

## **Financial Statements**

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

December 31, 2019 and 2018  
with Independent Auditor's Report

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

## Financial statements

December 31, 2019 and 2018

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

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## **Independent auditor's report on financial statements**

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

### **Opinion**

We have audited the financial statements of Fundo Brasileiro para a Biodiversidade - FUNBIO (the "Institution"), which comprise the statement of financial position as at December 31, 2019 and the statements of surplus or deficit, of changes in net asset value and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements referred to above present fairly, in all material respects, the Institution's financial position as at December 31, 2019, its financial performance and its cash flows for the year then ended, in accordance with the accounting practices adopted in Brazil applicable to not-for-profit entities (ITG 2002 (R1)).

### **Basis for opinion**

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

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

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



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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 made on the basis of referred to financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercised professional judgment and maintained 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 one resulting from error, as fraud may involve override of internal controls, collusion, forgery, intentional omissions or misrepresentations.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institution's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast substantial doubt on the Institution's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Institution to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Rio de Janeiro, May 28, 2020.

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

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

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

## Fundo Brasileiro para a Biodiversidade - FUNBIO

Statement of financial position  
December 31, 2019 and 2018  
(In thousands of reais)

	Note	2019	2018
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5.a	3,545	3,982
Funds related to projects	5.c	329,378	280,486
	5.b and		
Funds related to GEF Agency	10	10,176	7,313
Project-related advances - GEF Agency	10	1,997	1,974
Amounts in transfer from abroad		659	486
Other		1,067	817
		<b>346,822</b>	<b>295,058</b>
<b>Noncurrent assets</b>			
Funds related to projects - Funds	5.d	608,199	507,417
	5.e and		
FUNBIO Resources Fund ("FRF")	11	30,061	26,452
Property and Equipment (PE)	6	1,330	1,527
		<b>639,590</b>	<b>535,396</b>
<b>Total assets</b>		<b>986,412</b>	<b>830,454</b>
<b>Liabilities and net asset value</b>			
<b>Current liabilities</b>			
Trade accounts payable	7	1,525	414
Payroll and related charges	8	2,375	2,409
Taxes and charges		221	225
Funds related to projects	9	327,701	279,428
Funds related to GEF Agency	10	12,173	9,287
Other accounts payable		134	190
		<b>344,129</b>	<b>291,953</b>
<b>Noncurrent liabilities</b>			
Funds related to projects - Funds	9	608,199	507,417
		<b>608,199</b>	<b>507,417</b>
<b>Net asset value</b>			
FUNBIO Resources Fund ("FRF")	11	30,061	26,452
Accumulated surplus		4,023	4,632
<b>Total net asset value</b>		<b>34,084</b>	<b>31,084</b>
<b>Total liabilities and net asset value</b>		<b>986,412</b>	<b>830,454</b>

See accompanying notes.

## Fundo Brasileiro para a Biodiversidade - FUNBIO

Statement of surplus or deficit  
December 31, 2019 and 2018  
(In thousands of reais)

	Note	2019	2018
Operating revenues			
GEF Agency	10	719	660
Reimbursement of projects	12	13,122	13,148
Recovery of costs	13	3,264	4,046
Revenue from donations		<u>17,105</u>	<u>17,854</u>
Services rendered	14	<u>238</u>	<u>883</u>
Service revenue		<u>238</u>	<u>883</u>
Gross revenue		<u>17,343</u>	<u>18,737</u>
Operating income (expenses)			
General and administrative expenses	15	(17,619)	(17,003)
Operating income before finance income (costs)		<u>(276)</u>	<u>1,733</u>
Finance income (costs)	16		
Finance costs		(788)	(512)
Finance income		<u>4,564</u>	<u>2,294</u>
Operating income (costs)		<u>3,776</u>	<u>1,782</u>
Surplus (deficit) from projects	9		
Accountability approved		88,793	108,976
Disbursement to partners		(15,830)	(13,938)
Funds executed		(74,537)	(95,527)
Provisioning under execution		<u>1,574</u>	<u>489</u>
		<u>-</u>	<u>-</u>
Other operating income (expenses)			
Write-off of property and equipment		-	(18)
		<u>-</u>	<u>(18)</u>
Surplus for the year		<u>3,500</u>	<u>3,498</u>

See accompanying notes.

## Fundo Brasileiro para a Biodiversidade - FUNBIO

Statement of changes in net asset value  
December 31, 2019 and 2018  
(In thousands of reais)

	Note	FUNBIO Resources Fund ("FRF")	Accumulated surplus (deficit)	Surplus for the year	Total net asset value
Balances at December 31, 2017		23,826	3,760	-	27,586
Surplus for the year		-	-	3,498	3,498
Transfer to accumulated surplus/(deficit)		-	3,498	(3,498)	-
Allocation of surplus for the year	11	2,626	(2,626)	-	-
Balances at December 31, 2018		26,452	4,632	-	31,084
Surplus for the year		-	-	3,500	3,500
Transfer to accumulated surplus/(deficit)		-	3,500	(3,500)	-
Allocation of surplus for the year	11	3,500	(3,500)	-	-
Contribution - FUNBIO Resources Fund ("FRF")	11	609	(609)	-	-
Transfer of funds to Funbio Scholarship Project	11	(500)	-	-	(500)
Balances at December 31, 2019		<b>30,061</b>	<b>4,023</b>	-	<b>34,084</b>

See accompanying notes.



## Fundo Brasileiro para a Biodiversidade - FUNBIO

Statement of cash flows  
December 31, 2019 and 2018  
(In thousands of reais)

	<u>12/31/2019</u>	<u>12/31/2018</u>
Operating activities		
Surplus for the year	<u>3,500</u>	3,498
Adjustments to reconcile surplus to cash provided by (used in) operating activities		
Depreciation and amortization	247	(204)
Finance income - FRF	<u>(3,500)</u>	<u>(1,626)</u>
	<u>247</u>	<u>1,668</u>
Decrease in current assets		
Other assets	<u>(423)</u>	(158)
Increase (decrease) in current liabilities		
Trade accounts payable	1,111	242
Payroll and labor obligations	<u>(34)</u>	402
Taxes and charges	<u>(4)</u>	82
Other accounts payable	<u>(56)</u>	<u>(229)</u>
Net cash from operating activities	<u>841</u>	<u>2,007</u>
Investing activities		
Contribution - FRF	<u>(109)</u>	(1,000)
Acquisition of property and equipment	<u>(50)</u>	(644)
Net cash used in investing activities	<u>(159)</u>	<u>(1,644)</u>
Financing activities		
Funds received related to projects	91,825	122,039
Yielding on funds related to projects	94,164	6,643
Foreign exchange differences on funds related to projects	23,956	53,976
Financial management on funds related to projects	<u>(4,332)</u>	<u>(4,181)</u>
Costs related to projects	<u>(56,558)</u>	<u>(140,383)</u>
Increase in funds related to projects	<u>(149,674)</u>	<u>(39,118)</u>
Transfer of funds to Funbio Scholarship Project	<u>(500)</u>	-
Net cash used in financing activities	<u>(1,119)</u>	<u>(1,024)</u>
Decrease in cash and cash equivalents	<u>(437)</u>	<u>(661)</u>
Balance of cash and cash equivalents at beginning of year	3,982	4,643
Balance of cash and cash equivalents at end of year	<u>3,545</u>	<u>3,982</u>
Decrease in cash and cash equivalents	<u>(437)</u>	<u>(661)</u>

See accompanying notes.

## Fundo Brasileiro para a Biodiversidade - Funbio

Notes to financial statements  
December 31, 2019 and 2018  
(In thousands of reais)

### 1. Operations

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

The main activities carried out include financial management of projects, design of financial mechanisms and studies of new sources of funds for conservation, as well as purchases and engagements of goods and services. Since the beginning of its activities in 1996, FUNBIO has supported 291 programs and projects, benefiting 248 institutions across the country and 334 Protected Areas. Funbio is accredited as an implementing agency for GEF - Global Environment Facility and for GCF - Green Climate Fund.

Funds executed by FUNBIO in 2019 amounted to R\$93,000 (R\$109,000 in 2018). Funds allocated to the execution of projects and those used by the Institution to achieve its purposes under its by-laws are segregated and may be identified in this report.

At the end of the current year, assets managed by FUNBIO amount to R\$986,000 (R\$830,000 at December 31, 2018), a 19% growth, of which approximately 62% are related to long-term actions and projects organized in long-term investment-managed funds.

In 2019, Funbio invested significantly in updating its technology park, placing systems in cloud (Azzure) and also in expanding the project management and managerial information system through BI (Business Intelligence). A new purchasing and contracting platform was implemented, accelerating the response to the demands of the Fund's partners. In the financial area, the existing processes has been reviewed to ensure agility and security to the treatment of the Fund' assets. These innovations are reflected in this period of threats posed by Covid-19, when in less than 1 week the Fund was able to remain in operation through home office regime, without prejudice to its ability to deliver.

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

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

Notes to financial statements (Continued)  
December 31, 2019 and 2018  
(In thousands of reais)

### **1. Operations (Continued)**

In 2018, FUNBIO was accredited as the national implementing agency for Green Climate Fund (GCF), which supports projects to respond to climate change, earmarking investment in low carbon development and climate resilience. Since 2015, FUNBIO has been 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.

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

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

The Institution's financial statements for the year ended December 31, 2019 were prepared in accordance with the accounting practices adopted in Brazil, applicable to not-for-profit entities, which comprise the General Technical Interpretation (ITG 2002 (R1)) approved by CFC Resolution No. 1409/2012, and also pronouncements issued by Brazil's Financial Accounting Standards Board - FASB ("CPC"), approved by Brazil's National Association of State Boards of Accountancy (CFC).

The issue of these financial statements was authorized by the Institution's Decision-Making Board on May 28, 2020.

#### **2.2. Basis of measurement**

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

#### **2.3. Current and noncurrent assets and liabilities**

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

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

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

Notes to financial statements (Continued)  
December 31, 2019 and 2018  
(In thousands of reais)

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

#### **2.3. Current and noncurrent assets and liabilities (Continued)**

All other assets are classified as noncurrent.  
A liability is classified as current when:

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

#### **2.4. Functional and presentation currency**

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

#### **2.5. Use of estimates and judgments**

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

#### **2.6. Foreign currency translation**

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

## Fundo Brasileiro para a Biodiversidade - Funbio

Notes to financial statements (Continued)  
December 31, 2019 and 2018  
(In thousands of reais)

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

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

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

#### 2.8. Financial instruments

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

##### Financial assets

##### *Initial recognition and measurement*

Financial assets are classified, upon initial recognition, as subsequently measured at amortized cost, at fair value through other comprehensive surplus (deficit), and at fair value through surplus or deficit.

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

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

## Fundo Brasileiro para a Biodiversidade - Funbio

Notes to financial statements (Continued)  
December 31, 2019 and 2018  
(In thousands of reais)

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

#### 2.8. Financial instruments (Continued)

##### Financial assets (Continued)

##### *Initial recognition and measurement* (Continued)

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

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

##### *Subsequent measurement*

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

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

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

## Fundo Brasileiro para a Biodiversidade - Funbio

Notes to financial statements (Continued)  
December 31, 2019 and 2018  
(In thousands of reais)

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

#### 2.8. Financial instruments (Continued)

Financial assets (Continued)

*Subsequent measurement* (Continued)

l) Financial assets measured at fair value through surplus or deficit (Continued)

Financial assets at fair value through surplus or deficit are stated in the statement of financial position at fair value, and their corresponding gains or losses are recognized in the statement of surplus or deficit.

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

The Institution's financial assets at fair value through surplus or deficit mainly comprise short-term investments. The Institution has no derivative or embedded derivative transactions at December 31, 2019 and 2018.

*Derecognition*

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

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

## Fundo Brasileiro para a Biodiversidade - Funbio

Notes to financial statements (Continued)  
December 31, 2019 and 2018  
(In thousands of reais)

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

#### 2.8. Financial instruments (Continued)

##### Financial assets (Continued)

##### *Derecognition* (Continued)

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

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of (i) the value of the asset and (ii) the maximum amount of the consideration received that the Institution may be required to repay (guarantee amount).

##### Financial liabilities

##### *Initial recognition*

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

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

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



## Fundo Brasileiro para a Biodiversidade - Funbio

Notes to financial statements (Continued)  
December 31, 2019 and 2018  
(In thousands of reais)

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

#### 2.8. Financial instruments (Continued)

Financial liabilities (Continued)

*Subsequent measurement* (Continued)

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

i) Financial liabilities at fair value through surplus or deficit

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

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

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

Financial liabilities designated upon initial recognition at fair value through surplus or deficit are designated at the initial recognition date, and only if the criteria under CPC 48 - Financial Instruments are satisfied.

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

*Derecognition*

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

## Fundo Brasileiro para a Biodiversidade - Funbio

Notes to financial statements (Continued)  
December 31, 2019 and 2018  
(In thousands of reais)

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

#### 2.8. Financial instruments (Continued)

##### Offsetting of financial instruments

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

#### 2.9. Property and Equipment (PE)

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

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

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

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

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

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

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

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

Notes to financial statements (Continued)  
December 31, 2019 and 2018  
(In thousands of reais)

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

#### **2.10. Impairment of assets**

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

#### **2.11. Trade accounts payable**

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

#### **2.12. Provisions**

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

#### **2.13. Third-party funds related to projects**

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

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

Notes to financial statements (Continued)  
December 31, 2019 and 2018  
(In thousands of reais)

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

#### **2.14. Realizable and settlement values**

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

#### **2.15. Revenue recognition**

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

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

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

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

##### **2.15.1. Finance income**

Finance income is recognized using the effective interest rate method.

#### **2.16. Recognition of expenses related to projects**

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

## Fundo Brasileiro para a Biodiversidade - Funbio

Notes to financial statements (Continued)  
December 31, 2019 and 2018  
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### 2. Presentation of financial statements and accounting policies (Continued)

#### 2.17. Tax obligations

##### 2.17.1. Income and social contribution taxes

###### *Requirements set forth by Law No. 9790/99*

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

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

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

Notes to financial statements (Continued)  
December 31, 2019 and 2018  
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### **2. Presentation of financial statements and accounting policies (Continued)**

#### **2.17. Tax obligations (Continued)**

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

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

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

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

#### **2.18. Statement of comprehensive surplus (deficit)**

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

### **3. New accounting pronouncements**

There are no standards and interpretations applicable for the first time in 2019 that impact the Institution's financial statements. Funbio elected not to early adopt any other standard, interpretation or amendment that has been issued, but is not yet effective.

