on GEF Agency  
Period from January 1 to December 31, 2023  
(In thousands of reais, unless otherwise stated)

## 1. Operations

Fundo Brasileiro Para a Biodiversidade (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 are earmarked for effective biodiversity conservation initiatives. The Entity's head office is located at Rua Voluntários da Pátria, nº 286, 5th and 6th floors, Botafogo, Rio de Janeiro - RJ, 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.

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

The funds related to GEF Agency are available to developing countries and countries with economies in transition to meet the objectives of international environmental conventions and agreements and are passed on through GEF-accredited Agencies. FUNBIO is the only national agency in Brazil accredited by GEF and one of three under this condition worldwide.

### GEF Agency – FUNBIO

The creation of GEF agency within FUNBIO makes it possible to support interested institutions, mainly the Ministries of the Environment and of Science, Technology, Innovation and Communication in preparing and adapting projects to be submitted to GEF.

### Pró Espécies Project

This Project started in August 2018 and the Project activities and progress towards its goals have been supervised and verified. The conclusion reached is that although there are some activities delayed in relation to the planning, there is a greater number of advanced activities, and the Project is currently at a satisfactory level of implementation.

### Baru Project

The project was approved in May 2022 and is currently in the preparation phase. It aims to promote the baru as an element of conservation and income in the Cerrado (Brazilian Savannah). It will strengthen the network of producers, as well as the empowerment of traditional people and communities that have the species as a source of work and income, supporting the construction of a fair and solidary market, ensuring a sustainable management for the baru nut, with less environmental impact and increased income generation.



# Fundo Brasileiro para a Biodiversidade - FUNBIO

Notes to financial information on GEF Agency (Continued)  
Period from January 1 to December 31, 2023  
(In thousands of reais, unless otherwise stated)

## 1. Operations (Continued)

### Territories Project

The Biodiversity Territories project was approved in June 2023 and is in the preparation phase. The project aims to enhance biodiversity conservation in integrated/marine landscapes. The project will operate in the most critical areas for species conservation in Brazil, based on the Red List of Threatened Species, and will focus on non-Amazonian biomes, as they concentrate the majority of threatened species in the country.

## 2. Material accounting practices

### Basis of preparation and general information

This financial information has been prepared based on the cash receipt and disbursement basis of accounting, whereby revenues are recorded upon receipt of funds (resources) and expenses are recognized when they effectively represent expenses paid in cash. This accounting practice differs from the accounting practices applicable in Brazil, which establish that transactions must be recorded to the extent that they are incurred rather than when paid.

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

This financial information was approved for issue by the Entity's management on May 29, 2024.

## 3. Funds available

From January 1 to December 31, 2023, the balance remaining in the checking account is as follows:

### GEF Agency – FUNBIO

Description	Type	12/31/2023	12/31/2022
Banco do Brasil - C/Aplicação RF LP Corp 29149-8	Financial investments	1.675	912

In the period from January 1 to December 31, 2023, financial investment yields totaled R\$94 (2022 - R\$129) and financial expenses totaled R\$7 (2022 - R\$1).

The financial investments are held in a Fixed Income LP Corporate Fund that guaranteed 100.32% of the CDI. The investments do not have a redemption period and have an insignificant risk of value reduction. The investments are maintained in a first-tier financial institution.

## Fundo Brasileiro para a Biodiversidade - FUNBIO

Notes to financial information on GEF Agency (Continued)  
Period from January 1 to December 31, 2023  
(In thousands of reais, unless otherwise stated)

### 3. Funds available (Continued)

#### Pró Espécies Grant Project

Description	Type	12/31/2023	12/31/2022
Banco do Brasil - C/C 23533-4	Checking account	-	1
Banco do Brasil - C/Aplicação RF LP Corp 23533-4	Financial investments	21.869	14.641
Advance to project	Advanced resource (*)	-	4.768
<b>Total funds available - Pró Espécies Grant</b>		<b>21.869</b>	<b>19.410</b>

(\*) Advanced resource refers to the amount advanced to the Project by Funbio to carry out its execution until the accounting is provided by the Executing Entity. In September 2023, Funbio changed its accounting method, with the amount disbursed to the project considered as execution.

In the period from January 1 to December 31, 2023, financial investment yields totaled R\$863 (2022 - R\$1.810) and financial expenses totaled R\$84 (2022 - R\$6).

The financial investments are held in a Fixed Income LP Corporate Fund that guaranteed 100.32% of the CDI. The investments do not have a redemption period and have an insignificant risk of value reduction. The investments are maintained in a first-tier financial institution.

