

Financial Statements

Fundo Brasileiro para a Biodiversidade - FUNBIO

December 31, 2022
with Independent Auditor's Report

Fundo Brasileiro para a Biodiversidade - FUNBIO

Financial statements

December 31, 2022 and 2021

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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 the accounting practices adopted in Brazil applicable to not-for-profit entities (ITG 2002 (R1))

Independent auditor's report on the financial statements

The Executive Office and the Board of Directors 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 "Entity" or "FUNBIO"), which comprise the statement of financial position as at December 31, 2022, and the statements of surplus or deficit, of comprehensive surplus (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 accompanying financial statements present fairly, in all material respects, the Entity's financial position as at December 31, 2022, 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 the Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the 'Auditors' responsibilities for the audit of the financial statements' section of our report. We are independent of the Entity in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants, the professional standards issued by Brazil's National Association of State Boards of Accountancy (CFC) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

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



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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or future conditions may cause the Entity to cease to continue as a going concern.



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

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

Rio de Janeiro, April 27, 2023.

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


Beatriz Gonçalves de Moraes Nicolaci
Accountant CRC-RJ091370/O

Fundo Brasileiro para a Biodiversidade - FUNBIO

Statement of financial position
December 31, 2022 and 2021
(In thousands of reais)

	Note	12/31/2022	12/31/2021
Assets			
Current assets			
Cash and cash equivalents	5.a	5,693	2,994
Funds related to projects - Funds	5.e	569,213	543,809
Funds related to the GEF Agency	5.c and 8	15,698	21,011
Project-related advances - GEF Agency	8	4,903	2,999
Funds related to GCF Agency	5.d and 9	1,869	1,091
Amounts in transit		652	550
Other		5,241	2,776
		603,269	575,230
Noncurrent assets			
Funds related to projects - Funds	5.f	739,341	975,947
FUNBIO Resources Fund (FRF)	5.b and 10	40,821	37,418
Property and equipment		1,437	1,450
		781,599	1,014,815
Total assets		1,384,868	1,590,045
Liabilities and net asset value			
Current liabilities			
Trade accounts payable		1,264	241
Payroll and related charges	6	3,369	2,829
Taxes and charges		163	240
Funds related to projects - Funds	7	568,764	540,760
Funds related to the GEF Agency	8	20,601	24,010
Funds related to GCF Agency	9	1,869	1,091
Other accounts payable		358	224
Other receivables		1,208	2,691
		597,596	572,086
Noncurrent liabilities			
Funds related to projects - Funds	7	739,341	975,947
		739,341	975,947
Equity			
FUNBIO Resources Fund (FRF)	10	40,821	37,418
Accumulated surplus		7,110	4,594
Total net asset value		47,931	42,012
Total liabilities and net asset value		1,384,868	1,590,045

See accompanying notes.

Fundo Brasileiro para a Biodiversidade - FUNBIO

Statement of surplus or deficit
December 31, 2022 and 2021
(In thousands of reais)

	Note	12/31/2022	12/31/2021
Operating revenues			
GEF Agency	8	720	720
GCF Agency	9	18	117
Project Reimbursement - Funds	11	10,846	10,726
Recovery of costs	12	17,514	13,199
Total operating revenues		<u>29,098</u>	24,762
Other operating income (expenses)			
General and administrative expenses	13	(24,226)	(21,110)
Write-off of property and equipment		(9)	(2)
Total other operating expenses		<u>(24,235)</u>	(21,112)
Operating income before finance income (costs)		<u>4,863</u>	3,650
Finance income (costs)	14		
Finance costs		(5,702)	(141)
Finance income		7,258	954
Total finance income		<u>1,556</u>	813
Operating income (costs)		<u>6,419</u>	4,463
Surplus (deficit) from projects			
Accountability approved	7	174,031	118,262
Disbursement to partners		(62,305)	(49,470)
Funds executed		(113,043)	(69,192)
Provision in execution	7	1,317	400
GCF Agency - accountability approved	9	(17)	(15)
GCF Agency - funds executed	9	17	15
Total surplus (deficit) from projects		<u>-</u>	-
Surplus for the year		<u><u>6,419</u></u>	<u>4,463</u>

See accompanying notes.

Fundo Brasileiro para a Biodiversidade - FUNBIO

Statement of changes in net asset value
December 31, 2022 and 2021
(In thousands of reais)

	Note	FUNBIO Resources Fund (FRF)	Accumulated surplus/(defic it)	Surplus for the year	Total net asset value
Balances at December 31, 2020		32,433	5,616	-	38,049
Surplus for the year		-	-	4,463	4,463
Transfer to accumulated surplus		-	4,463	(4,463)	-
Allocation of surplus for the year	10	485	(485)	-	-
Contribution - FUNBIO Resources Fund (FRF)	10	5,000	(5,000)	-	-
Transfer of funds to FUNBIO Scholarship Project	10	(500)	-	-	(500)
Balances at December 31, 2021		37,418	4,594	-	42,012
Surplus for the year		-	-	6,419	6,419
Transfer to accumulated surplus		-	6,419	(6,419)	-
Allocation of surplus for the year	10	903	(903)	-	-
Contribution - FUNBIO Resources Fund (FRF)	10	3,000	(3,000)	-	-
Transfer of funds to FUNBIO Scholarship Project	10	(500)	-	-	(500)
Balances at December 31, 2022		40,821	7,110	-	47,931

See accompanying notes.