## Fundo Brasileiro para a Biodiversidade - Funbio

Notes to financial statements (Continued)  
December 31, 2019 and 2018  
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### 4. Financial risk management

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

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

#### Market risk

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

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

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

#### Currency risk

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

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

## Fundo Brasileiro para a Biodiversidade - Funbio

Notes to financial statements (Continued)  
December 31, 2019 and 2018  
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### 4. Financial risk management (Continued)

#### Liquidity risk

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

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

#### Credit risk

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

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

### 5. Cash and cash equivalents, FRF, funds related to projects and GEF Agency

Description	Note	12/31/2019	12/31/2018
Cash and cash equivalents	5.a	3,545	3,982
FUNBIO Resources Fund ("FRF")	5.e	30,061	26,452
<b>Total own funds</b>		<b>33,606</b>	<b>30,434</b>
Funds related to GEF Agency	5.b	10,176	7,313
Funds related to projects - current	5.c	329,378	280,486
Funds related to projects - noncurrent	5.d	608,199	507,417
<b>Total funds related to projects</b>		<b>947,753</b>	<b>795,216</b>



## Fundo Brasileiro para a Biodiversidade - Funbio

Notes to financial statements (Continued)  
December 31, 2019 and 2018  
(In thousands of reais)

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

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

Description	12/31/2019	12/31/2018
Fixed fund	2	4
<i>Short-term investments in Brazil</i>		
Banco do Brasil CDB - Administrative	2,672	3,350
Itaú CDB - Administrative	352	335
Itaú AUTOM INVEST MAIS – Administrative	22	12
	<b>3,046</b>	<b>3,697</b>
<i>Foreign Bank</i>		
Banco do Brasil NY FUNBIO	8	8
Banco do Brasil NY - Invest. ALLO - ADM	489	273
	<b>497</b>	<b>281</b>
<b>Total cash and cash equivalents</b>	<b>3,545</b>	<b>3,982</b>

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

Description	12/31/2019	12/31/2018
<i>Short-term investments in Brazil</i>		
Banco do Brasil RF LP -GEF Agency Grant Proespecies.	-	3,590
Banco do Brasil CDB - GEF Agency FUNBIO	2,951	3,643
Banco do Brasil CDB - GEF Agency Project	83	80
Banco do Brasil CDB -GEF Agency Grant Proespecies.	6,038	-
Banco do Brasil RF REF DI VIP - GEF Agency Grant Proespecies.	1,104	-
<b>Total funds related to GEF Agency</b>	<b>10,176</b>	<b>7,313</b>

## Fundo Brasileiro para a Biodiversidade - Funbio

Notes to financial statements (Continued)  
December 31, 2019 and 2018  
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### 5. Cash and cash equivalents, FRF, funds related to projects and GEF Agency (Continued)

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

Description	12/31/2019	12/31/2018
<i>Banks in Brazil<sup>(1)</sup></i>	<b>1,832</b>	1,844
	<b>1,832</b>	1,844
<i>Short-term investment in Brazil - Bank Deposit Certificate (CDB)</i>		
Itaú CDB – Fauna (Fauna Portfolio)	549	455
Bradesco - FMA Agreement - Instr. III -A - Finan. Trustee <sup>(2)</sup>	30,195	32,391
Bradesco - FMA Agreement - Instr. I-A Envir. Compensation <sup>(2)</sup>	40,077	74,121
Bradesco - FMA Agreement - Instr. V - TAC <sup>(2)</sup>	2,303	5,194
Bradesco - FMA Agreement - Instr. I-C Res. Land Reg. <sup>(2)</sup>	9,024	5,990
Bradesco - FMA Agreement - Instr. IV - OP. Forest Rest. <sup>(2)</sup>	2,585	2,470
Bradesco - FMA Agreement - Instr. I-B CA Federal <sup>(2)</sup>	3,280	3,131
Bradesco - FMA Agreement - Instr. VI - OP. Other Sources <sup>(2)</sup>	6,117	1
Banco do Brasil CDB - FMA CV	-	327
Banco do Brasil CDB - AFCOF III	16	224
Banco do Brasil CDB - TAC Frade - Fishing and Marine Research <sup>(3)</sup>	16,253	21,519
Banco do Brasil CDB - TAC Frade Porpoise Conservation	8,844	11,626
Banco do Brasil CDB – GEF MAR	3,906	3,877
Banco do Brasil CDB - GEF Nutrition	-	16
Banco do Brasil CDB – Kayapó	7	225
Banco do Brasil CDB - KfW ARPA 2 <sup>nd</sup> Phase	-	89
Banco do Brasil CDB – Project K	-	150
Banco do Brasil CDB - RVS Rio da Prata	551	525
Banco do Brasil CDB – TFCA	-	97
Banco do Brasil CDB – TAC Frade Cons. of Protected Areas RJ <sup>(3)</sup>	12,971	14,003
Banco do Brasil CDB - TAC Frade Cras RJ	2,907	2,801
Banco do Brasil CDB - TAC Frade Environmental Educ. <sup>(3)</sup>	13,390	13,017
Banco do Brasil CDB – Rock in Rio	1,007	508
Banco do Brasil CDB – Probio MMA Balance	32	295
Banco do Brasil CDB - TAC Frade UCs Fed. Phase II	7,770	9,011
Banco do Brasil CDB - TAC Frade Environmental Educ. Phase II	9,744	9,305
Banco do Brasil CDB - TAC Frade Cras Phase II	2,858	1,360
Banco do Brasil CDB - Funbio Scholarship	580	1,011
Banco do Brasil CDB - Gef MAR - Petrobras <sup>(3)</sup>	49,682	27,188
Banco do Brasil CDB - “Manguezais Amazônicos”	-	105
Banco do Brasil CDB - GEF Land	6	583
Banco do Brasil CDB - REM Mato Grosso <sup>(3)</sup>	14,407	22,124

## Fundo Brasileiro para a Biodiversidade - Funbio

Notes to financial statements (Continued)  
December 31, 2019 and 2018  
(In thousands of reais)

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

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

<i>Description</i>	12/31/2019	12/31/2018
<i>Short-term investment in Brazil - Bank Deposit Certificate (CDB) -</i>		
Continued		
Banco do Brasil CDB - FT Operational	2,595	21
Banco do Brasil CDB - TCA CSN Volta Verde	4,276	-
Banco do Brasil CDB - PMLM - SP	227	-
Banco do Brasil CDB - ExxonMobil	286	-
Banco do Brasil CDB - TAJ Santos	363	-
Banco do Brasil CDB - R20	2	-
	<b>246,810</b>	263,760
<i>Short-term investments in Brazil - Fixed income</i>		
Bradesco - FMA Agreement - Instr. V - TAC <sup>(2)</sup>	-	396
Bradesco - FMA Agreement - Instr. VI - OP. Other Sources <sup>(2)</sup>	-	5,846
Bradesco - FMA Agreement - Instr. I-C Res. Land Reg. <sup>(2)</sup>	-	2,619
Banco do Brasil RF LP - PROBIO Opportunity Fund	-	3,716
Banco do Brasil RF LP – TFCA	-	230
Banco do Brasil RF DI VIP - PROBIO Opportunity Fund	2,900	-
Banco do Brasil RF LP CORPORATE - REM Mato Grosso <sup>(4)</sup>	76,270	-
	<b>79,170</b>	12,807
<i>Other short-term investments in Brazil</i>		
Itaú PRIV EXCLUSIVE FIC - Fauna Fund Portfolio	139	133
Itaú Repurchase Agreement ID - Fauna (Fauna Portfolio)	-	68
	<b>139</b>	201
<i>Banks and foreign investments</i>		
Banco do Brasil Frankfurt - FFEM	-	244
Banco do Brasil NY - Project k	-	8
Banco do Brasil Frankfurt - Mata Atlântica III	1,427	1,530
Banco do Brasil NY short-term investment - Project k	-	92
	<b>1,427</b>	1,874
<b>Total funds related to projects in current assets</b>	<b>329,378</b>	<b>280,486</b>

(1) This account comprises various domestic current 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, making it possible to Funbio to make its daily payment operations, in its Operational Manager activity. Cooperation Agreement No. 04/2016, clause 3, About the intermediation, paragraph 2, establishes that "the Operational Manager (Funbio) is hold harmless from any liability for the financial operation of the funds, its investments and yields".

(3) These project funds were invested in CDBs acquired from Banco do Brasil S/A traded at the rate of 97% to 101% of the CDI.

(4) In 2019, REM Mato Grosso project received R\$75,991 from KFW, which were invested in LP Corporate Fixed Income at Banco do Brasil. The performance fee equivalent to 20% based on the Fund's surplus (deficit), on profitability that exceeds the ID daily average rate of one day, according to the regulation of the Banco do Brasil Fund.

## Fundo Brasileiro para a Biodiversidade - Funbio

Notes to financial statements (Continued)  
December 31, 2019 and 2018  
(In thousands of reais)

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

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

Description	12/31/2019	12/31/2018
<i>Short-term investments in Brazil - Asset Manager</i>		
Itaú Pragma BANYAN - Kayapó Fund <sup>(1)</sup>	274	258
Itaú Pragma LIBER MM - Kayapó Fund <sup>(1)</sup>	4,032	3,825
Itaú Pragma LYNX MM – Kayapó Fund <sup>(1)</sup>	839	762
Itaú Pragma HONOR - Kayapó Fund <sup>(1)</sup>	1,843	1,311
Itaú Pragma LYNX II - Kayapó Fund <sup>(1)</sup>	-	40
Itaú Private EFFICAX - Kayapó Fund <sup>(1)</sup>	12,989	12,758
Itaú Pragma LYNX II – Transition Fund - FT <sup>(2)</sup>	-	7
Itaú Pragma HONOR – Transition Fund - FT <sup>(2)</sup>	11,046	1,609
Itaú Pragma SUMAUMA – Transition Fund - FT <sup>(2)</sup>	117,963	106,843
Itaú Private EFFICAX - Transition Fund - FT <sup>(2)</sup>	12,898	14,719
BYN Mellon – Transition Fund - FT <sup>(2)</sup>	-	406
Itaú - World EQ Fia - Transition Fund - FT <sup>(2)</sup>	2,907	946
Itaú Pragma ARES - Transition Fund - FT KfW <sup>(2)</sup>	-	190
Itaú Pragma HONOR – Transition Fund - FT KfW <sup>(2)</sup>	-	7,792
Itaú Pragma LIBER – Transition Fund - FT KfW <sup>(2)</sup>	-	64
Itaú Private EFFICAX - FT KfW <sup>(2)</sup>	-	4,191
Itaú Pragma LIBER - Bahia and ES Fund <sup>(3)</sup>	1,498	1,319
Itaú Pragma HONOR – Bahia and ES Fund <sup>(3)</sup>	1,177	824
Itaú Pragma ARES – Bahia and ES Fund <sup>(3)</sup>	855	664
Itaú EFFICAX - Bahia and ES Fund <sup>(3)</sup>	656	757
Itaú World EQ Fia - Bahia and ES Fund <sup>(3)</sup>	450	-
BNY Mellon – Bahia and ES Fund <sup>(3)</sup>	-	386
Itaú Pragma LIBER - Amapá Fund <sup>(4)</sup>	1,964	1,733
Itaú Pragma ARES - Amapá Fund <sup>(4)</sup>	1,120	880
Itaú Pragma HONOR – Amapá Fund <sup>(4)</sup>	1,525	1,061
Itaú Private EFFICAX - Amapá Fund <sup>(4)</sup>	843	925
BNY Mellon - Amapá Fund <sup>(4)</sup>	-	544
Itaú World EQ Fia - Amapá Fund <sup>(4)</sup>	595	-
	<b>175,474</b>	<b>164,814</b>
<i>Foreign Banks</i>		
Itaú MIAMI - Amapá Fund <sup>(4)</sup>	35	294
Itaú Miami - Bahia and ES Fund <sup>(3)</sup>	47	36
Julius Bär – Transition Fund <sup>(2)</sup>	-	10,172
	<b>82</b>	<b>10,502</b>
<i>Foreign financial investments</i>		
Itaú MIAMI - Amapá Fund <sup>(4)</sup>	6,415	4,995
Itaú MIAMI - BA and ES Fund <sup>(3)</sup>	4,851	3,957
Julius Bär - Transition Fund <sup>(2)</sup>	421,377	323,149
	<b>432,643</b>	<b>332,101</b>
<b>Total funds related to projects in noncurrent assets</b>	<b>608,199</b>	<b>507,417</b>

## Fundo Brasileiro para a Biodiversidade - Funbio

Notes to financial statements (Continued)  
December 31, 2019 and 2018  
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### 5. Cash and cash equivalents, FRF, funds related to projects and GEF Agency (Continued)

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

*Asset Manager and types of investment:*

#### (1) Kayapó Fund

Local portfolio:	Fixed income Low Vol	70%
	Fixed income	20%
	Variable income	10%

#### (2) Transition Fund

Local portfolio:	Fixed income Low Vol	30%
	Fixed income	48%
	Hedge Fund	10%
	Variable income	8%
	Variable income off	4%

#### - Transition Fund (Julius Bär)

Local portfolio:	CHF Cash	0.01%
	DKK Cash	0.03%
	EUR Cash	0.05%
	USD Cash	0.11%
	Short-term investments -TREAS BILL	6.22%
	Forward transactions	-0.05%
	Fixed income - Bonds	30.12%
	Variable income - Equites	59.66%
	Alternative Investments	3.85%

#### (3) AFPA BA and ES Fund

Local portfolio:	Fixed income Low Vol	14%
	Fixed income	32%
	Hedge Fund	18%
	Variable income	26%
	Variable income off	10%
Off portfolio:	Fixed income Low Vol	16%
	Fixed income	23%
	Variable income	61%