#### BARU Preparation Project

Description	Type	12/31/2023	12/31/2022
Banco do Brasil – C/C 26983-2	Checking account	-	3
Banco do Brasil - C/Aplicação CDB 26983-2	Financial investments	-	139
Advance to project	Advanced resource (*)	-	135
<b>Total funds available - BARU Preparation</b>		<b>-</b>	<b>277</b>

(\*) Advanced resource refers to the amount advanced to the Project by Funbio to carry out its execution until the accounting is provided by the Executing Entity. In September 2023, Funbio changed its accounting method, with the amount disbursed to the project considered as execution.

In the period from January 1 to December 31, 2023, financial investment yields totaled R\$4 (2022 – R\$8) and financial expenses totaled R\$9 (2022 – R\$3).

Financial investments in Bank Deposit Certificates (CDBs) are represented by securities that guarantee yields of 96% of the CDI variation, with a redemption period of up to 60 months and insignificant risk of reduction in value. Investments are held with first-tier financial institutions.

## Fundo Brasileiro para a Biodiversidade - FUNBIO

Notes to financial information on GEF Agency (Continued)  
Period from January 1 to December 31, 2023  
(In thousands of reais, unless otherwise stated)

### 3. Funds available (Continued)

#### BARU Grant Project

Description	Type	12/31/2023
Banco do Brasil - C/Aplicação CDB 26983-2	Financial investments	3.841

In the period from January 1 to December 31, 2023, financial investment yields totaled R\$23 and financial expenses totaled R\$2.

Financial investments in Bank Deposit Certificates (CDBs) are represented by securities that guarantee yields of 96% of the CDI variation, with a redemption period of up to 60 months and insignificant risk of reduction in value. Investments are held with first-tier financial institutions.

#### Territories Preparation Project

Description	Type	12/31/2023
Banco do Brasil - C/Aplicação CDB 28093-3	Financial investments	506

In the period from January 1 to December 31, 2023, financial investment yields totaled R\$13 and financial expenses totaled R\$2.

Financial investments in Bank Deposit Certificates (CDBs) are represented by securities that guarantee yields of 96% of the CDI variation, with a redemption period of up to 60 months and insignificant risk of reduction in value. Investments are held with first-tier financial institutions.

### 4. Cash inflow

The total funds contributed in the period from January 1 to December 31, 2023 and 2022 were as follows:

Project	2023	2022	Accumulated (*)
GEF Agency - FUNBIO (c/c 29149-8)	1,547	25	5,604
Prospecies Preparation (c/c 129150-5)	-	-	945
Prospecies Grant (c/c 23533-4)	20,419	-	58,194
BARU Preparation (c/c 26983-2)	-	272	272
BARU Grant (c/c 26983-2)	5,645	-	5,645
Territories Preparation (c/c 28093-3)	495	-	495
<b>Total of cash inflow</b>	<b>28,106</b>	<b>297</b>	<b>71,155</b>

(\*) Accumulated value refers to the period from August 26, 2016, to December 31, 2023.

## Fundo Brasileiro para a Biodiversidade - FUNBIO

Notes to financial information on GEF Agency (Continued)  
Period from January 1 to December 31, 2023  
(In thousands of reais, unless otherwise stated)

### 5. Funds executed

The execution of funds of GEF Agency in the period from January 1 to December 31, 2023 is presented below:

Type of execution	2023	2022	Accumulated (*)
Prospecies Preparation	-	-	(907)
Prospecies Grant	(17,339)	(3,590)	(36,950)
BARU Preparation	(270)	-	(270)
BARU Grant	(1,855)	-	(1,855)
Territories Preparation	-	-	-
<b>Total funds executed</b>	<b>(19,464)</b>	<b>(3,590)</b>	<b>(39,982)</b>
FUNBIO costs	(151)	(90)	(532)
FUNBIO transfer (allocation)	(720)	(720)	(4,347)
<b>Total Funbio transfer (**)</b>	<b>(871)</b>	<b>(810)</b>	<b>(4,879)</b>

(\*) Accumulated value refers to the period from August 26, 2016, to December 31, 2023.

(\*\*) The amount refers to the transfer made by the Project to Funbio to cover indirect costs according to the maximum percentage and types of expenses agreed upon in the contract with the donor.

### 6. Donor transfer

The financial income, obtained from financial investments, net of income tax, which was returned to the donor during the period from January 1 to December 31, 2023, is presented below:

#### Prospecies Grant Project

Período	2023 (in USD)	Quotation (*)	2023 (in R\$)
July to december 2022 – carried out on 03/14/2023	(179)	5.2510	(941)
January to june 2023 – carried out on 09/13/2023	(92)	4.9595	(457)
January to june 2023 – carried out on 09/28/2023	(1)	4.9955	(2)
<b>Total donor transfer</b>	<b>(272)</b>		<b>(1,400)</b>

(\*) The presented quotation is the average of the donor's contributions. The values presented in reais are approximations considering the rounding of the amount in dollars for presentation in thousands of dollars and reais.