Fundo Brasileiro para a Biodiversidade - FUNBIO

Statement of cash flows December 31, 2022 and 2021 (In thousands of reais)

	<u>12/31/2022</u>	<u>12/31/2021</u>
Operating activities		
Surplus for the year	<u>6,419</u>	4,463
Adjustments to reconcile surplus to cash from (used in) operating activities		
Depreciation and amortization	35	214
Finance income - FRF	<u>(903)</u>	<u>(485)</u>
	<u>5,551</u>	4,192
Decrease in current assets		
Other assets	<u>(2,567)</u>	(1,252)
Increase (decrease) in current liabilities		
Trade accounts payable	1,023	(272)
Payroll and labor obligations	540	306
Taxes and charges	(77)	110
Other accounts payable	134	113
Other receivables	<u>(1,483)</u>	(1,524)
Net cash flows from operating activities	<u>3,121</u>	1,673
Investing activities		
Contribution - FRF	<u>(2,500)</u>	(4,500)
Acquisition of property and equipment	<u>(22)</u>	(374)
Net cash flows from (used in) investing activities	<u>(2,522)</u>	(4,874)
Financing activities		
Funds received	144,849	275,624
Financial investment yield	276,069	120,036
Foreign exchange differences	(50,771)	51,277
Finance costs	(353,259)	(580)
Funds executed	(199,629)	(139,745)
Other transfers	(25,861)	853
Increase in funds related to projects	211,202	(310,121)
Transfer of funds to FUNBIO Scholarship Project	<u>(500)</u>	(500)
Net cash flows used in financing activities	<u>2,100</u>	(3,156)
Increase (decrease) in cash and cash equivalents	<u>2,699</u>	(6,357)
Balance of cash and cash equivalents at beginning of year	2,994	9,351
Balance of cash and cash equivalents at end of year	<u>5,693</u>	2,994
Increase (decrease) in cash and cash equivalents	<u>2,699</u>	(6,357)

See accompanying notes.

Fundo Brasileiro para a Biodiversidade - FUNBIO

Notes to the financial statements
December 31, 2022 and 2021
(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 Entity's head office is located at Rua Voluntários da Pátria, nº 286, 5th and 6th floors, Botafogo, Rio de Janeiro - RJ, with establishment in the city of Brasília, Federal District, at SHN Quadra 2, Bloco F, Executive Office Tower, suite 1323 to 1326, Asa Norte.

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

Funds executed in 2022 amounted to R\$177,638 (R\$125,146 in 2021), an increase of 42%, with R\$174,031 (R\$118,262 in 2021) used by FUNBIO in the projects listed in Note 7; R\$3,590 (R\$6,869 in 2021) linked to GEF, according to Note 8; and R\$17 (R\$15 in 2021) from GCF, as shown in Note 9.

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

At the end of the current year, FUNBIO's AUM amount to R\$1,384,868 (R\$1,590,045 at December 31, 2021), a reduction of 13%, of which approximately 56% are related to long-term actions and projects organized in long-term investment funds.

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

Fundo Brasileiro para a Biodiversidade - FUNBIO

Notes to the financial statements (Continued)
December 31, 2022 and 2021
(In thousands of reais)

1. Operations (Continued)

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

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

2. Presentation of financial statements and accounting policies

2.1. Statement of compliance

The Entity's financial statements for the year ended December 31, 2022 have been prepared in accordance with the accounting practices adopted in Brazil applicable to not-for-profit entities, which comprise the General Technical Interpretation (ITG 2002 (R1)) approved by CFC Resolution No. 1409/2012, and also the pronouncements issued by Brazil's Financial Accounting Standards Board (CPC), approved by Brazil's National Association of State Boards of Accountancy (CFC).

These financial statements were authorized for issue by the Board of Directors on April 27, 2023.

2.2. Current versus noncurrent classification

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

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

All other assets are classified as noncurrent.

Fundo Brasileiro para a Biodiversidade - FUNBIO

Notes to the financial statements (Continued)
December 31, 2022 and 2021
(In thousands of reais)

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

2.2. Current and noncurrent assets and liabilities (Continued)

A liability is current when:

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

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

2.3. Functional and presentation currency

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

2.4. Foreign currency translation

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

2.5. Cash and cash equivalents, funds related to projects, FRF and financial investments

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

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

Fundo Brasileiro para a Biodiversidade - FUNBIO

Notes to the financial statements (Continued)
December 31, 2022 and 2021
(In thousands of reais)

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

2.5. Cash and cash equivalents, funds related to projects, FRF and financial investments (Continued)

The investments of FUNBIO Resources Fund (FRF), i.e., funds managed by FUNBIO, through the Asset Managers Pragma Gestão de Patrimônio Ltda. and Julius Bär Investment Bank, are diversified short- and long-term investments, ranging from 1 to 8 years, with liquidity ranging from D+1 to D+180 days. These funds are invested in Government Securities – National Treasury Notes (NTN-Bs), local and international variable income, equities, hedge Funds, Low Vol fixed income, and fixed income/inflation-indexed securities.

The investments follow the investment policies of each fund and the guidelines of FUNBIO's Asset Management Committee, and are not presented as cash and cash equivalents.

2.6. Financial instruments

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

Financial assets

a) *Classification and measurement*

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

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

b) *Impairment*

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

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Notes to the financial statements (Continued)
December 31, 2022 and 2021
(In thousands of reais)

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

2.6. Financial instruments (Continued)

Financial assets (Continued)

c) *Derecognition*

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

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

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

Financial liabilities

a) *Classification and measurement*

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

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

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

Fundo Brasileiro para a Biodiversidade - FUNBIO

Notes to the financial statements (Continued)
December 31, 2022 and 2021
(In thousands of reais)

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

2.6. Financial instruments (Continued)

Financial liabilities (Continued)

b) *Derecognition*

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Financial instruments - net presentation

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

2.7. Property and equipment

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

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

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

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

Fundo Brasileiro para a Biodiversidade - FUNBIO

Notes to the financial statements (Continued)
December 31, 2022 and 2021
(In thousands of reais)

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

2.8. Impairment of assets

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

2.9. Provisions

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

2.10. Third-party funds related to projects

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

2.11. Revenue recognition

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

The revenue from reimbursement of projects is recognized in the statement of surplus or deficit when FUNBIO is reimbursed for the management and implementation of projects, according to the purposes stated in its Charter. Estas receitas estão previstas nos orçamentos dos projetos que são parte integrante dos acordos contratuais.

Fundo Brasileiro para a Biodiversidade - FUNBIO

Notes to the financial statements (Continued)
December 31, 2022 and 2021
(In thousands of reais)

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

2.11. Revenue recognition (Continued)

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

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

Finance income

Finance income is recognized using the effective interest method.