## Fundo Brasileiro para a Biodiversidade - Funbio

Notes to financial statements (Continued)  
December 31, 2019 and 2018  
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### 5. Cash and cash equivalents, FRF, funds related to projects and GEF Agency (Continued)

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

*Asset Manager and types of investment: (Continued)*

##### (4) Amapá Fund

Local portfolio:	Fixed income Low Vol	14%
	Fixed income	32%
	Hedge Fund	18%
	Variable income	26%
	Variable income off	10%
Off portfolio:	Fixed income Low Vol	18%
	Fixed income	22%
	Variable income	60%

#### 5.e) Breakdown of the balances of FUNBIO Resources Fund ("FRF"):

Description	12/31/2019	12/31/2018
<i>Short-term investments in Brazil - Asset Manager<sup>(1)</sup></i>		
Itaú Pragma LIBER - FUNBIO Resources Fund ("FRF")	10,033	8,851
Itaú Pragma LYNX II - FUNBIO Resources Fund ("FRF")	-	16
Itaú Pragma HONOR - FUNBIO Resources Fund ("FRF")	3,365	2,423
Itaú Pragma LYNX MM - FUNBIO Resources Fund ("FRF")	1,166	1,098
Itaú Private EFFICAX - FRF	7,099	8,318
Credit Suisse - FUNBIO Resources Fund ("FRF")	5,045	3,568
BNY Mellon - FRF	-	2,178
Itaú Private Shares Index - FRF	968	-
Itaú World EQ Fia - FRF	2,385	-
<b>Total FUNBIO Resources Fund ("FRF")</b>	<b>30,061</b>	<b>26,452</b>

*Asset Manager and types of investment:*

##### (1) FRF

Local portfolio:	Fixed income Low Vol	27%
	Fixed income	33%
	Hedge Fund	17%
	Variable income	15%
	Variable income off	8%

## Fundo Brasileiro para a Biodiversidade - Funbio

Notes to financial statements (Continued)  
December 31, 2019 and 2018  
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### 5. Cash and cash equivalents, FRF, funds related to projects and GEF Agency (Continued)

The amounts stated as cash, domestic banks, foreign banks and financial investments represent the Institution's own balances, which are intended for operational and administrative maintenance thereof, and these are readily convertible into cash and subject to insignificant risk of change in value. Financial investments consist of Funds and Bank Deposit Certificates (CDBs) acquired at rates ranging from 96% to 101% (96% to 101% at December 31, 2018) of the Interbank Deposit Certificate (CDI) rate, and are recorded at the invested amount, plus income earned through the statement of financial position date.

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

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

### 6. Property and Equipment (PE)

#### 6.1. Breakdown

Description	Annual depreciation rate	12/31/2019		Property and equipment, net	Property and equipment, net at 12/31/2018
		Cost	Accumulated depreciation		
Furniture and fixtures	10%	570	(105)	465	521
Machinery and equipment	10%	249	(115)	134	150
IT equipment	20%	1,111	(851)	260	362
Leasehold improvements	4% to 33%	1,016	(545)	471	494
<b>Total</b>		<b>2,946</b>	<b>(1,616)</b>	<b>1,330</b>	<b>1,527</b>

## Fundo Brasileiro para a Biodiversidade - Funbio

Notes to financial statements (Continued)  
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### 6. Property and Equipment (PE) - Continued

#### 6.2. Changes

Description	Furniture and fixtures	Machinery and equipment	IT equipment	Leasehold improvements	Total
<b>Balance at December 31, 2017</b>	49	110	366	154	679
Acquisitions	515	65	174	354	1,108
Write-offs	(8)	(5)	(23)	-	(36)
Depreciation	(35)	(20)	(155)	(14)	(224)
<b>Balance at December 31, 2018</b>	<b>521</b>	<b>150</b>	<b>362</b>	<b>494</b>	<b>1,527</b>
Acquisitions	-	6	44	-	50
Depreciation	(56)	(22)	(146)	(23)	(247)
<b>Balance at December 31, 2019</b>	<b>465</b>	<b>134</b>	<b>260</b>	<b>471</b>	<b>1,330</b>

#### Impairment of assets

In the year ended December 31, 2019, the Institution's management did not find any indicators that the carrying amount of certain assets could be higher than their recoverable amount.

### 7. Trade accounts payable

Trade accounts payable	12/31/2019	12/31/2018
Alegra Indústria e Comércio LTDA	-	84
Ferrari & Cia Ltda.	168	286
A.F. Comércio e Serviços Técnicos Ltda	14	14
Indra Com. De Máquinas e Motores	116	30
Flexboat Construções Náuticas Ltda.	50	-
Tração Digital Soluções Em Tecnologia Ltda	7	-
Aurivaldo Moreira De Almeida Eireli - Me	33	-
Accordes Hotel Ltda	118	-
Posto Chibatão Com. Varejista de Comb. e Lubrificantes Ltda - EPP	26	-
Marcelo Rocha da Costa Me	11	-
LZ Comercio de Moveis Ltda	19	-
Centro Automotivo Platinado	8	-
Forma Confeccões Ltda	12	-
Voare Taxi Aéreo Ltda	22	-
Fundação de Apoio à Pesquisa -FUNAPE	185	-
Santiago & Cintra Consultoria Ltda	636	-
Empresa Brasileira de Correios e Telégrafos	13	-
Aquatur - Martins & Vale Serviços Ltda - ME	9	-
H de Almeida Pinheiro Eireli - Me	9	-
Carla Isobel Elliff	12	-
Joelson Leal de Lima	12	-
Outros	45	-
<b>Total</b>	<b>1,525</b>	<b>414</b>



## Fundo Brasileiro para a Biodiversidade - Funbio

Notes to financial statements (Continued)  
December 31, 2019 and 2018  
(In thousands of reais)

### 8. Payroll and labor obligations

Description	12/31/2019	12/31/2018
Accrued vacation pay and related charges	1,340	1,334
Salaries payable	453	473
Withholding Income Tax (IRRF) payable	281	275
Social Security Tax (INSS) payable	195	220
Unemployment Compensation Fund (FGTS) payable	78	78
Contribution Tax on Gross Revenue for Social Integration Program (PIS) payable	7	10
Other	21	19
<b>Total</b>	<b>2,375</b>	<b>2,409</b>

## Fundo Brasileiro para a Biodiversidade - Funbio

Notes to financial statements (Continued)

December 31, 2019 and 2018

(In thousands of reais)

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

#### Changes in balances of projects for 2019

	12/31/2018	Funds received	Short-term investment yields	Finance costs	Exchange differences	Funds executed	Provisioning under execution	Transfers (FUNBIO revenue) <sup>(3)</sup>	Transfer to IDG <sup>(1)</sup>	Disbursements on internal transfers	Other transfers	12/31/2019	Note
ARPA 2 <sup>nd</sup> Phase - KfW	67	-	1	(1)	-	(175)	-	-	-	-	108	-	9.1
ARPA FT – Operational	1,196	-	219	(182)	-	(38,330)	(441)	(7,057)	-	48,500	(186)	3,719	9.1
FMA Agreement- Instr. I-A Envir. Compensation [Brad. 3000-7] <sup>(1)</sup>	74,121	-	3,142	(1)	-	(7,382)	-	(1,802)	(28,000)	-	-	40,078	9.2
FMA Agreement- Instr. I-B CA Federal (Brad. 3001-5)	3,133	-	159	-	-	-	-	(11)	-	-	-	3,281	9.2
FMA Agreement- Instr. I-C Res. Land Regulation (Brad. 3002-3)	8,610	-	424	-	-	(9)	-	-	-	-	-	9,025	9.2
FMA Agreement- Instr. II - OP. Donations (Brad. 3003-1)	-	-	-	-	-	-	-	-	-	-	-	-	9.2
FMA Agreement- Instr. III - A - Finan. Trustee (Brad. 3005-8) <sup>(1)</sup>	32,391	215	1,589	-	-	-	-	-	(4,000)	-	-	30,195	9.2
FMA Agreement- Instr. III-B - Finan. Trustee CV (BB 25.738-3) <sup>(2)</sup>	327	-	9	(2)	-	(337)	-	-	-	-	3	-	9.2
FMA Agreement- Instr. IV - OP. Forest Rest. (Brad. 3008-2)	2,471	34	123	-	-	-	-	(43)	-	-	-	2,585	9.2
FMA Agreement- Instr. V - TAC [Brad. 3009-0] <sup>(1)</sup>	5,590	-	210	(1)	-	(1,926)	-	(287)	(1,800)	-	516	2,302	9.2
FMA Agreement- Instr. VI - OP. Other Sources (Brad. 3010-4)	5,848	-	291	-	-	-	-	(22)	-	-	-	6,117	9.2
Tropical Forest Conservation Act (TFCA)	327	-	6	-	-	(306)	-	(32)	-	-	5	-	9.3
Kayapó Operational	226	-	8	-	-	(719)	-	(133)	-	636	-	18	9.4
Adoption of parks	525	-	26	-	-	-	-	-	-	-	-	551	9.5
Opportunity Fund – Probio II	3,715	-	151	-	-	(805)	-	(160)	-	-	-	2,901	9.6
Fauna Brasil Portfolio - Spix's Macaw	-	-	-	-	-	-	-	-	-	-	-	-	9.7
Fauna Brasil Fund Portfolio	656	-	39	(7)	-	-	-	-	-	-	-	688	9.7
GEF Nutrition	21	88	-	-	-	-	-	(109)	-	-	-	-	9.8
GEF Mar	3,810	4,893	178	(1)	-	(4,743)	(203)	(229)	-	-	49	3,754	9.9
GEF Mar - Petrobras	27,213	30,000	1,747	(13)	-	(7,611)	(132)	(1,648)	-	-	-	49,556	9.9
Project K - KNOWLEDGE FOR ACTION	493	136	3	(8)	(6)	(526)	-	(98)	-	-	6	-	9.10
Moore Sustainability	-	-	-	-	-	-	-	-	-	-	-	-	9.11
TAC Frade - Fishing and Marine Research	21,521	-	888	-	-	(5,691)	-	(467)	-	-	4	16,255	9.12
TAC Frade - Porpoise Conservation	11,626	-	450	-	-	(2,991)	-	(241)	-	-	-	8,844	9.12
TAC Frade - Environmental Education	13,015	-	641	-	-	(117)	-	(147)	-	-	-	13,392	9.12
TAC Frade - Environmental Education - Phase II	9,305	-	454	-	-	-	-	(15)	-	-	-	9,744	9.12
TAC Frade - Conservation of Protected Areas	14,003	-	660	-	-	(1,564)	-	(128)	-	-	-	12,971	9.12
TAC Frade - Conservation of Protected Areas - Phase II	9,008	-	394	(1)	-	(1,466)	(1)	(166)	-	-	-	7,768	9.12
TAC Frade - CRAS RJ	2,802	-	141	-	-	-	-	(35)	-	-	-	2,908	9.12
TAC Frade - CRAS RJ - Phase II	1,361	1,526	114	-	-	-	-	(141)	-	-	-	2,860	9.12
TAC Aerovale Caçapava	-	-	-	-	-	-	-	-	-	-	-	-	9.13
R20	-	314	-	(1)	-	(267)	-	(46)	-	-	-	1	9.14
Amazônia Live - Rock in Rio	509	500	30	-	-	(18)	-	(14)	-	-	-	1,007	9.15
Mata Atlântica III	1,754	3,333	20	(15)	(57)	(2,587)	-	(926)	-	-	-	1,522	9.16
Cooperation Agreement between Funbio and MMA - Probio II	312	-	1	(1)	-	(281)	-	-	-	-	-	31	9.17
FUNBIO Scholarships - Preserving the Future	1,006	1,000	10	(1)	-	(1,431)	(5)	-	-	-	-	579	9.18
Sítios Ramzar (Manguezais Amazônicos)	106	82	3	(2)	-	(189)	-	-	-	-	(1)	(1)	9.19
GEF Land	232	-	19	-	(18)	(366)	-	(244)	-	-	383	6	9.20
REDD Early Movers Mato Grosso - REM MTMT	22,125	75,992	2,039	(296)	-	(7,723)	(780)	(1,400)	-	-	(57)	89,900	9.21
TCA CSN - Volta Verde	-	5,413	136	-	-	(608)	-	(665)	-	-	-	4,276	9.22
Exxon Mobil - AMLD	-	941	4	-	-	(564)	-	(94)	-	-	-	287	9.23
PMLM-SP	-	324	3	-	-	(61)	(12)	(35)	-	-	-	219	9.24
TAJ Santos - PERB	-	360	3	-	-	-	-	-	-	-	-	363	9.25
<b>Subtotal</b>	<b>279,425</b>	<b>125,151</b>	<b>14,335</b>	<b>(533)</b>	<b>(81)</b>	<b>(88,793)</b>	<b>(1,574)</b>	<b>(16,395)</b>	<b>(33,800)</b>	<b>49,136</b>	<b>830</b>	<b>327,701</b>	

## Fundo Brasileiro para a Biodiversidade - Funbio

Notes to financial statements (Continued)  
December 31, 2019 and 2018  
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### 9. Third-party funds related to projects (Continued)

#### Changes in balances of projects for 2019 (Continued)

<b>Subtotal</b>	<b>279,425</b>	<b>125,151</b>	<b>14,335</b>	<b>(533)</b>	<b>(81)</b>	<b>(88,793)</b>	<b>(1,574)</b>	<b>(16,395)</b>	<b>(33,800)</b>	<b>49,136</b>	<b>830</b>	<b>327,701</b>	
Transition Fund	470,089	41,427	82,457	(3,714)	24,431	-	-	-	-	(48,500)	-	566,190	9.1
Kayapó Fund	18,953	-	2,007	(348)	-	-	-	-	-	(636)	-	19,976	9.4
Amapá Fund	10,432	-	1,979	(161)	248	-	-	-	-	-	-	12,498	9.26
Abrolhos Terra e Mar Fund (ATM Fund)	7,943	-	1,542	(143)	193	-	-	-	-	-	-	9,535	9.27
<b>Subtotal</b>	<b>507,417</b>	<b>41,427</b>	<b>87,985</b>	<b>(4,366)</b>	<b>24,872</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(49,136)</b>	<b>-</b>	<b>608,199</b>	
<b>Total</b>	<b>786,842</b>	<b>166,578</b>	<b>102,318</b>	<b>(4,899)</b>	<b>24,791</b>	<b>(88,793)</b>	<b>(1,574)</b>	<b>(16,393)</b>	<b>(33,800)</b>	<b>-</b>	<b>830</b>	<b>935,900</b>	
<b>Current assets</b>	<b>279,428</b>											<b>327,701</b>	
<b>Noncurrent liabilities</b>	<b>507,417</b>											<b>608,199</b>	

- (1) On October 7 and 11, 2019, by virtue of Agreement No. 004/2016, the amount of R\$33,800 was transferred to Operational Manager Instituto de Desenvolvimento e Gestão (IDG).
- (2) In 2019, the amounts added totaled R\$368, of which R\$337 were accounted for and R\$33 were returned.
- (3) The total amount of R\$16,395 presented as Transfers (Funbio Revenue) refers to Project Reimbursement of R\$13,122 - explained through Note 12; Recovery of Costs of R\$3,264 - shown in Note 13; and R\$9 relating to the return of the remaining balance of the TAC Aerovale Project, mistakenly appropriated in 2018.
- (4) Within the total executed amount of R\$88,783, R\$15,830 were disbursed to partners.