2.12. Recognition of expenses related to projects

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

2.13. Tax obligations

2.13.1. 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 Entity's higher decision-making board, recorded in minutes of meetings, and communicated to the Federal Prosecution Office, in the case of foundations;

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Notes to the financial statements (Continued)
December 31, 2022 and 2021
(In thousands of reais)

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

2.13. Tax obligations (Continued)

2.13.1. Income and social contributions taxes (Continued)

Requirements set forth by Law No. 9790/99 (Continued)

- Invest all the Institution's funds in the maintenance and development of its business purposes;
- Bookkeeping all its revenues and expenses in proper books that ensure their accuracy; properly keep, over a five-year period from the issue date, documents that prove the source of the Institution's revenues and support expenses incurred as well as the performance of any other actions or operations that may change its financial position;
- Annually submit its Income Tax Returns according to the provisions established by the Brazilian Internal Revenue Service (RFB);
- Pay the taxes withheld on earnings paid or credited, and the social security contribution relating to employees as well as comply with accessory obligations arising therefrom; and
- Ensure that its net asset value is allocated to another entity that satisfies the conditions for enjoying immunity, in case of merger, consolidation, spin-off or discontinuance of activities, or to a governmental body.

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

2.13.2. 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.

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Notes to the financial statements (Continued)
December 31, 2022 and 2021
(In thousands of reais)

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

2.13. Tax obligations (Continued)

2,13,2. Contribution Taxes on Gross Revenue for Social Integration Program (PIS) and for Social Security Financing (COFINS) - Continued

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

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

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

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

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

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Entity does not expect material impacts arising from these amendments.

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

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

The amendments to IAS 1 are effective from January 1, 2023. The Entity does not expect material impacts arising from this standard.

Fundo Brasileiro para a Biodiversidade - FUNBIO

Notes to the financial statements (Continued)
December 31, 2022 and 2021
(In thousands of reais)

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

Amendments to IAS 8: Definition of accounting estimates

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

The amendments to IAS 1 are effective from January 1, 2023. The Entity does not expect significant impacts arising from this standard.

4. Financial risk management

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

Below is information on the Entity’s exposure to each of the foregoing risks, as well as its objectives, policies and processes for measuring and managing such risks, as well as for capital management. Additional quantitative disclosures are included in these financial statements.

Market risk

Market risk is the risk that changes in market prices, such as interest rates of financial investments of the Entity, will impact the gains on its portfolio or the amount of its financial instruments.

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

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

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4. Financial risk management (Continued)

Currency risk

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

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

Liquidity risk

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

In order to manage cash liquidity, assumptions of future disbursements and receipts are set up and monitored by the Treasury department. This control is performed by the Entity for each project.

Credit risk

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

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

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

Description	Note	12/31/2022	12/31/2021
Cash and cash equivalents	5.a	5,693	2,994
FUNBIO Resources Fund (FRF)	5.b	40,821	37,418
Total own funds		46,514	40,412
Funds related to the GEF Agency	5.c	15,698	21,011
Funds related to GCF Agency	5.d	1,869	1,091
Funds related to projects – current Funds	5.e	569,213	543,809
Funds related to projects - noncurrent Funds	5.f	739,341	975,947
Total funds related to projects		1,326,121	1,541,858

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

Description	12/31/2022	12/31/2021
<i>Banks in Brazil</i>		
Banco do Brasil - Administrative	2	4
	2	4
<i>Financial investments in Brazil</i>		
Banco do Brasil CDB - Administrative	3,948	1,313
Banco do Brasil RF LP Corporate - Administrative	1,294	1,166
Itaú AUTOM INVEST MAIS – Administrative	15	16
	5,257	2,495
<i>Foreign investments and banks</i>		
Banco do Brasil NY - Administrative	10	11
Banco do Brasil NY - Invest. ALLO - Administrative	424	484
	434	495
Total cash and cash equivalents	5,693	2,994

All checking accounts and financial investments (local and abroad) are carefully invested in prime financial institutions.

Fundo Brasileiro para a Biodiversidade - FUNBIO

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

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

Description	12/31/2022	12/31/2021
<i>Banks in Brazil</i>		
Itaú Private – FRF	1	-
	<u>1</u>	<u>-</u>
<i>Financial investments in Brazil - Asset manager ⁽¹⁾</i>		
Itaú Pragma LIBER - FRF	13,885	10,752
Itaú Pragma ARES - FRF	8,303	7,735
Itaú Private EFFICAX - FRF	4,637	6,494
Itaú Pragma HONOR - FRF	6,692	5,942
BNP Paribas - Osmosis Global - FRF	2,969	4,171
Itaú Pragma LYNX MM - FRF	2,957	2,071
Itaú CDB DI - FRF	284	253
BTG Pactual GAMA BW - FRF	1,093	-
	<u>40,820</u>	<u>37,418</u>
Total FUNBIO Resources Fund (FRF)	<u>40,821</u>	<u>37,418</u>

All checking accounts and financial investments (local and abroad) are carefully invested in prime financial institutions.

(1) The investments of the Funds managed by FUNBIO, through Pragma Patrimônio, are diversified short- and long-term investments, from 1 to 8 years, with liquidity ranging from D+1 to D+180 days. These funds are invested in Government Securities - National Treasury Notes (NTN-Bs), local and international variable income, equities, hedge funds, low vol fixed income, and fixed income/inflation-indexed securities. In 2022, the FRF had an average yield of 3.5%, below the benchmark of 5.5%. Below are the investments broken down according to type:

Local portfolio:	Low Vol Fixed income	12%
	Fixed income	41.3%
	Hedge Fund	20.3%
	Variable income	16.4%
	Variable income OFF	7.3%
	Hybrids	2.7%

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

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

Description	12/31/2022	12/31/2021
<i>Banks in Brazil</i>		
GEF Agency Grant Proespecies	2	-
GEF Agency - PPG Baru	3	-
	5	-
<i>Financial investments in Brazil</i>		
Banco do Brasil RF LP - GEF Agency Grant Proespecies	14,641	19,351
Banco do Brasil RF LP - GEF Agency FUNBIO	911	1,569
Banco do Brasil CDB - GEF Agency Project	-	91
Banco do Brasil CDB - GEF Agency PPG BARU	141	-
	15,693	21,011
Total funds related to the GEF Agency	15,698	21,011

All checking accounts and financial investments (local and abroad) are carefully invested in prime financial institutions.

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

Description	12/31/2022	12/31/2021
<i>Financial investments in Brazil</i>		
Banco do Brasil CDB - GEF GCF Agency - Readiness	1,195	1,091
Banco do Brasil CDB - GEF GCF Agency – Readiness AND	674	-
Total funds related to the GCF Agency	1,869	1,091

All checking accounts and financial investments (local and abroad) are carefully invested in prime financial institutions.