## Fundo Brasileiro para a Biodiversidade - Funbio

Notes to financial statements (Continued)

December 31, 2019 and 2018

(In thousands of reais)

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

#### Changes in balances of projects for 2018

	12/31/2017	Funds received	Short-term investment yields	Finance costs	Exchange differences	Funds executed	Provisioning under execution	Transfers (FUNBIO revenue) <sup>(4)</sup>	Transfer to IDG <sup>(1)</sup>	Disbursements/ internal transfer	Other transfers	12/31/2018
ARPA 2nd Phase-GEF BM	160	-	4	-	-	-	-	(4)	-	-	(160)	-
ARPA 2nd Phase -KfW	6,593	4,187	(11)	(38)	(81)	(8,698)	(22)	(2,111)	-	-	248	67
ARPA FT – Operational	5,398	-	181	(160)	-	(39,971)	(416)	(4,249)	-	40,500	(87)	1,196
ARPA FT-IDB MSC	282	598	10	(3)	-	(706)	-	(111)	-	-	(70)	-
ARPA FT-IDB SCI	2,301	1,573	48	(8)	-	(3,263)	-	(364)	-	-	(287)	-
FMA Agreement- Instr. I-A Envir. Compensation [Brad. 3000-7] <sup>(1)</sup>	125,231	238	4,838	(1)	-	(18,653)	-	(2,250)	(35,282)	-	-	74,121
FMA Agreement- Instr. I-B CA Federal (Brad. 3001-5)	2,991	-	154	-	-	-	-	(12)	-	-	-	3,133
FMA Agreement- Instr. I-C Res. Land Regulation (Brad. 3002-3)	8,636	-	455	-	-	(481)	-	-	-	-	-	8,610
FMA Agreement- Instr. II - OP. Donations (Brad. 3003-1)	-	-	-	-	-	-	-	-	-	-	-	-
FMA Agreement- Instr. III -A - Finan. Trustee (Brad. 3005-8)	30,842	-	1,549	-	-	-	-	-	-	-	-	32,391
FMA Agreement- Instr. III-B - Finan. Trustee CV (BB 25.738-3) <sup>(2)</sup>	1,054	-	40	(8)	-	(788)	-	-	-	-	29	327
FMA Agreement- Instr. IV - OP. Forest Rest. (Brad. 3008-2)	2,324	39	121	-	-	-	-	(13)	-	-	-	2,471
FMA Agreement- Instr. V - TAC [Brad. 3009-0]	13,370	-	532	-	-	(7,926)	-	(386)	-	-	-	5,590
FMA Agreement- Instr. VI - OP. Other Sources (Brad. 3010-4) <sup>(3)</sup>	15,420	-	520	-	-	-	-	(55)	(10,037)	-	-	5,848
Tropical Forest Conservation Act (TFCA)	908	-	28	-	-	(601)	-	(65)	-	-	57	327
Kayapó Operational	248	234	12	-	-	(784)	-	(105)	-	620	-	226
Adoption of parks	604	-	33	(2)	-	(110)	-	-	-	-	-	525
Opportunity Fund - Probio II	5,696	-	219	-	-	(1,950)	-	(266)	-	-	16	3,715
Fauna Brasil Portfolio - Spix's Macaw	135	-	4	(1)	-	(123)	-	(15)	-	-	-	-
Fauna Brasil Portfolio - Sirenians	26	-	-	-	-	(3)	-	-	-	(23)	-	-
Fauna Brasil Fund Portfolio	602	-	38	(6)	-	-	-	(1)	-	23	-	656
ARPA for Life – New Sources	-	-	-	-	-	-	-	-	-	-	-	-
GEF Nutrition	574	689	41	(4)	-	(862)	-	(422)	-	5	-	21
Paiteer Suruí Fund	-	-	-	-	-	-	-	-	-	-	-	-
GEF Mar	1,915	12,808	71	(17)	-	(10,188)	(46)	(733)	-	-	-	3,810
GEF Mar – Petrobras	-	27,500	162	(3)	-	(446)	-	-	-	-	-	27,213
Projeto K - KNOWLEDGE FOR ACTION	1,428	1,394	8	(13)	96	(2,236)	-	(185)	-	-	-	493
Moore Sustainability	-	-	-	-	-	-	-	-	-	-	-	-
TAC Frade - Fishing and Marine Research	16,284	11,252	725	-	-	(5,295)	-	(1,445)	-	-	-	21,521
TAC Frade - Porpoise Conservation	8,876	5,006	410	-	-	(1,971)	-	(695)	-	-	-	11,626
TAC Frade - Environmental Education	8,051	5,190	480	-	-	(165)	-	(541)	-	-	-	13,015
TAC Frade - Environmental Education - Phase II	2,976	6,706	263	-	-	-	-	(640)	-	-	-	9,305
TAC Frade - Conservation of Protected Areas	10,968	3,068	628	-	-	(176)	-	(485)	-	-	-	14,003
TAC Frade - Conservation of Protected Areas - Phase II	5,988	3,402	305	-	-	(295)	(2)	(390)	-	-	-	9,008
TAC Frade - CRAS RJ	2,697	-	143	-	-	(4)	-	(34)	-	-	-	2,802
TAC Frade - CRAS RJ - Phase II	-	1,468	48	-	-	-	-	(155)	-	-	-	1,361
TAC Aerovale Caçapava	34	147	1	-	-	(130)	-	(52)	-	-	-	-
R20	-	344	-	(1)	-	(309)	-	(34)	-	-	-	-
Amazônia Live - Rock in Rio	488	1,237	18	-	-	(1,016)	-	(218)	-	-	-	509
Funbio - Bioquiné	-	-	-	-	-	-	-	-	-	-	-	-
Mata Atlântica III	1,492	2,423	8	(8)	104	(1,000)	(2)	(699)	-	-	(564)	1,754

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

#### Changes in balances of projects for 2018 (Continued)

	12/31/2017	Funds received	Short-term investment yields	Finance costs	Exchange differences	Funds executed	Provisioning under execution	Transfers (FUNBIO revenue) <sup>(4)</sup>	Transfers to IDG <sup>(1)</sup>	Disbursements/ internal transfer	Other Transfer	12/31/2018
RedLac Meeting	-	-	-	-	-	-	-	-	-	-	-	-
Support to BIOFUND - Mozambique	6	-	-	-	-	-	-	-	-	-	(6)	-
Cop Cancun13	-	-	-	-	-	-	-	-	-	-	-	-
Federal Environmental Compensation in Amazon - CAF	1,478	-	48	(8)	-	(9)	-	321	-	-	(1,830)	-
Forest Innovation	3	322	9	(1)	-	(153)	-	(181)	-	-	1	-
Cooperation Agreement between Funbio and MMA - Probio II	548	-	25	-	-	(261)	-	-	-	-	-	312
Publication of state Protected Areas of Amazon Region	-	-	-	-	-	-	-	-	-	-	-	-
FUNBIO Scholarships - Preserving the Future	-	1,000	19	-	-	(13)	-	-	-	-	-	1,006
Manguezais Amazônicos - Sítios RAMSAR	-	143	-	-	-	(37)	-	-	-	-	-	106
GEF Land	-	586	-	(3)	-	(351)	-	-	-	-	-	232
REDD Early Movers Mato Grosso - REM MT	-	22,205	5	(85)	-	-	-	-	-	-	-	22,125
<b>Subtotal</b>	<b>286,627</b>	<b>113,759</b>	<b>12,192</b>	<b>(370)</b>	<b>119</b>	<b>(108,974)</b>	<b>(488)</b>	<b>(16,595)</b>	<b>(45,319)</b>	<b>(41,125)</b>	<b>(2,653)</b>	<b>279,425</b>
<b>Subtotal</b>	<b>286,627</b>	<b>113,759</b>	<b>12,192</b>	<b>(370)</b>	<b>119</b>	<b>(108,974)</b>	<b>(488)</b>	<b>(16,595)</b>	<b>(45,319)</b>	<b>(41,125)</b>	<b>(2,653)</b>	<b>279,425</b>
Transition Fund	426,802	39,065	(4,307)	(3,429)	52,458	-	-	-	(40,500)	-	470,089	-
Kayapó Fund	18,505	-	1,308	(240)	-	-	-	-	(620)	-	18,953	-
Amapá Fund	9,576	-	325	(269)	800	-	-	-	-	-	10,432	-
Abrilhos Terra e Mar Fund (ATM Fund)	7,237	-	164	(58)	600	-	-	-	-	-	7,943	-
<b>Subtotal</b>	<b>462,120</b>	<b>39,065</b>	<b>(2,510)</b>	<b>(3,996)</b>	<b>53,858</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(41,120)</b>	<b>-</b>	<b>507,417</b>	<b>-</b>
<b>Total</b>	<b>748,749</b>	<b>152,824</b>	<b>9,682</b>	<b>(4,364)</b>	<b>53,977</b>	<b>(108,975)</b>	<b>(488)</b>	<b>(16,596)</b>	<b>(45,319)</b>	<b>5</b>	<b>(2,654)</b>	<b>786,841</b>
Current	286,629	-	-	-	-	-	-	-	-	-	-	279,424
Noncurrent	462,120	-	-	-	-	-	-	-	-	-	-	507,417

(1) On May 15, 2018, by virtue of Agreement No. 004/2016, the amount of R\$35,282 was transferred to Operational Manager Instituto de Desenvolvimento e Gestão (IDG).

(2) In 2019, the amounts added totaled R\$785, of which R\$788 were accounted for, R\$26 were returned, remaining a balance of R\$29.

(3) On May 15, 2018, by virtue of Agreement No. 004/2016, the amount of R\$10,037 was transferred to Operational Manager Instituto de Desenvolvimento e Gestão (IDG).

(4) In the statement of surplus or deficit, the amount of R\$18,737, in addition to R\$16,596 (NF-e 15 and 16), includes: R\$598 relating to assets and R\$883 (NF-e 17) relating to Rendering of services.

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

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

#### 9.1. Amazon Region Protected Areas (ARPA) Program

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

FUNBIO is the program's financial manager, performing the acquisitions and engagement activities for the Protected Areas and performing the Fund's asset management that ensures the program's sustainability in the long term. The Transition Fund incorporated funds from the Amazon Region Protected Areas Fund ("FAP"), organized in the program's first phase, and has been leveraging new funds from the Cooperation International and private donations, with the goal to reach US\$215 million. 2019 highlights include:

- In the second half of 2019, the planning workshops of the 2020/2021 OP (Operational Plan) were held, bringing together managing professionals, focal points and Program Coordination (Ministry of the Environment - MMA). The plans developed in these workshops were approved at the beginning of this year and will support the execution over the next two years.
- The Transition Fund's valued portfolio reached the amount of R\$573,608 and R\$566,190 (R\$470,088 in 2018) after considering the provision for IR, a net increase of 20%, arising from new deposits received from GEF donations through the World Bank and Anglo American, short-term investment yields and foreign exchange differences, the latter impacted by the appreciation of approximately 4.02% of the foreign currency (US\$) included in the investment portfolio;

## Fundo Brasileiro para a Biodiversidade - Funbio

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

#### 9.1. Amazon Region Protected Areas (ARPA) Program (Continued)

- The contract with the Ministry of Economic Cooperation and Development of Germany (BMZ), entered into with Kfw-Entwicklungsbank (German Development Bank) for Phase II, in the amount of €20,000, was terminated in April 2019 with an execution of R\$175 (R\$10,809 in 2018), and total execution of R\$71,200;
- ARPA FT Operational account received R\$48,500 (R\$40,500 in 2018) from the Transition Fund in 2019 and execution totaled R\$45,387 (R\$44,220 in 2018).

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

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

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

##### 9.2.1. SNUC Environmental Compensation Operational Instrument

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

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

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

##### 9.2.1. SNUC Environmental Compensation Operational Instrument (Continued)

###### a) *Project portfolio approved by CCA/RJ*

Intended for the implementation of projects presented by municipal, state and federal environmental agencies, as well as those intended for the management of Private Natural Heritage Reserves ("RPPN"), and approved by CCA/RJ, whose purpose is the support for the implementation and maintenance of one, or more, full protection Protected Areas. This portfolio received the initial balance of R\$179,900 from Agreement No. 003/2009 terminated on November 14, 2016. During the effective term of Cooperation Agreement in 2019, the amount of R\$9,184 (R\$20,903 in 2018) was executed, without receipt of new funds (R\$238 in 2018), and yields from this portfolio amounted to R\$3,142 (R\$4,838 in 2018). In 2019, according to the 2nd amendment to Agreement No. 004/2016, through which resources under FUNBIO's operational management were transferred to other operational managers selected by the State Environment Secretariat ("SEA"), FUNBIO transferred the amount of R\$28,000 (R\$35,282 in 2018) to the Operational Manager Instituto de Desenvolvimento e Gestão (IDG). Therefore, the balance of this portfolio at the end of 2019 amounts to R\$40,078 (R\$74,121 in 2018).

###### b) *Project portfolio arising from federal environmental compensation*

Agreement intended for the implementation of projects at Protected Areas, presented by the Brazilian Institute of Environment and Renewable Natural Resources ("IBAMA"), whose purpose is the support for the implementation and maintenance of one or more state Protected Areas. In 2019 and 2018, this portfolio received no funds. In 2019, R\$11 (R\$12 in 2018) were executed, yields of approximately R\$159 (R\$154 in 2018) were generated and the year was closed with a balance of approximately R\$3,281 (R\$3,133 in 2018).



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

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

##### 9.2.1. SNUC Environmental Compensation Operational Instrument (Continued)

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

Aimed specifically to land regularization of protected areas established by the Rio de Janeiro State Government, made as public domain and the expropriated owner being compensated through legal or administrative agreement. In 2019 and 2018, no funds were received. In 2019, R\$9 (R\$481 in 2018) were executed, yields of approximately R\$424 (R\$455 in 2018) were generated and the year was closed with a balance of approximately R\$9,025 (R\$8,610 in 2018).

##### 9.2.2. Operational Instrument for Donation

Mechanism intended to operate projects from national and international donation resources aimed at biodiversity protection and conservation, approved by SEA/RJ, which is executed through projects and accompanied by FMA's computerized system. This instrument received no funds by the end of 2019.

##### 9.2.3. Trust Financial Instrument

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

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

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

##### 9.2.3. Trust Financial Instrument (Continued)

###### a) *Trust Fund Financial Instrument*

In 2016, it received the amount of R\$27,800 arising from transfer of balance of the Trust Instrument of Agreement No. 003/2009 and during the effective term of the Cooperation Agreement in 2019, it received funds amounting to R\$215. No funds were received in 2018. In addition, yields amounting to R\$1,589 (R\$1,549 in 2018) were generated. In 2019, according to the 2nd amendment to Agreement No. 004/2016, through which resources under FUNBIO's operational management were transferred to other operational managers selected by the State Environment Secretariat ("SEA"), FUNBIO transferred the amount of R\$4,000 to the Operational Manager Instituto de Desenvolvimento e Gestão (IDG), closing 2019 with a balance of R\$30,195 (R\$32,391 in 2018).

###### b) *Trust Financial Instrument of Restricted Account*

Consisting of a bank account No. 25.738-9 at Banco do Brasil that is used to feed 33 prepaid cards linked to the Protected Areas and Centers. At the end of Agreement No. 003/2009 and beginning of the Cooperation Agreement No. 04/2016, this account had a balance of R\$1,700 and, during the period of the Cooperation Agreement, through the end of 2019, the amount of R\$337 (R\$788 in 2018) was used to feed the cards; the amount of R\$9 (R\$40 in 2018) referring to yields was generated; R\$3 were returned (R\$29 in 2018); and the account balance was zeroed at the end of the year (R\$327 in 2018), as the remaining funds were returned to the Trust Fund Financial Instrument account (3005-8) in September 2019.

##### 9.2.4. Forest Restoration Operational Instrument

Mechanism intended to operate projects arising from the forest replacement obligation, provided for in Federal Law No. 11428/2007, due for cutting or removal of primary or secondary vegetation in the middle or advanced stages of regeneration of the Atlantic Forest Biome, authorized by INEA, as well as other obligations consisting of forest restoration. In the effective term of the Cooperation Agreement, this instrument received funds in the amount of R\$34 (R\$39 in 2018). In 2019, the amount of R\$43 (R\$13 in 2018) was executed and yields of R\$123 (R\$121 in 2018) were generated, remaining a balance of R\$2,585 (R\$2,471 in 2018) at the end of 2019.

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

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

##### 9.2.5. Conduct Adjustment Agreement ("TAC")

Mechanism intended to operate environmental projects from TACs entered into with individuals or legal entities to adjust their conduct with the environmental agency in relation to environmental damages caused by them. This instrument received R\$10,300 from the Other Sources Instrument of Agreement No. 003/2009, received no funds in 2019 and 2018 already during the effective term of Cooperation Agreement No. 04/2016, plus yields of R\$210 (R\$532 in 2018).

The amount of R\$2,213 (R\$8,312) was executed and R\$516 were returned. In addition, in 2019, according to the 2nd amendment to Agreement No. 004/2016, through which resources under FUNBIO's operational management were transferred to other operational managers selected by the State Environment Secretariat ("SEA"), FUNBIO transferred the amount of R\$1,800 to the Operational Manager Instituto de Desenvolvimento e Gestão (IDG), generating a balance of R\$2,302 (R\$5,590 in 2018) at the end of 2019.

##### 9.2.6. Operational Instrument of Other Sources

Mechanism to operate state environmental protection programs, the origin of which is not in the hypotheses of items I, II, III, IV and V. This instrument received R\$13,800 from the Other Sources Instrument of Agreement No. 003/2009, received no funds in 2019 and 2018, executed funds amounting to R\$22 (R\$55 in 2018) and generated yields of R\$291 (R\$520 in 2018). In 2019, according to the 2nd amendment to Agreement No. 004/2016, through which resources under FUNBIO's operational management were transferred to other operational managers selected by the State Environment Secretariat ("SEA"), FUNBIO transferred no amount (R\$10,037 in 2018) to the Operational Manager Instituto de Desenvolvimento e Gestão (IDG), closing 2019 with a balance of R\$6,117 (R\$5,848 in 2018).

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

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

#### 9.3. Tropical Forest Conservation Act (TFCA)

The Tropical Forest Conservation Act (TFCA) results from a bilateral agreement between Brazil and the United States, aimed at exchanging debts incurred by countries with the U.S. Government for investments in the conservation and sustainable use of forests. Worldwide, over ten countries have executed the agreement with the USA. FUNBIO is the executive secretariat of the TFCA Account, which receives the funds and allocates these to the projects at areas with remaining Atlantic Forest, Cerrado (savanna) and Caatinga (scrubland) biomes, which, together, cover approximately 50% of the country. The debt exchange totaled US\$20,842.

Since 2011, the TFCA has launched five calls for projects, which resulted in the support to 90 projects, which are included in the following thematic lines: Protected Areas; Landscape Management; Training; Species Management; Community Projects; Network Strengthening; Training for Mobilization of Financial Resources, and support to projects in the São Francisco river basin in Caatinga biome.

In 2018 and 2019, the operational TFCA Account received no additional portions. In 2019, the total amount of R\$338 (R\$666 in 2018) was executed, R\$5 (R\$57 in 2018) were returned and yields totaled R\$6 (R\$28 in 2018). This account had no balance at the end of the year (R\$327 in 2018).

In 2019, the following results were achieved:

- Completion of a project carried out by IA-RBMA institution, in March;
- Completion of the last project in progress - Integrated Fire Management in the Chapada dos Veadeiros National Park; This project was successfully carried out, however, due to a small delay in the process of one of the expected contracting, its closing was postponed by two months. Initially scheduled for May, the project completion took place in July.
- Production of a book with results from phases 2 and 3 (not yet disclosed);
- Closing of the project within the scheduled period, in November 2019.

#### 9.4. Kayapó Fund

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

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

#### 9.4. Kayapó Fund (Continued)

The three projects under implementation in the third cycle are:

##### 9.4.1. Strengthening of the Organizational Management and Production Activities of Kayapó Menkragnoti People in BR-163 Corridor (Xingu Basin)

The main purpose of this project is to strengthen the administrative capacity of Instituto Kabu, executing institution of the Project, to support income-generating initiatives to improve the quality of life in 10 villages in Baú and Menkragnotí areas, both in the state of Pará. These are low environmental impact projects aimed at strengthening the chains of Brazil nuts, cumaru, fibers, wood, cotton and resins intended for handicraft activities.

##### 9.4.2. Promote the Social, Economic, Land, Institutional, Cultural and Political Autonomy of Kayapó people, executed by Instituto Raoni

The main purpose of this project is to strengthen the social, economic and cultural autonomy, land protection and Kayapó people's effective participation in processes and levels of decision-making on matters of interest and assurance of their rights. The project is developed in 16 villages in two Indian lands, where more than 2 thousand indigenous people live: Menkragnoti, in state of Pará, and Capoto/Jarina, in Mato Grosso state. The main activities includes, but is not limited to, the promotion of increased production, management and sale of handicraft works, strengthening of the supply chain of cumaru and copaiba, support to the production of farms for subsistence and sale, and support to the inhibition of the presence of invaders and external threats, and exchange of experiences among indigenous in areas such as public policies, land and environmental management.

##### 9.4.3. Initiatives relating to Land and Environmental Management of Kayapó Communities, executed by the Protected Forest Association

The main purpose of this project is to strengthen Kayapó communities through protection and sustainable management of their land and natural resources as well as promotion of their economic and political autonomy. The project was implemented in 17 villages of three Indian lands: Kayapó, Menkragnoti and Las Casas, in stated of Pará, which, together, amount to 6 million hectares. The main activities supported are the empowerment for the protection of land, the strengthening of agroextractivism and handicraft supply chains for increased income generation and consolidation of institutional actions so that indigenous people may have greater protagonism.

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

#### 9.4. Kayapó Fund (Continued)

##### 9.4.3. Initiatives relating to Land and Environmental Management of Kayapó Communities, executed by the Protected Forest Association (Continued)

In addition to the supported projects, in 2019 Kayapó Fund completed the Diagnosis of the Fund's Effectiveness, in partnership with the Social and Environmental Institute ("ISA"), whereby fundamental data could be organized to guide the implementation strategies as well as assesses the actions carried out since the beginning of the mechanism.

The 6th Meeting of the Kayapó Fund Donors Commission was also held, with the participation of representatives from the Amazon Fund (BNDES) and the Global Conservation Fund (GCF) through representatives from Conservation International - Brazil (CI-Brasil). Among the points discussed, the investment of R\$4,200 to support projects of Kayapó organizations was approved.

In 2019 and 2018, the Fund received no funds, only transfers of funds from the Fund to the operational account, amounting to R\$636 (R\$854 in 2018), in which the project is executed. The operational account executed R\$852 (R\$889 in 2018), closing 2019 with a balance of R\$17 (R\$226 in 2018), and the Fund in the amount of R\$19,976 (R\$18,953 in 2018).

#### 9.5. Adoption of parks

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

The contract in force was entered into with BP Brasil in 2012, in the amount of R\$ 300, to support actions related to environmental management of Protected Areas. At the end of 2019, the balance of the Adoption of Parks program amounts to R\$ 551 (R\$525 in 2018). In 2019, there was no execution in its activities (R\$110 executed in 2018). Yields totaled R\$26 (R\$33 in 2018).

There was no contribution of funds in the Adoption of Parks Project in 2019 and 2018.

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

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

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

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

The strategy was to focus on territories with multiple industries, such as agriculture, livestock, aquaculture, forestry, extraction and forest management located in priority biodiversity conservation areas. To ensure the sustainability of the actions in the medium and long term, different agendas were prepared, including strengthening the production chains, fostering native species forestry, organic food production, new financial arrangements embedding the environmental component, biodiversity and health.

To support and continue to support the Subprojects, Probio II established the Opportunity Fund, a financial mechanism that enables adding biodiversity conservation to private sector initiatives.

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

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

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

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

In 2019, the following actions were carried out under the Opportunity Fund:

- Started on August 30, 2019, the territorial subproject “Strengthening Agroecology - Agroecological Circuits” located in the Atlantic Forest biome, and executed by *Tabôa Fortalecimento Comunitário*.
- Disbursements totaled R\$965. Of this total, R\$304 were allocated to Subproject “Strengthening Agroecology - Agroecological Circuits”, and R\$501 to Subproject “Biodiversity conservation combined with agricultural production in the Pampa biome”.

In 2019, the Opportunity Fund disbursed R\$965 (R\$2,216 in 2018) in the initiatives above and Yields totaled R\$151 (R\$219 in 2018). The Fund has a balance to be disbursed of R\$2,901 at the end of the fiscal year (R\$3,715 in 2018).

#### 9.7. Fauna Brasil Portfolio

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

For the Ararinha na Natureza (Spix's Macaw in nature) Project, the Fauna Portfolio supported the process to create a Protected Area in the region where the species is found, in the state of Bahia, which included from social and environmental studies as well as public consultation. Since the financial balance of this project was zeroed at the end of 2018, there was no execution in 2019 (R\$138 executed in 2018).

Fauna Fund has a balance of R\$688 at the end of 2019 (R\$656 in 2018). In this period no fund was received; however net yields of approximately R\$32 was generated (R\$32 in 2018).

By 2019, Fauna Portfolio monitored the implementation of a total 11 projects for the conservation of Brazilian endangered species, such as reef fish, sea turtles, marine mammals (including porpoise, humpback whale and manatee), medium and large feline in the northern region of Rondônia State, red-tailed amazon and Spix's macaw.



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

#### **9.8. GEF Nutrition - Conservation and Sustainable Use of the Biodiversity for Improved Human Nutrition and Welfare**

The Project works to foster native species with high nutritional value, but unknown or little used in the Brazilian daily diet due to cultural reasons. In addition to fostering scientific knowledge of these species, the project focuses on disseminating information and on public policy for the procurement of food, minimum price and introduction of produce from the Brazilian biodiversity in school meals and in government food program.

This project, in a partnership with Biodiversity International and funded by the Global Environmental Facility (GEF) through the Food and Agriculture Organization (FAO) and the United Nations Environment Program (UNEP), started in the second half of 2012 and was completed in 2018. FUNBIO was responsible for managing the project funds in Brazil.

During 2019, the project allocated R\$88 (R\$689 in 2018) and executed R\$109 (R\$1,284 in 2018). After the completion of the Project in 2018, the recovery of indirect costs of Funbio took place in 2019, according to the contractual condition, thus closing execution and the current account.

#### **9.9. Protected Marine Areas Project - GEF MAR**

This Project is intended to support the creation and implementation of a representative, effective system for marine and coastal protected areas (AMCPs) to reduce biodiversity losses. It is a comprehensive action plan, where multiple agendas may be integrated in support of marine and coastal conservation. This is an initiative by FUNBIO in conjunction with the Brazilian Ministry of Environment (MMA) and Chico Mendes Institute for Biodiversity Conservation (ICMbio), funded by the Global Environment Facility (GEF) through the World Bank. From 2018, it also counted on funds from the non-refundable commitment agreement between IBAMA and Petrobrás, as part of the environmental compensation for the adequacy of the company's maritime production platforms in relation to the disposal of production water, IBAMA proceeding No. 02001.000128/2018-26.