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Notes to the financial statements (Continued)

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

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

Description	12/31/2022	12/31/2021
<i>Banks in Brazil</i>		
Banco do Brasil – REWILD	-	2,530
Banco do Brasil – TAC Coral Sol	-	420
Banco do Brasil - FAO ICS	318	-
Banco do Brasil - Floresta Viva - Eneva	1,000	-
Banco do Brasil – Other projects	233	143
Total funds available in banks in Brazil	1,551	3,093
<i>Short-term investment in Brazil - Bank Deposit Certificate (CDB)</i>		
Itaú CDB - Fauna (Fauna Portfolio)	607	597
Bradesco - Atlantic Forest Fund (FMA) Agreement - Instr. I-A Environ. Comp. (1)	-	42,703
Bradesco - Atlantic Forest Fund (FMA) Agreement - Instr. III -A – Trust Finan. Instr. (1)	-	32,222
Bradesco - Atlantic Forest Fund (FMA) Agreement - Instr. V - TAC (1)	-	2,465
Bradesco - Atlantic Forest Fund (FMA) Agreement - Instr. I-C Land Regul. Res. (1)	-	9,639
Bradesco - Atlantic Forest Fund (FMA) Agreement - Instr. IV – OP. Forest Rest. (1)	-	2,758
Bradesco - Atlantic Forest Fund (FMA) Agreement - Instr. I-B CA Federal (1)	-	3,512
Bradesco - Atlantic Forest Fund (FMA) Agreement - Instr. VI - OP. Other Sources (1)	-	6,589
Banco do Brasil CDB - Atlantic Forest III ⁽²⁾	876	2,528
Banco do Brasil CDB – TAJ Paranaguá Mod. III ⁽²⁾	6,253	6,187
Banco do Brasil CDB - TAC Frade - Fishing and Marine Research (2)	6,087	12,609
Banco do Brasil CDB - TAC Frade - Porpoise Conservation ⁽²⁾	68	216
Banco do Brasil CDB – Kayapó ⁽²⁾	287	604
Banco do Brasil CDB – RVS Rio da Prata ⁽²⁾	653	584
Banco do Brasil CDB – TAC Frade - Cons. of Protected Areas (UCs) RJ (2)	4,842	4,900
Banco do Brasil CDB - TAC Frade - Environmental Education (2)	3,859	9,304
Banco do Brasil CDB – Rock in Rio ⁽²⁾	359	35
Banco do Brasil CDB – Probio MMA Balance ⁽²⁾	30	27
Banco do Brasil CDB – TAC Frade - Conservation of UCs Phase II (2)	6,739	6,836
Banco do Brasil CDB - TAC Frade - Environmental Education Phase II (2)	7,490	8,280
Banco do Brasil CDB – Bolsa FUNBIO ⁽²⁾	606	717
Banco do Brasil CDB - GEF MAR - Petrobras (2)	28,752	35,672
Banco do Brasil CDB – GEF Terrestre ⁽²⁾	3,165	2,716
Banco do Brasil CDB – REM Mato Grosso ⁽²⁾	-	19
Banco do Brasil CDB – FT Operational ⁽²⁾	2,940	2,059
Banco do Brasil CDB – Exxon Mobill ⁽²⁾	428	-
Banco do Brasil CDB – Porto Sul ⁽²⁾	325	1,617
Banco do Brasil CDB – Copaibas ⁽²⁾	370	9,449
Banco do Brasil CDB - Tradição Futuro Amazônia ⁽²⁾	1,189	1,176
Banco do Brasil CDB - Abrolhos Terra e Mar Fund – Operational ⁽²⁾	29	477
Banco do Brasil CDB – ICS – Support for the Amazon Consortium ⁽²⁾	4	311
Banco do Brasil CDB – TAC Underwater Warehouse ⁽²⁾	330	4,628
Banco do Brasil CDB – Amazon Consortium - French Embassy ⁽²⁾	86	119
Banco do Brasil CDB – TAJ Paranaguá Mod. IA (2)	5,008	5,158
Banco do Brasil CDB – Fdo Amapa – Operational (2)	405	-
Banco do Brasil CDB - ICS FAO ⁽²⁾	95	-
Banco do Brasil CDB - TAC Coral Sol ⁽²⁾	7,449	-
Banco do Brasil CDB – Rewild ⁽²⁾	5	-
Sub-total - financial investments in Brazil - Bank Deposit Certificate (CDB)	89,336	216,713

Fundo Brasileiro para a Biodiversidade - FUNBIO

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(In thousands of reais)