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

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

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

This project is an example of the government commitment to the marine biodiversity conservation, being considered by the World Bank as a model for the Global Partnership for Oceans (GPO), a growing alliance of more than 100 governments, international organizations, the private sector and civil society groups, including FUNBIO, committed to the conservation of the oceans. To date, GEF Mar supports 30 federal and state Protected Areas, totaling approximately 95 million hectares, in addition to seven research centers associated with ICMBio. In 2018, with the support of the project, four new federal Protected Areas were created, which made Brazil jump from 1.5% to 26.3% of Brazilian marine protected area.

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

In 2019, the amount of R\$30,000 (R\$27,500 in 2018) was disbursed by virtue of an agreement entered into by and between Petrobras and IBAMA, and R\$9,259 (R\$446 in 2018) were executed. Yield totaled R\$178 (R\$162 in 2018), closing the year with a balance of R\$3,754 (R\$3,810 in 2018). In addition, the project received contributions amounting to R\$4,893 (R\$12,808 in 2018) from GEF, and executed R\$4,972 (R\$10,921 in 2018). Yield totaled R\$1,747 (R\$71 in 2018), closing the year with a balance of R\$49,556 (R\$27,213 in 2018). In 2019, various activities were carried out, such as:

- Workshops for planning of the activities and training in operational procedures, involving the managers of all the Project executing units (ICMBio and representatives of 6 States) and MMA;
- Project Supervision Missions;
- Support to community participation projects;
- Launch of Invitations to bid to support disbursement projects;
- Research scholarship program, involving around 80 scholarship holders;
- Regular meetings of Project Coordination, with MMA, ICMBio and World Bank;
- Delivery of lots of assets purchased by FUNBIO for the Project, engagement of advisory firms and services to meet execution agencies' requirements;
- Execution of funds through purchases and engagement of legal entities, autonomous workers, fuel card, food and meal cards and umbrella agreements for recurring demands.

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

#### 9.10. Project K - KNOWLEDGE FOR ACTION

This project aims at increasing the funds in its operation and using innovative financial mechanisms to reduce such reliance and diversify the funding sources. In addition to training workshops with different themes and mentoring for pairs of environmental funds, the project will co-fund the implementation of innovative financial tools through a call for proposals directed to the Latin American and Caribbean Network of Environmental Funds ("RedLAC") and the Consortium of African Funds for the Environment (CAFÉ). The initiative relies on resources amounting to €1,600 + US\$900 guaranteed by French Fund for the Global Environment (FFEM), Mava Foundation and GEF.

Main results achieved in 2019:

- The six pilot studies for development of innovative financial mechanisms in Brazil, Peru, Costa Rica, Malawi, Cameroon and Mozambique were completed. Five of them received support of US\$200 in 2018, according to the original goal of the project, and support was offered in the amount of US\$100, also in 2018, to an additional Fund (Biofund - Mozambique). Accountability was sent by the Funds, including the counterpart report - used to pass on information to project donors. Six case studies were prepared by the beneficiary Funds.
- Mentoring activities between pairs of funds were completed, involving a total of 18 environmental Funds, six pairs and one group of Funds (RedLAC and CAFÉ). The peers received support amounting to US\$30 and group mentoring received US\$50. Seven (7) case studies were prepared by the beneficiary Funds.
- The handouts for the four Project K workshops (three in Africa and one in Latin America) were translated, laid out and published on the project website. In addition to the review of 2016-2019 RedLAC Strategic Planning and 2018-2022 CAFÉ Strategic Planning, a planning workshop for 2020-2024 RedLAC strategic planning was carried out - the first version of the document was prepared based on the results.
- The Assessment and Monitoring group, formed by five RedLAC members and five CAFÉ members, focused its activities on monitoring the impact of environmental funds on biodiversity conservation - institutional level. Based on specialized advice, the following products were prepared:
  - (i) Diagnosis containing the monitoring tools used by the Funds;
  - (ii) Strategic Planning for Monitoring and Assessment for Environmental Funds focused on the impact on biodiversity, including application of the strategy in two Funds (one from RedLAC and one from Africa).

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

#### 9.10. Project K - KNOWLEDGE FOR ACTION (Continued)

- The financial sustainability group for the Environmental Fund Networks formed by two (2) representatives of RedLAC and four (4) representatives of CAFÉ, based on specialized advice, prepared the following products:
  - (i) Diagnosis of the Networks' financial situation;
  - (ii) Financial studies;
  - (iii) Financial management strategy;
  - (iv) Marketing plan for financial sustainability;
- Both Working Groups had an active participation in the Meetings of RedLAC and CAFÉ networks, receiving financial support to participate.
- All case studies and handouts of Workshops were translated, laid out and made available in three languages (English, French and Spanish);
- The materials of the working groups were translated as required by the participants and made available only internally among Network members;
- A web platform was created in the three official languages of the project (English, French and Spanish) for communication and learning, not only of project K, but of the Environmental Fund Networks. The platform is available associated with the RedLAC and CAFÉ websites (proyektok.org). It is divided into two areas:
  - a) Public area: It makes available the materials produced during the RedLAC Capacity Building Project and part of the materials produced during Project K. The proposal is to include materials from the member Funds, or produced in the context of the Networks, which may be of interest to other Funds or interested in the environmental area, such as:
    - Case studies of pilot studies for development of innovative financial mechanisms;
    - Mentoring case studies;
    - Workshops handouts and manuals.

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

#### 9.10. Project K - KNOWLEDGE FOR ACTION (Continued)

- b) Private area (intranet): Internal studies of the networks, exclusively for members, will be made available. The following resources will also be made available;
- Creation of profiles;
  - Creation of groups for sharing documents;
  - Creation of forums.
- The Network Study was prepared by an advisory team, containing indicators for the Networks based on the Practice Standards (CFA/RedLAC). The indicators were applied in 2016, restated and reapplied in 2018.
  - The Networks also received support for communication, meetings and other strategic actions, such as the RedLAC Book, workshops and meetings of the Executive Committees. CAFÉ received support for the hiring of its Executive Secretary.
  - More than 40 members of the networks received support to participate in the meetings, attending the workshops or within working groups; The networks' presidencies attended each other's meetings in the period from 2015 to 2018.
  - During the RedLAC meeting in Mexico (2019), the Knowledge Platform (project website) was presented during a closing event and at the closed meeting for Fund members of the Network.
  - Preparation of the memorandum of understanding between RedLAC and CFA was began, however the Networks elected to pursue with the subject only in the future;
  - The final technical report of the project was prepared and sent to the GEF/UNEP donor;
  - Final financial reports were prepared and sent to GEF/UNEP and MAVA;
  - The project assessment was supported by an external advisory firm contracted by FFEM - in progress.

#### Challenges for 2020:

- (i) The final technical report of the project will be prepared and sent to FFEM and MAVA donors;
- (ii) The final financial report will be prepared and sent to FFEM - the delay was due to the reporting of expenses related to the RedLAC Meeting held at the end of 2019;
- (iii) The support on assessing the project, by an external advisory firm contracted by FFEM, will be maintained.

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

#### **9.10. Project K - KNOWLEDGE FOR ACTION (Continued)**

##### Challenges for 2020: (Continued)

Although activities have been concluded, the use of the fund that would be allocated to the external assessment was requested to the GEF/UNEP donor - as they informed that they would use the FFEM assessment. The fund will be used to promote the results of Project K at international events - in order to support RedLAC in carrying out new projects. In 2019, the project received the amount of R\$136 (R\$1,394 in 2018) and executed funds amounting to R\$624 (R\$2,421 in 2018). Yield totaled R\$3 (R\$8 in 2018). There was no financial balance in the project funds account at the end of 2019 (R\$493 in 2018).

#### **9.11. Moore Sustainability Project**

This project aims at the financial sustainability of protected areas in the Amazon, including ARPA zones, enhanced through the consolidation of compensation mechanisms and alternative funding sources to four key states in the Brazilian Amazon (Amapá, Pará, Rondônia and Amazonas) and the Federal Government. This Project starts with a US\$700 donation from the Gordon & Betty Moore Foundation and Linden Trust for Conservation.

In 2019, new negotiations were developed with Amapá state, and guidance was given to support the overcoming of existing operational obstacles to proceed with funding. In Rondônia state, a new round of support for the development of strategies for financial sustainability was carried out, focusing on environmental compensatory measures. The project was closed after the completion of all scheduled activities.

#### **9.12. Conduct Adjustment Agreement (TAC) Implementation Term - Frade**

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

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

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

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

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

In 2019, the beginning of implementation of two new subprojects stands out, which were on the waiting list of the last Call for Projects and, after presenting their reformulated proposals, were selected by the Technical Chamber to receive support. Among the subprojects that were already in progress, three had proposals to increase value and approved activities. The use of resources from yields made enabled such support.

In addition, during this period, the 1<sup>st</sup> Marine and Fishing Research Seminar was held, which was attended by the 16 supported projects, in addition to members of other institutions involved. The event counted on the engagement of transportation, lodging and food services for all participants, in addition to a moderation team and acquisition of promotional materials.

In addition, twelve (12) on-site monitoring visits were carried out to directly assess the development and execution of the subprojects. In this period, the first three editions of the "Linhas do Mar" (Sea Lines) newsletter was also launched and the development of dissemination videos on each supported subproject continued.

In 2019, this project received no funds (R\$11,252 in 2018); R\$6,158 (R\$6,740 in 2018) were executed; short-term investment yields totaled R\$888 (R\$725 in 2018); and the year was closed with a balance of approximately R\$16,255 (R\$21,521 in 2018).

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

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

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

The second project is intended to support the porpoise conservation by generating knowledge on the biology, ecology and population viability of the species in the Management Area I (FMA I) and the dissemination of knowledge acquired, through feasibility studies that technically and scientifically support the actions proposed to the porpoise PAN. The focus is on three goals of the Porpoise Management Plan: support to actions contributing to the generation of input to assess the population viability in Management Area I (FMA I) (Goal 1); proposal and implementation of fishing management measures for driftnet fishing, suitable for the porpoise conservation (Goal 2); and increasing the biological and ecological knowledge of porpoise (Goal 6). In addition, monitoring activity was continued in order to check on-site the progress of each subproject supported. By the end of the year, 4 subprojects were visited.

Also in 2019, activities aimed at the project's communication campaign were continued, with the launch of the series of mini-documentaries about the Porpoise, the publication of news about the subprojects of the TAC Frade newsletter and the holding of a Communication Workshop for Scientists. At last, other actions were prospected that could contribute to the dissemination of knowledge about porpoises and the need for their conservation, such as exhibitions and the use of virtual reality to create animations.

In 2019, this project received no funds (R\$5,006 in 2018); R\$3,232 (R\$2,666 in 2018) were executed; short-term investment yields totaled R\$450 (R\$410 in 2018); and the year was closed with a balance of approximately R\$8,844 (R\$11,626 in 2018).



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

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

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

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

In 2019, the delivery of the product referring to the Northern Fluminense Region was completed by the advisory firm engaged to identify the gaps and potential of the Environmental Education Projects (PEAs) and Fisheries Compensation Plans (PCAPs) carried out in three locations in the state of Rio de Janeiro.

Also in 2019, the 1<sup>st</sup> Workshop of the project was held, with the participation of specialists with extensive practical experience in the theme and knowledge of the other environmental education projects that are being executed in the territory. The transportation and lodging of participants were responsibility of the Project while PetroRio provided the space and food during the event. A specialized company was engaged to help moderate the discussions. In 2019, this project received no funds (R\$5,190 in 2018); R\$264 (R\$706 in 2018) were executed; short-term investment yields totaled R\$641 (R\$480 in 2018); and the year was closed with a balance of approximately R\$13,392 (R\$13,015 in 2018).

##### 9.12.4. 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.

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

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

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

The project is awaiting the definition of the projects' scope after completing the service and the delivery of all products provided for in the contract with the advisory firm engaged for the Project "Implementation of Environmental Education Projects and Income Generation for the Fishing Communities of the state of Rio de Janeiro".

In 2019, this project received no funds (R\$6,706 in 2018); R\$14 (R\$640 in 2018) were executed; short-term investment yields totaled R\$454 (R\$263 in 2018); and the year was closed with a balance of approximately R\$9,744 (R\$9,305 in 2018).

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

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

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

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

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

##### 9.12.5. Biodiversity Conservation and Sustainable Use in the Federal Coastal Protected Areas (Continued)

In 2019, the acquisitions and engagements requested by the supported Protected Areas were forwarded, continuing the planning for the first year of the Project.

In 2019, this project received no funds (R\$3,068 in 2018); R\$1,692 (R\$661 in 2018) were executed; short-term investment yields totaled R\$660 (R\$628 in 2018); and the year was closed with a balance of approximately R\$12,971 (R\$14,003 in 2018).

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

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

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

In 2019, the acquisitions and engagements requested by the supported Protected Areas were forwarded, continuing the planning for the first year of the Project. In 2019, this project received no funds (R\$3,402 in 2018); R\$1,632 (R\$685 in 2018) were executed; short-term investment yields totaled R\$394 (R\$305 in 2018); and the year was closed with a balance of approximately R\$7,768 (R\$9,008 in 2018).

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

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

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

The project previously provided for the implementation of a Wild Animal Rehabilitation Center - CRAS - in the state of Rio de Janeiro, however with the establishment of other centers with the same purpose in the state, it was concluded that the resource could be allocated for another purpose. Therefore, in 2019, meetings were held to define the directions to be given to the project, which were attended by members of the Technical Board and IBAMA.

Also in 2019, a new proposal has been drawn up among FUNBIO, PetroRio and IBAMA, which will possibly involve a set of actions aimed at promoting conservation and sustainable use in mangrove areas in the state of Rio de Janeiro, through supporting the implementation of research projects and/or projects that are significant to the fishing production chain and to the social welfare of traditional local communities that survive from this ecosystem. To evaluate the proposals, a Technical Chamber will be set up composed of specialists from academic institutions, government sector and not-for-profit entities. In 2019 and 2018, this project received no funds; R\$35 (R\$38 in 2018) were executed; short-term investment yields totaled R\$141 (R\$143 in 2018); and the year was closed with a balance of approximately R\$2,908 (R\$2,802 in 2018).

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

The CRAS Implementation project is paralyzed, awaiting a definition as to its new scope.

In 2019, this project received funds amounting to R\$1,526 (R\$1,468 in 2018); R\$141 (R\$155 in 2018) were executed; short-term investment yields totaled R\$114 (R\$43 in 2018); and the year was closed with a balance of approximately R\$2,860 (R\$1,361 in 2018).

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

#### 9.13. Conduct Adjustment Agreement (TAC) Implementation Term - Aerovale

The Project “Pecuniary Environmental Compensation for Aerovale Venture in the city of Caçapava, state of São Paulo” is derived from the Definitive Legal Agreement Term entered into on November 30, 2015 by the Public Prosecutor’s Office of the State of São Paulo, C.E.A. (Centro Empresarial Aeroespacial Incorporadora Ltda.) and Penido Construtora e Pavimentadora Ltda.

The project implementation started in 2016, after the execution of the non-reimbursable financial collaboration contract among C.E.A., Penido and FUNBIO, on January 25, 2016, in the total amount of R\$1,141.

The Project has three objectives. The first aims to develop the Management Plans of two Protected Areas located in the city of Caçapava, the Environmental Protection Area of Serra do Palmital and Wildlife Refuge of Mata da Represa. The second includes the restoration and adaptation of the kennel and cattery maintained by AMAIS Association (*Associação Melhores Amigos dos Animais de Caçapava*) and the third provides for the implementation of the Zoonosis Control Center in the city of Caçapava.

In 2018, funding was continued for the preparation of the Management Plans. All the products related to this engagement were delivered and paid. The other objectives of this Project were not implemented due to lack of financial resources. Therefore, Funbio provided for the termination of the Financial Collaboration Contract in early 2019.

In 2019, this project received no funds (R\$147 in 2018), and there was no financial execution (R\$182 in 2018).

#### 9.14. Project to Support R20 activities in Brazil

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

In 2019, R\$314 (R\$344 in 2018) were received, and accountability was carried out amounting to R\$313 (R\$343 in 2018).

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

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

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

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

In 2019, this project received the amount of R\$500 (R\$1,237 in 2018); R\$32 (R\$1,234 in 2018) were executed; short-term investment yield totaled R\$30 (R\$18 in 2018); and the year was closed with a balance of R\$1,007 (R\$509 in 2018).

#### 9.16. Mata Atlântica III

Project with resources amounting to €7,900 funded by BMU (German Ministry of Environment) through the German Development Bank (“KfW”), which aims to contribute to the Atlantic Forest’s biodiversity conservation and ecological restoration, with emphasis on the selected mosaics of protected areas, contributing to the mitigation and adaptation to climate change in this biome. Considerations are expected for this project amounting to €6,400 from the German Agency for International Cooperation (“GIZ”) and €4,000 from the Brazilian Ministry of Environment (MMA).

The following activities were carried out in 2019:

Meetings with MMA partners, of states and technical cooperation (GIZ), to plan activities and budget of the last two-year period of the project (2019/2020) as well as monitoring of contracts in execution.

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

#### 9.16. Mata Atlântica III (Continued)

##### 9.16.1. COMPONENT 1

- (i) *Registration and registration validation with CAR in MAPES/BA mosaics: beginning of activities and realization of field trips that identified the need to supplement the scope of the advisory, also adding municipalities in the mosaic's area of influence in order to achieve the registration goal provided for in the term of reference;*
- (ii) *Preparation and implementation of Municipal Plans for Conservation and Recovery of the Atlantic Forest - PMMA: start of the execution of activities in municipalities of Lagamar/PR and MCF/RJ. In addition, a term of reference was launched for engaging a company to prepare and implement PMMAs in Lagamar/SP.*
- (iii) *Advisory services to components 1 and 3 of the project: advisory activities completed.*

##### 9.16.2. COMPONENT 2

- (i) *Economic analysis of the supply chain for recovery of native vegetation: the Lagamar/SP and MCF/RJ contracts were terminated and the activities of the contract in Lagamar/PR are in the final phase;*
- (ii) *Preparation of a strategy to increase the availability of funding for recovery of the native vegetation on a large scale: the engagement was supplemented, since it depends on inputs derived from the advisory services of the production chain in each mosaic and its duration was changed to June 2020;*

##### 9.16.3. COMPONENT 3

- (i) *Qualification in the Management Analysis and Monitoring System - SAMGe: two workshops were held, in the cities of Rio de Janeiro and São Paulo, with approximately 60 managers of Protected Areas belonging to the mosaics supported.*
- (ii) *Preparation and implementation of Management Plans: four engagement processes were initiated for the states included in the mosaics, three of which will be entered into in January 2020;*

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

#### 9.16. Mata Atlântica III (Continued)

##### 9.16.3. COMPONENT 3 (Continued)

- (iii) *Consolidation of Protected Areas*: launch of three more terms of reference for the development of the Utilization plan, signaling of Protected Area and sustainable moss management, in Lagamar/SP; completion of a term of reference to support the preparation of the integrated protection plan of MCF/RJ; acquisition of goods for structuring of Protected Areas belonging to the Lagamar/SP and MCF/RJ mosaics;
- (iv) Replacement of the proposal of Call for Projects by three advisory services for the implementation of a reference center for the recovery of native vegetation, in the supported mosaics, with no need to perform an amendment to the Separate Agreement.

In 2019, this project received the amount of R\$3,333 (R\$2,423 in 2018); R\$3,513 (R\$1,699 in 2018) were executed; short-term investment yield totaled R\$20 (R\$8 in 2018); and the year was closed with a balance of R\$1,523 (R\$1,574 in 2018).

#### 9.17. Cooperation Agreement between Funbio and MMA - Probio II

This Agreement was entered into to enable the use of the remaining financial resources from the Integrated Public-Private Actions for Biodiversity Project (Probio II - TF 91515). These resources derive from the yield from GEF donation and upon an agreement made among Brazil's Federal Savings and Loans Bank ("CEF"), the World Bank and FUNBIO. On January 31, 2017, the amount of R\$600 was transferred to Funbio to be invested in the following activities:

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

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

In 2019 and 2018, no funds were received and the amount of R\$281 (R\$261 in 2018) was executed. As at December 31, 2019, the current account dedicated to the Agreement had a balance of R\$31 (R\$312 in 2018).



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

#### 9.18. FUNBIO Scholarships - Preserving the Future

Result of the partnership between Humanize Institute and FUNBIO, the 2019 FUNBIO Scholarships - Preserving the Future Program is an initiative of this organization to provide financial support to field research on biodiversity and environmental conservation, of students enrolled in Master and PhD courses in Brazilian higher-education institutes and universities. Three hundred and eighteen (318) applications were submitted, 289 eligible projects from applicants of 24 states and of Federal District, mostly females (62%). The total funds expected for the scholarships amounted to R\$1,000, of which Master students (29% of applicants) could apply for up to R\$20 while PhD students could apply for up to R\$38.

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

Thirty-two (32) research projects were selected from students of 23 different public institutions in the country. These pieces of research were proposed to be carried out in the fields of Mata Atlântica (10), Amazônia (8), Marinho (8), Pampa (3), Cerrado (2) and Caatinga (1) biomes. Twenty-four (24) scholarships were granted to PhD students and eight (8) to master students. The result was published on the FUNBIO website on November 21, 2019 and the contracts' execution with selected applicants was carried out by FUNBIO's legal advisors.

In 2019, this project received the amount of R\$1,000 (R\$1,000 in 2018); R\$1,431 (R\$13 in 2018) were executed; yield totaled R\$10 (R\$19 in 2018); and the year was closed with a balance of R\$579 (R\$1,006 in 2018).

The engagement of research scholarship and the withdrawal of funds took place until February 2020.

#### 9.19. Manguezais Amazônicos - Sítios RAMSAR

The *Manguezais Amazônicos* (Amazonian Mangroves) Project is an initiative of FUNBIO in partnership with ICMBio, whose donor is the Government of Norway. The project, amounting to kr500 (NOK), aims to establish an integrated governance system for the Ramsar sites of Amazonian Mangroves, through the engagement of local institutions and traditional communities, especially local artisanal fishermen, for the management of territories and expansion of communication actions on the theme.

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

#### 9.19. Manguezais Amazônicos - Sítios RAMSAR (Continued)

The project aims to sensitize and promote full and active social participation in a socially engaged governance system, and actions will take place at the Ramsar Site “Estuário Amazônico e seus Mangues” (Amazon Estuary and its Mangroves) and in other surrounding Ramsar sites: “Parque Nacional do Cabo Orange”, “Reentrâncias Maranhenses” and “Baixada Maranhense”.

The project funds were ended with the promotion of five events specifically organized for mobilization and qualification, in three different locations (Belém, Amapá and São Luís) with the participation of 260 people, 93 of whom were community leaders (of these, 54 were women). Communication materials and a video of the project were produced, with all content distributed to all Protected Areas managers, community and institutions involved. This project was successfully completed within the scheduled period, in October 2019.

In 2019, this project received the amount of R\$82 (R\$143 in 2018); R\$189 (R\$37 in 2018) were executed; yield totaled R\$3 (R\$0 in 2018); and the year was closed with no balance (R\$106 in 2018).

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

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

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

Its implementation will take place in partnership with ICMBio, JBRJ and state environmental agencies, under the technical coordination of the Ministry of Environment and its investments will be carried out by Funbio. The InterAmerican Development Bank (IDB) is the implementing agency of the resources of donation from Global Environment Facility Trust Fund (GEF), amounting to US\$32,600 to be executed throughout 5 years from the contract date, which was entered into in May 2018.

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

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

In 2019, there was no disbursement of funds for the project (R\$586 in 2018), but the request for a second disbursement in the amount of US\$600 was sent to the donor. In 2019, the amount of R\$610 (R\$351 in 2018) was executed; yield totaled R\$19 (R\$0 in 2018); and the year was closed with a balance of R\$6 (R\$232 in 2018), with various activities being carried out, such as:

- 3<sup>rd</sup> Strategic Committee Meeting;
- Approval of the Project Operational Guide (MOP) and the Plan of Acquisitions (“PA”);
- Launch of three Calls of Project for the Recovery of Degraded Areas in Caatinga, Pampa and Pantanal;
- 1<sup>st</sup> Technical Chamber Meeting;
- Support for holding and participating in the International Forest Fire Conference - Wildfire;
- Three training sessions for Protected Areas’ managers supported by the project in the Management Analysis and Monitoring System (SAMGe).

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

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

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

The effective beginning of execution of the actions provided for in the REM MT Program took place in 2019, mainly from the second half. The increase in the management team dedicated to the program, the periodic technical visits and the first engagements and acquisitions characterize this year. Strategic planning and MEL workshops were also carried out, a project monitoring methodology used by BEIS, as well as strategic engagements, such as that of the International Advisory firm, in order to optimize the program execution.

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

#### 9.21. REDD Early Movers Mato Grosso - REM MT (Continued)

In 2019, this project received the amount of R\$75,992 (R\$22,205 in 2018); R\$9,123 (R\$0 in 2018) were executed; yield totaled R\$2,039 (R\$5 in 2018); and the year was closed with a balance of R\$89,900 (R\$22,125 in 2018).

#### 9.22. TCA CSN - Volta Verde

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

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

The Volta Verde Program aims to implement the municipal Botanical Garden and expand the coverage of the vegetation of Volta Redonda, through urban afforestation and reforestation in the Permanent Protected Area of São João Island.

The project execution started in June 2019, from the execution date of the Cooperation Agreement between the City Administration of Volta Redonda and Funbio, which took place on May 30, 2019. The estimated period for completion of the planned actions is eighteen (18) months and in the first seven months, various inputs were acquired and the contract to start the planned works was entered into.

In 2019, this project received funds amounting to R\$5,413 (R\$0 in 2018); R\$1,273 (R\$0 in 2018) were executed; short-term investment yields totaled R\$136 (R\$0 in 2018); and the year was closed with a balance of approximately R\$4,276 (R\$0 in 2018).

## Fundo Brasileiro para a Biodiversidade - Funbio

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

#### 9.23. Exxon Mobil - AMLD

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

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

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

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

In 2019, this project received the amount of R\$941 (R\$0 in 2018); R\$658 (R\$0 in 2018) were executed; yield totaled R\$4 (R\$0 in 2018); and the year was closed with a balance of R\$287 (R\$0 in 2018).

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

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

## Fundo Brasileiro para a Biodiversidade - Funbio

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

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

##### Primary goals

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

##### Main results achieved in 2019

- (i) Base document of the project drawn up
- (ii) First Workshop held to develop the Plan for Monitoring and Evaluation of Marine Waste in São Paulo state ("PMLM-SP") in December;
- (iii) Scheduling of the next event for April 2020.

##### Main risks and opportunities for FUNBIO

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

##### Planned for 2020

- (i) 2<sup>nd</sup> Workshop to develop the Plan (PMLM-SP);
- (ii) Closing of the Project.

In 2019, this project received the amount of R\$324 (R\$0 in 2018); R\$98 (R\$0 in 2018) were executed; yield totaled R\$3 (R\$0 in 2018); and the year was closed with a balance of R\$219 (R\$0 in 2018).

## Fundo Brasileiro para a Biodiversidade - Funbio

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

#### 9.25. TAJ Santos - PERB

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

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

The Project aims to benefit PERB, a Protected Area located in the municipality of Bertiooga, in the state of São Paulo, created by State Decree No. 56500 of December 9, 2010, through the execution of actions provided for in its Management Plan. The intention is to promote sustainable alternatives to improve the quality of life and generate income for the local community, in view of the convergence of community action with the management objectives of the Protected Area. Accordingly, activities are planned to stimulate community-based tourism, in addition to meliponiculture and the production and processing of non-timber forest resources in communities named *Vila da Mata*, *Entorno do Rio Guaratuba* (Carvalho Pinto and Barreira do Itaguá Centers) and *Chácaras do Balneário Mogiano*.