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

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

Description	12/31/2022	12/31/2021
<i>Financial investment in Brazil - Bank Deposit Certificate (CDB) (Continued)</i>		
Banco do Brasil CDB - PEMALM II ⁽²⁾	737	-
Banco do Brasil CDB - TAC JBS FAO ⁽²⁾	2,561	-
Banco do Brasil CDB - TAE Imerys PA ⁽²⁾	2,044	-
Banco do Brasil CDB - AG. GFCR PPG Corais ⁽²⁾	551	-
Banco do Brasil CDB - GCF Task Force III ⁽²⁾	232	-
Banco do Brasil CDB - Floresta Viva – BNDES ⁽²⁾	16,121	-
Banco do Brasil CDB - Floresta Viva – Petrobras ⁽²⁾	5,010	-
Banco do Brasil CDB - MOORE FAO ⁽²⁾	6,949	-
Total financial investments in Brazil - Bank Deposit Certificate (CDB)	123,541	216,713
<i>Financial investments in Brazil - Fixed income</i>		
Banco do Brasil RF DI VIP - PROBIO Opportunity Fund	2,467	2,465
Banco do Brasil RF LP CORPORATE - REM ⁽³⁾	118,035	152,179
Banco do Brasil RF LP CORPORATE - Copaibas ⁽³⁾	28,072	7,533
Banco do Brasil RF LP CORPORATE - Porto Sul ⁽³⁾	7,979	12,963
Banco do Brasil RF LP CORPORATE - Probio Opportunity Fund ⁽³⁾	59	53
Banco do Brasil RF LP CORPORATE – Future revenues ⁽³⁾	449	3,047
Banco do Brasil RF LP CORPORATE - TAC Underwater Warehouse ⁽³⁾	16,285	15,578
Banco do Brasil RF LP CORPORATE - TAC Frade Marine Research ⁽³⁾	9,390	8,458
Banco do Brasil RF LP CORPORATE - TAC Frade Environmental ⁽³⁾	15,328	13,807
Banco do Brasil RF LP CORPORATE - TAJ Paranaguá I ⁽³⁾	61,855	55,716
Banco do Brasil RF LP CORPORATE - TAJ Paranaguá II ⁽³⁾	51,563	46,446
Banco do Brasil RF LP CORPORATE - Exxon Mobil ⁽³⁾	-	543
Banco do Brasil RF LP CORPORATE - TAC Frade UCs RJ ⁽³⁾	4,537	4,086
Banco do Brasil RF LP CORPORATE - GEF Land ⁽³⁾	10,190	-
Banco do Brasil RF LP CORPORATE - TAC JBS FAO ⁽³⁾	2,726	-
Banco do Brasil RF LP CORPORATE - TAE Imerys PA ⁽³⁾	3,235	-
Banco do Brasil RF LP CORPORATE - GEF MAR Petrobras II ⁽³⁾	16,140	-
Banco do Brasil RF LP CORPORATE - Floresta Viva – Petrobras ⁽³⁾	5,011	-
Banco do Brasil RF LP CORPORATE - MOORE FAO ⁽³⁾	6,950	-
Caixa Econômica - FMA Agreement CA CCA Portfolio ⁽¹⁾	21,004	-
Caixa Econômica - FMA Ib) Agreement Federal CA Portfolio ⁽¹⁾	3,848	-
Caixa Econômica - Acordo FMA Ic) Land Regularization (1)	10,546	-
Caixa Econômica - FMA III) Agreement Inst. Trust Financing ⁽¹⁾	35,333	-
Caixa Econômica - FMA I. O. R. Forest Agreement (1)	3,026	-
Caixa Econômica - FMA Agreement Instr. TAC (1)	2,697	-
Caixa Econômica - FMA Agreement Oper. Instr. Other Sources (1)	7,164	-
Total financial investments in Brazil - Fixed income	443,889	322,874
<i>Other financial investments in Brazil</i>		
Itaú PRIV EXCLUSIVE FIC - Fauna Fund Portfolio	165	148
Itaú AUTOM INVEST MAIS - Fauna Fund Portfolio	56	-
Total other financial investments in Brazil	221	148

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

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

Description	12/31/2022	12/31/2021
<i>Foreign investments and banks</i>		
Banco do Brasil London - Mata Atlântica III	11	981
Total foreign investments and banks	11	981
Total funds related to projects in current assets	569,213	543,809

All checking accounts and financial investments (local and abroad) are carefully invested in prime financial institutions.

- (1) The financial investments made by Banco Bradesco S/A, as FMA's financial Manager under Cooperation Agreement No. 004/2016, are repurchase agreements backed by debentures issued by Bradesco Leasing S/A - Lease, yielding 100% of the CDI, whose Head Coordinators are Banco Bradesco BBI S/A or Banco Bradesco S/A itself. The liquidity of the repurchase agreements does not have a grace period, enabling FUNBIO to make daily payments as the Operational Manager. In September 2022, the funds invested in Banco Bradesco were 100% transferred to Caixa Econômica Federal, invested in the FI RF Fund. Cooperation Agreement No. 04/2016, clause 3 on intermediation, paragraph 2, establishes that "the Operational Manager (FUNBIO) is exempt from any responsibility for the financial management of the funds, and related investments and yielding".
- (2) These project funds were invested in CDBs acquired from Banco do Brasil S/A traded at the rate from 97% to 101% of the CDI.
- (3) These project funds were invested in Fixed Income LP Corporate in Banco do Brasil. The performance fee is equivalent to 20% based on the Fund's surplus (deficit), on profitability that exceeds the interbank deposit (DI) daily average rate of one day, according to the regulation of the Banco do Brasil Fund. Profitability for the year was 12.96% (2021 - 4.96%).

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

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

Description	12/31/2022	12/31/2021
<i>Banks in Brazil</i>		
Itaú Private - Kayapó Fund (1)	1	5
Itaú Private - Transition Fund - FT (2)	2	5
Itaú Private - Abrolhos Fund (3)	1	1
Itaú Private - Amapá Fund (4)	1	1
Itaú Private - Marine Fund (5)	1	5
Total funds available in banks in Brazil	6	17
<i>Financial investments in Brazil - Asset Manager</i>		
Itaú Pragma LIBER MM - Kayapó Fund (1)	3,613	3,566
Itaú Pragma LYNX MM - Kayapó Fund (1)	2,703	284
Itaú Pragma HONOR - Kayapó Fund (1)	1,176	1,162
Itaú Private EFFICAX - Kayapó Fund (1)	10,671	12,911
Itaú Pragma HONOR - Transition Fund - FT (2)	8,341	9,693
Itaú Pragma LIBER - Transition Fund - FT (2)	7,927	-
Itaú Pragma SUMAUMA - Transition Fund - FT (2)	98,665	93,111
Itaú Private EFFICAX - Transition Fund - FT (2)	29,003	33,225
BNP Paribas - Osmosis Global - Abrolhos Fund (3)	392	567
Itaú Pragma LIBER - Abrolhos Fund (3)	1,251	1,313
Itaú Pragma HONOR - Abrolhos Fund (3)	1,324	1,290
Itaú Pragma ARES - Abrolhos Fund (3)	867	870
Itaú EFFICAX - Abrolhos Fund (3)	232	231
BTG Pactual - GAMA BW - Abrolhos Fund (3)	112	-
Itaú Pragma LIBER - Amapá Fund (4)	1,798	2,132
Itaú Pragma ARES - Amapá Fund (4)	1,238	1,413
Itaú Pragma HONOR - Amapá Fund (4)	1,886	2,080
Itaú Private EFFICAX - Amapá Fund (4)	317	350
BNP Paribas - Osmosis Global - Amapá Fund (4)	551	914
BTG Pactual - GAMA BW - Amapá Fund(4)	186	-
Itaú Soberano - Marine Fund (5)	4,163	3,768
Itaú Pragma LYNX MM - Marine Fund (5)	5,240	2,040
Itaú Pragma LIBER MM - Marine Fund (5)	13,470	10,821
Itaú Pragma HONOR - Marine Fund (5)	4,133	3,948
Itaú Pragma ARES - Marine Fund (5)	7,012	6,686
Itaú Private EFFICAX - Marine Fund (5)	4,085	8,677
BNP Paribas - Osmosis Global - Marine Fund (5)	1,333	2,722
BTG Pactual - GAMA BW - Marine Fund(5)	1,069	-
Total financial investments in Brazil	212,758	203,774