The execution of the Project will start with the publication of the Cooperation Agreement, which is expected to occur in January 2020, and will involve the engagement of a specialized company to facilitate dialogues with the local community, in addition to the acquisition of goods and materials required for the administrative management of PERB.

In 2019, this project received funds amounting to R\$360 (R\$0 in 2018); investment yields totaled R\$3 (R\$0 in 2018); there was no execution; and the year was closed with a balance of approximately R\$363 (R\$0 in 2018).

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

Notes to financial statements (Continued)  
December 31, 2019 and 2018  
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### **9. Third-party funds related to projects (Continued)**

#### **9.26. Amapá Fund**

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

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

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

In 2019 and 2018, no new contributions were performed. However, in 2019, the funds invested generated yielding amounting to R\$1,979 (R\$325 in 2018), closing the year with a balance of R\$12,498 (R\$10,432 in 2018).

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

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

FUNBIO ensures the engagement of a professional asset manager for compliance with the investment policy proposed by the fund. The first contribution took place in 2016, in the amount of R\$6,900.



## Fundo Brasileiro para a Biodiversidade - Funbio

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

#### 9.27. Abrolhos Terra e Mar Fund (ATM Fund) - Continued

In 2019, the main activities carried out were:

- Approval of the Operational Guide (MOP) and the Subproject Execution Guide, by the donor;
- Redesign of the space cutout defined geographically by the Abrolhos Terra e Mar territory (which covers 19 Federal Protected Areas and comprises approximately 48 million hectares of marine, coastal and Atlantic Forest ecosystems).
- In 2019 and 2018, the project received no funds. The project did not start execution and yields amounted to R\$1,542 (R\$164 in 2018), closing the year with a balance of R\$9,535 (R\$7,943 in 2018).

### 10. GEF Agency

	<u>2019</u>	<u>2018</u>
Funds related to GEF Agency - FUNBIO	2,951	3,643
Funds related to GEF Agency - Projects	83	80
Funds related to GEF Agency - Pro-Species Grant	7,142	3,590
<b>Funds related to GEF Agency</b>	<b>10,176</b>	<b>7,313</b>
Project-related advances - Projects	472	472
Project-related advances - Grant Prospecies	1,525	1,502
<b>Project-related advances - GEF Agency</b>	<b>1,997</b>	<b>1,974</b>
<b>Total</b>	<b>12,173</b>	<b>9,287</b>

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

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

## Fundo Brasileiro para a Biodiversidade - Funbio

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

#### 10.1. GEF Agency

##### Funds related to GEF Agency - FUNBIO

Description	12/31/2018	Cash inflow - Contributions to project preparation	FUNBIO transfer (allocation)	Funbio Costs	Short-term investment yields	Finance costs	12/31/2019
<b>GEF Agency - Funbio</b> (c/a 29149-8)	3,643	-	(719)	(136)	179	(16)	2,951
	3,643	-	(719)	(136)	179	(16)	2,951

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

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

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

In 2019, FUNBIO submitted no project proposal to GEF, therefore, the area currently works with only one project related to endangered species in Brazil with this funding party. However, it has already operating as an accredited national GEF institution.

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

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

## Fundo Brasileiro para a Biodiversidade - Funbio

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

#### 10.1. GEF Agency (Continued)

##### Funds related to GEF Agency - FUNBIO (Continued)

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

#### 10.2. Pro-Species Preparation Project

##### Funds related to GEF Agency

Contracts	12/31/2018	Cash inflow - Projects approved	Advances - Project	Short-term investment yields	Finance costs	Costs - projects	12/31/2019
Pro-Species Preparation (c/a 129150)	80	-	-	4	(1)	-	83
	80	-	-	4	(1)	-	83

##### Project-related advances

Contracts	12/31/2018	Advance project preparation	Accountability	12/31/2019
Pro-Species Preparation	472	-	-	472
<b>Total</b>	<b>472</b>	<b>-</b>	<b>-</b>	<b>472</b>

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

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

## Fundo Brasileiro para a Biodiversidade - Funbio

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

#### 10.2. Pro-Species Preparation Project (Continued)

##### Project-related advances (Continued)

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

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

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

After the full project was approved by GEF Secretariat on July 20, 2017, the focus of the relationship with UICN was placed on the preparation of the project execution with the preparation of the Operational Guide and preparatory meetings with the project beneficiaries. However, at the end of 2017, the project was temporarily suspended. At the beginning of 2018, an evaluation was conducted on the continuity of this work, and it was decided, based on the due diligence process carried out at UICN, that the project execution would be carried out by another more experienced and structured institution.

Although this was a possibility identified since the beginning of the preparation project, the engagement of the Executing Institution (WWF-Brazil) and the internal preparation were slower than expected, noting that this was the first time FUNBIO undertook this process, resulting in the start of the project only in August 2018.

## Fundo Brasileiro para a Biodiversidade - Funbio

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

#### 10.3. Pro-Species Grant Project

##### Funds related to GEF Agency - National resources

Contracts	12/31/2018	Cash inflow - Projects approved	Advances - Project	Short-term investment yields	Finance costs	Costs - projects	12/31/2019
Pro-Species Grant C/a 23533-4	3,590	6,048	(2,580)	106	(22)	-	7,142
	3,590	6,048	(2,580)	106	(22)	-	7,142

##### Funds related to GEF Agency - Foreign resources

Contracts	12/31/2018	Cash inflow - Projects approved	Transfers (allocations)	Advances - projects approved	Short-term investment yields	Finance costs	Exchange differenc es	12/31/2019
Pro-Species Grant - Foreign (c/a 76250011-7)	-	6,273	(6,048)	-	(267)	(19)	61	-
	-	6,273	(6,048)	-	(267)	(19)	61	-

##### Project-related advances

Contracts	12/31/2018	Advance project preparation	Accountability	12/31/2019
Pro-Species Preparation	1,502	2,580	(2,557)	1,525
<b>Total</b>	<b>1,502</b>	<b>2,580</b>	<b>(2,557)</b>	<b>1,525</b>

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

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

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

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### 11. FUNBIO resources Fund (“FRF”) - Net asset value

The purpose of FUNBIO Resources Fund (“FRF”) is to supplement the Institution’s cash requirements when necessary. The strategic direction of the Decision-Making Board points toward reducing the Institution’s reliance on FRF. The search for the organization’s financial sustainability continues by increasing the number of projects and streamlining the application of the resources generated. FRF guarantees the continuity of FUNBIO’s activities in times that require the investment of own funds.

In 2019, as defined by management and approved by the Finance and Audit Committee, the amount of R\$609 (R\$1,500 in 2018) was contributed to FRF. The FRF’s asset management is administered by Pragma Gestão de Patrimônio and overseen by FUNBIO’s Asset Management Committee.

	<u>12/31/2019</u>	<u>12/31/2018</u>
<b>Balance at January 1</b>	<b>26,452</b>	23,826
Allocation of surplus arising from yields (*)	<b>3,500</b>	1,626
Contribution - FUNBIO Resources Fund - “FRF” (**)	<b>609</b>	1,500
Transfer of funds to Funbio Scholarship Project	<b>(500)</b>	(500)
<b>Balance at December 31</b>	<b><u>30,061</u></b>	<u>26,452</u>

(\*) Allocation of surplus for the year proportionally to yields from the FRF asset (net of provision for income tax and funds from the fund management), administered by Pragma.

(\*\*) In 2019, surplus for the year amounting to R\$109 (R\$1,500 in 2018) was allocated, and the amount of R\$500 was received from the Administrative account, approved by the Finance and Audit Committee.

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### 12. Reimbursement of projects

Projects	12/31/2019	12/31/2018
FMA RJ Agreement	2,165	2,716
ARPA 2nd Phase - GEF	-	4
ARPA 2nd Phase - KfW	-	2,111
ARPA 3rd Phase - BID MSC	-	137
ARPA 3rd Phase - BID SCI	-	936
ARPA 3rd Phase - Transition Fund	7,057	4,249
TAC Frade - Support to Federal coastal and estuarine Protected Areas of RJ - Phase I	128	74
TAC Frade - Support to Federal coastal and estuarine Protected Areas of RJ - Phase II	166	72
TAC Frade - Porpoise Conservation	241	228
TAC Frade - Cras Implementation	35	34
TAC Frade - Cras Implementation - Phase II	9	9
TAC Frade - Fishing and Marine Research	467	395
Chevron - Environmental Education Project – Phase I	147	76
TAC Frade - Environmental Education Project - Phase II	15	14
Federal Amazon Compensation - CAF	-	85
Kayapó	133	105
GEF Mar	229	734
GEF Mar – Petrobras	1,648	-
GEF Nutrition - BIOVERSITY	109	422
Innovation SVA - 2nd Phase	-	181
Mata Atlântica III	7	19
Probio/Opportunity Fund	160	266
Project K	98	185
R20	46	34
Rock in Rio - RIR	14	10
TAC Aerovale Caçapava	(9)	52
Amazon Protected Areas	-	-
GEF Land	244	-
Plan for Monitoring Marine Waste in the state of São Paulo	13	-
<b>Total</b>	<b>13,122</b>	<b>13,148</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. These are largely related to personnel, commuting and administrative expenses absolutely necessary to carry out the work. Every reimbursement request is backed by the program or project budget, being accompanied by supporting documentation of expenses, becoming a part of the accountability submitted to the donors' approval. Therefore, the revenue presented herein consists of overhead costs of the projects.

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### 13. Recovery of costs

Projects	12/31/2019	12/31/2018
TFCA	32	64
Fauna Portfolio - Spix's Macaw	-	16
Fauna Fund Portfolio	-	1
TAC Frade - Fishing and Marine Research	-	1,050
TAC Frade - Porpoise Conservation	-	467
TAC Frade - Environmental Education Project - Phase I	-	465
TAC Frade - Cras Implementation - Phase II	132	147
TAC Frade - Support to Federal coastal and estuarine Protected Areas of RJ - Phase I	-	411
TAC Frade - Environmental Education Project - Phase II	-	625
TAC Frade - Support to Federal coastal and estuarine Protected Areas of RJ - Phase II	-	317
Mata Atlântica III	919	681
Rock in Rio - RIR	-	208
Federal Amazon Compensation - CAF (1)	-	(406)
TCA CSN - Volta Verde	665	-
REM Mato Grosso	1,400	-
Exxon Mobil - AMLD	94	-
Plan for Monitoring Marine Waste in the state of São Paulo	22	-
<b>Total</b>	<b>3,264</b>	<b>4,046</b>

This account of the revenue group records the amounts transferred by the projects to overhead costs incurred by FUNBIO in carrying out its business provided for in the budget for the initiative. The funds transferred to FUNBIO for this purpose do not constitute compensation for services rendered, but rather cooperation to be used for the common purpose set out in the project budget.

### 14. Services rendered

Projects	12/31/2019	12/31/2018
Patrimônio Natural Fondo Para La Biodiversidade Y Áreas Protegidas	238	55
Gitec Consult GMBH	-	828
<b>Total</b>	<b>238</b>	<b>883</b>

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



## Fundo Brasileiro para a Biodiversidade - Funbio

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

	<u>12/31/2019</u>	<u>12/31/2018</u>
Salaries and charges	<b>(13,962)</b>	(13,263)
Third-party services	<b>(1,562)</b>	(1,370)
Lease and maintenance	<b>(914)</b>	(1,229)
Travel expenses	<b>(358)</b>	(254)
General expenses	<b>(823)</b>	(887)
	<u><b>(17,619)</b></u>	<u>(17,003)</u>

### 16. Net finance income (costs)

	<u>12/31/2019</u>	<u>12/31/2018</u>
<b>Finance income</b>		
Interest income	4	3
Foreign exchange gains	81	75
Short-term investment yield	4,479	2,216
<b>Total finance income</b>	<u>4,564</u>	<u>2,294</u>
<b>Finance costs</b>		
Foreign exchange losses	(53)	(36)
Bank expenses	(735)	(476)
<b>Total finance costs</b>	<u>(788)</u>	<u>(512)</u>
<b>Net finance income (costs)</b>	<u><b>3,776</b></u>	<u>1,782</u>

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

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

At December 31, 2019 and 2018, there were no contingencies assessed as probable loss.

At December 31, 2019 and 2018, the Institution has the following lawsuits, whose likelihood of loss was assessed as possible by the legal advisors:

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

	12/31/2019	12/31/2018
<b>Nature of lawsuits:</b>		
Civil (*)	1,000	1,000
<b>Total</b>	<b>1,000</b>	<b>1,000</b>

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

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

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

### 18. Insurance coverage

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

As at December 31, 2019, the Institution had the following main insurance policies taken out from third parties:

Type	Insured amount
Property and equipment items - effective from 12/2019 to 12/2020	2,500
Civil Liability of Directors & Officers - D&O - effective from 06/2019 to 06/2020	5,000

## Fundo Brasileiro para a Biodiversidade - Funbio

Notes to financial statements (Continued)  
December 31, 2019 and 2018  
(In thousands of reais)

### 19. Events after the reporting period

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

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

At this time, the adverse situation in global economic activities is still uncertain, preventing the forecast of its impacts and final effects. This event may have an adverse impact on political and economic conditions and trigger a period of global economic slowdown, which may have an impact on the activities carried out by various sectors, including the sector in which the Institution operates.

FUNBIO understands that there is no financial impact on its financial statements for the year ended December 31, 2019 as a result of these events after the reporting period, and is monitoring developments related to COVID-19 and coordinating its operational actions based on the existing business continuity plans and on guidelines from global and local health organizations, Federal, State and Municipal Governments and general best practices for crisis management.

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

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

Notes to financial statements (Continued)  
December 31, 2019 and 2018  
(In thousands of reais)

### **19. Events after the reporting period (Continued)**

FUNBIO also informs that there are no plans to renegotiate contracts with suppliers, postpone the beginning of new projects or cancel the installments of funds from donors, which would be drawn down in the coming months of 2020.

Rosa Maria Lemos de Sá  
General Secretary

Aylton Coelho Neto  
Planning and Management Superintendent

### **Chief Technical Officer in charge**

Daniele Soares dos Santos Seixas  
Accountant CRC-RJ – 095.266/0-0