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

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

Description	12/31/2022	12/31/2021
<i>Foreign financial investments</i>		
Julius Bär – Transition Fund (2)	511,640	752,962
Julius Bär - Abrolhos Fund (3)	6,399	8,218
Julius Bär - Amapá Fund (4)	8,538	10,976
Total foreign financial investments	526,577	772,156
Total funds related to projects in noncurrent assets	739,341	975,947

All checking accounts and financial investments (local and abroad) are carefully invested in prime financial institutions.

Asset Manager and types of investment:

(1) Kayapó Fund

Local portfolio:	Low Vol Fixed income	74%
	Fixed income	20%
	Variable income	6%

(2) Transition Fund

Local portfolio:	Low Vol Fixed income	33%
	Fixed income	34%
	Hedge Funds	17%
	Variable income	10%
	Variable income OFF	3%
	Hybrids	3%
OFF portfolio:	Cash CHF	-2%
	Cash EUR	-15%
	Cash USD	21%
	Fixed income	37%
	Variable income - Equities	56%
	Alternative investments	3%

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

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

Asset Manager and types of investment (Continued)

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

Local portfolio:	Low Vol Fixed income	6%
	Fixed income	30%
	Hedge Fund	21%
	Variable income	32%
	Variable income OFF	9%
	Hybrids	2%
OFF portfolio:	Cash CHF	-5%
	Cash DKK	1%
	Cash EUR	-9%
	Cash GBP	0.39%
	Cash USD	23%
	Fixed income	40%
	Variable income - Equities	49%
	Alternative investments	1%

(4) Amapá Fund

Local portfolio:	Low Vol Fixed income	5%
	Fixed income	30%
	Hedge Fund	21%
	Variable income	32%
	Variable income OFF	9%
	Hybrids	3%
OFF portfolio:	Cash CHF	-5%
	Cash DKK	1%
	Cash EUR	-10%
	Cash USD	23%
	Fixed income	40%
	Variable income - Equities	50%
	Alternative investments	1%

(5) Marine Fund

Local portfolio:	Low Vol Fixed income	33%
	Fixed income	33%
	Hedge Fund	17%
	Variable income	10%
	Variable income OFF	3%
	Hybrids	4%

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

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

The amounts stated as cash, banks in Brazil, foreign banks and short-term investments represent the Entity's own balances, which are intended for operational and administrative purposes, and these amounts are readily convertible into cash and subject to insignificant risk of changes in value. Short-term investments consist of Funds and Bank Deposit Certificates (CDBs) acquired at rates ranging from 96% to 101.50% (96% to 101% at December 31, 2021) of the Interbank Deposit Certificate (CDI) rate, and are recorded at the invested amount, plus income earned up to the reporting date.

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

These investments are recorded at the invested amount, plus income earned through to the reporting date.

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

6. Payroll and labor obligations

	<u>12/31/2022</u>	<u>12/31/2021</u>
Accrued vacation pay and related charges	1,905	1,580
Salaries payable	636	534
Withholding Income Tax (IRRF) payable	396	339
Social Security Tax (INSS) payable	289	245
Unemployment Compensation Fund (FGTS) payable	105	90
Contribution Tax on Gross Revenue for Social Integration Program (PIS) payable	13	11
Other	25	30
Total	<u>3,369</u>	<u>2,829</u>

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7. Third-party funds related to projects

Changes in balances of projects for 2022

	12/31/2021	Funds received	Financial investment yield	Finance costs	Foreign exchange differences	Funds executed (1)	Provisions in execution	Transfers (FUNBIO revenue) (2)	Redemptions - Funds/Internal transfer	Other transfers	12/31/2022	Note
ARPA 3rd Phase - Transition Fund - Operational	2,139	-	608	(611)	-	(48,947)	(918)	(4,386)	54,560	582	3,027	7,1
FMA Agreement - Instr. I-A Envir. Compensation	42,703	383	5,163	(1,745)	-	-	-	-	-	(25,500)	21,004	7,2,1
FMA Agreement - Instr. I-B CA Federal	3,512	-	495	(159)	-	-	-	-	-	-	3,848	7,2,1
FMA Agreement - Instr. I-C Res. Reg. Land	9,640	-	1,272	(366)	-	-	-	-	-	-	10,546	7,2,1
FMA Agreement - Instr. III -A - Trust Financing	32,222	-	4,493	(1,382)	-	-	-	-	-	-	35,333	7,2,2
FMA Agreement - Instr. IV - OP. Forest Rest.	2,757	-	385	(116)	-	-	-	-	-	-	3,026	7,2,3
FMA Agreement - Instr. V - TAC	2,465	-	324	(92)	-	-	-	-	-	-	2,697	7,2,4
FMA Agreement - Instr. VI - OP. Other Sources	6,588	-	789	(213)	-	-	-	-	-	-	7,164	7,2,5
Kayapó Operational	604	-	124	(75)	-	(1,391)	-	(131)	1,156	-	287	7,3
Adoption of parks	584	-	90	(20)	-	-	-	-	-	-	654	7,4
Opportunity Fund – Probio II	2,518	-	306	(57)	-	-	-	(241)	-	-	2,526	7,5
Fauna Fund Portfolio	745	-	95	(12)	-	-	-	-	-	-	828	7,6
GEF Mar - Petrobras	35,704	-	5,883	(2,750)	-	(9,207)	(42)	(803)	-	(7)	28,778	7,7
GEF Mar – Petrobras II	-	16,000	142	(1)	-	-	-	-	-	-	16,141	7,7
TAC Frade - Fishing and Marine Research	21,068	-	2,606	(775)	-	(6,974)	(4)	(397)	-	(35)	15,489	7,8,1
TAC Frade - Porpoise Conservation	217	-	109	(103)	-	(82)	-	(86)	-	13	68	7,8,2
TAC Frade - Environmental Education	23,111	-	3,919	(1,748)	-	(5,716)	(16)	(298)	-	16	19,268	7,8,3
TAC Frade - Environmental Education - Phase II	8,288	-	1,043	(204)	-	(1,510)	-	(122)	-	(5)	7,490	7,8,4
TAC Frade - Conservation of Protected Areas	8,987	-	1,380	(397)	-	(403)	(11)	(187)	-	10	9,379	7,8,5
TAC Frade - Conservation of Protected Areas - Phase II	6,837	-	861	(124)	-	(698)	(9)	(119)	-	(9)	6,739	7,8,6
Amazon Live - Rock in Rio	35	319	28	(6)	-	(10)	-	(7)	-	-	359	7,9
Mata Atlântica III	3,510	8,843	193	(157)	(218)	(8,964)	-	(2,317)	-	(2)	888	7,10
Cooperation Agreement between FUNBIO and MMA - Probio II	26	-	4	-	-	-	-	-	-	-	30	7,11
FUNBIO Scholarships - Preserving the Future	717	1,000	36	(24)	-	(1,121)	-	-	-	(2)	606	7,12
GEF Terrestre	2,717	25,768	729	(355)	-	(13,365)	(65)	(2,139)	-	65	13,355	7,13
REDD Early Movers Mato Grosso - REM MT	152,198	-	17,555	(3,447)	-	(44,877)	(154)	(3,358)	-	121	118,038	7,14
Exxon Mobil - AMLD	543	1,000	46	(10)	-	(1,000)	-	(150)	-	-	429	7,15
Copaibas	16,985	28,782	1,709	(635)	-	(11,887)	(53)	(6,423)	-	(35)	28,443	7,16
Porto Sul	14,584	-	1,446	(366)	-	(6,753)	-	(586)	-	(12)	8,313	7,17
Kayapó - Trad. and Future of Amazon	1,177	1,652	220	(100)	-	(1,461)	(27)	(294)	-	24	1,191	7,18
Abrolhos Terra e Mar Fund (ATM Fund) - Operational	477	-	46	(38)	-	(456)	-	-	-	-	29	7,19
TAC Underwater Warehouses	20,207	-	2,738	(768)	-	(4,860)	(7)	(702)	-	8	16,616	7,20
Subtotal	423,865	83,747	54,837	(16,856)	(218)	(169,682)	(1,306)	(22,746)	55,716	(24,768)	382,589	

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

Changes in balances of projects for 2022 (Continued)

	12/31/2021	Funds received	Financial investment yields	Finance costs	Foreign exchange differences	Funds executed (1)	Provisions in execution	Transfers (FUNBIO revenue) (2)	Redemptions - Funds/Internal transfer	Other transfers	12/31/2022	Note
Subtotal	423,865	83,747	54,837	(16,856)	(218)	(169,682)	(1,306)	(22,746)	55,716	(24,768)	382,589	
GCF Task Force	7	1,129	13	(14)	-	(438)	-	(75)	-	(622)	-	7,21,1
GCF TASK Force III	-	-	13	(4)	-	(300)	-	-	-	524	233	7,21,2
Amazon Consortium - ICS	311	-	47	(29)	-	(480)	-	(45)	-	200	4	7,22,1
Amazon Consortium - Embassy of France	120	-	8	(7)	-	(121)	-	-	-	-	-	7,22,2
Amazon Consortium - Embassy of France – Phase II	-	85	1	-	-	-	-	-	-	-	86	7,22,3
TAJ Paranaguá Mod. IA	51,603	-	6,625	(938)	-	(286)	-	(437)	-	4	56,571	7,23,1
TAJ Paranaguá Mod. III	61,904	-	7,950	(1,120)	-	(94)	(7)	(534)	-	10	68,109	7,23,2
REWILD	2,530	-	172	(84)	-	(2,038)	-	(575)	-	-	5	7,24
TAC Coral Sol	420	6,963	682	(9)	-	(15)	(1)	(592)	-	1	7,449	7,25
PEMALM II	-	1,210	60	(17)	-	(315)	-	(201)	-	-	737	7,26
FAO - TAC JBS	-	5,000	501	(38)	-	(9)	-	(167)	-	-	5,287	7,27,1
FAO - TAE IMERYS PA	-	5,000	436	(37)	-	(1)	-	(119)	-	-	5,279	7,27,2
FAO - ICS	-	334	2	-	-	(26)	(3)	-	-	107	414	7,27,3
FAO - MOORE	-	13,939	14	(54)	-	-	-	-	-	-	13,899	7,27,4
Amapá Fund Operational	-	-	26	(1)	-	(224)	-	(107)	714	-	408	7,28
GFCR Agency	-	536	17	(2)	-	-	-	-	-	-	551	7,29
Living Forest - BNDES	-	15,906	218	-	-	(2)	-	-	-	-	16,122	7,30,1
Living Forest - Petrobras	-	10,000	21	-	-	-	-	-	-	-	10,021	7,30,2
Living Forest - ENEVA	-	1,000	-	-	-	-	-	-	-	-	1,000	7,30,3
Subtotal	540,760	144,849	71,643	(19,210)	(218)	(174,031)	(1,317)	(25,598)	56,430	(24,544)	568,764	
Transition Fund	888,996	-	181,913	(311,478)	(49,293)	-	-	-	(54,560)	-	655,578	7,1
Kayapó Fund	17,928	-	3,131	(1,740)	-	-	-	-	(1,156)	-	18,163	7,3
Amapá Fund	17,867	-	5,897	(7,815)	(719)	-	-	-	(714)	-	14,516	7,28
Abrolhos Terra e Mar Fund (ATM Fund)	12,490	-	4,775	(6,147)	(541)	-	-	-	-	-	10,577	7,19
Marine Fund	38,666	-	8,710	(6,869)	-	-	-	-	-	-	40,507	7,7
Subtotal	975,947	-	204,426	(334,049)	(50,553)	-	-	-	(56,430)	-	739,341	
Total	1,516,707	144,849	276,069	(353,259)	(50,771)	(174,031)	(1,317)	(25,598)	-	(24,544)	1,308,105	
Current	540,760	-	-	-	-	-	-	-	-	-	568,764	
Noncurrent	975,947	-	-	-	-	-	-	-	-	-	739,341	

1) Of the total funds executed of R\$174,031, R\$62,305 refers to disbursements made to other intuitions (indirect execution) engaged by FUNBIO to perform the projects' operating activities, and R\$111,726 was executed directly by FUNBIO through contracts and purchases.

2) Of the total amount presented as Transfers (FUNBIO revenue) of R\$25,598, R\$10,826 refer to Project Reimbursement – as shown in Note 11 – plus R\$20 relating to the donation of equipment received from the Kayapó - Tradition and Future of the Amazon project and GCF Agency totaling R\$10,846 - as shown in the Note 11, and R\$14,772 refer to Recovery of Costs – as shown in the Note 12 – plus R\$2,742 relating to an advance received from the REDD Early Movers Mato Grosso - REM MT project in 2022, thus totaling R\$17,514 - as shown in the Note 12.

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Notes to the financial statements (Continued)

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

Changes in balances of projects for 2021

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

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

Changes in balances of projects for 2021 (Continued)

	12/31/2020	Funds received	Financial investment yields	Finance costs	Foreign exchange differences	Funds executed (1)	Provisions in execution	Transfers (FUNBIO revenue) (2)	Disbursements /internal transfer	Other transfers	12/31/2021	Note
Subtotal	218,999	28,898	9,054	(175)	4	(64,019)	(333)	(10,902)	32,137	571	214,234	
Cooperation Agreement between FUNBIO and MMA - Probio II	25	-	1	-	-	-	-	-	-	-	26	7.12
FUNBIO Scholarships - Preserving the Future	1,303	544	20	(2)	-	(1,117)	(2)	(31)	-	2	717	7.13
GEF land	3,451	11,921	110	(73)	-	(11,145)	-	(1,547)	-	-	2,717	7.14
REDD Early Movers Mato Grosso - REM MT	118,571	67,913	6,381	(1,173)	-	(36,144)	(6)	(3,328)	-	(16)	152,198	7.15
TCA CSN Volta Verde	160	-	1	(2)	-	(136)	-	(23)	-	-	-	7.16
Exxon Mobil - AMLD	112	1,200	11	(2)	-	(658)	-	(120)	-	-	543	7.17
PMLM-SP	133	-	-	(3)	-	(130)	-	-	-	-	-	7.18
TAJ Santos - PERB	183	-	4	(2)	-	(182)	-	(3)	-	-	-	7.19
Amazon Forest Fund	247	333	7	(5)	-	(568)	-	(14)	-	-	-	7.20
Copaibas	3,063	18,440	246	(26)	-	(1,195)	(57)	(3,546)	-	60	16,985	7.21
Porto Sul	6,892	10,041	502	(61)	-	(1,692)	-	(1,103)	-	5	14,584	7.22
Kayapó - Trad. and Future of Amazon	988	886	34	(3)	-	(523)	(2)	(206)	-	3	1,177	7.23
Abrolhos Terra e Mar Fund (ATM Fund) - Operational	457	-	20	-	-	-	-	-	-	-	477	7.25
TAC Underwater Warehouses	-	20,057	749	(71)	-	-	-	(526)	-	(2)	20,207	7.26
GCF Task Force	-	202	3	(4)	-	(728)	-	(96)	-	630	7	7.27
Amazon Consortium - ICS	-	328	7	(1)	-	-	-	(23)	-	-	311	7.28
Amazon Consortium - Embassy of France	-	156	5	(1)	-	(25)	-	(15)	-	-	120	7.28
TAJ Paranaguá II	-	50,802	861	(60)	-	-	-	-	-	-	51,603	7.29.1
TAJ Paranaguá	-	60,943	1,033	(72)	-	-	-	-	-	-	61,904	7.29.2
REWILD	-	2,540	-	(10)	-	-	-	-	-	-	2,530	7.30
TAC Coral Sol	-	420	-	-	-	-	-	-	-	-	420	7.31
Subtotal	354,584	275,624	21,959	(4,656)	4	(118,262)	(400)	(21,483)	32,137	1,253	540,760	
Transition Fund	769,944	-	171,213	(71,158)	49,997	-	-	-	(31,000)	-	888,996	7.1
Kayapó Fund	18,838	-	1,172	(945)	-	-	-	-	(1,137)	-	17,928	7.3
Amapá Fund	16,065	-	3,836	(2,777)	743	-	-	-	-	-	17,867	7.24
Abrolhos Terra e Mar Fund (ATM Fund)	11,234	-	3,188	(2,465)	533	-	-	-	-	-	12,490	7.25
Marine Fund	38,577	-	3,170	(3,081)	-	-	-	-	-	-	38,666	7.7
Subtotal	854,658	-	182,579	(80,426)	51,273	-	-	-	(32,137)	-	975,947	
Total	1,209,242	275,624	204,538	(85,082)	51,277	(118,262)	(400)	(21,483)	-	1,253	1,516,706	
Current		354,584									540,760	
Noncurrent		854,658									975,947	

- 1) Of the total funds executed of R\$118,262, R\$49,470 refers to disbursements made to other intuitions (indirect execution) engaged by FUNBIO to perform the projects' operating activities, and R\$68,792 was executed directly by FUNBIO through contracts and purchases.
- 2) Of the total amount presented as Transfers (FUNBIO revenue) of R\$21,483, R\$10,726 refers to Project Reimbursement – as shown in Note 12 – plus R\$41 relating to the donation of equipment received from the Kayapó - Tradition and Future of the Amazon project, as well as R\$835 in consulting services paid by FUNBIO with funds received from the Moore Foundation, and R\$13,199 refers to Recovery of Costs – as shown in the Note 13 – plus R\$1,566 relating to an advance received from the REDD Early Movers Mato Grosso - REM MT project in 2020, and allocated to FUNBIO's revenue in 2021.

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

7.1. Amazon Region Protected Areas (ARPA) Program

ARPA program is the largest tropical forest protection initiative in the world. The Transition Fund (FT) emerged from Arpa for Life initiative, marking the beginning of the Arpa Program Phase III. The Transition Fund is an extinguishable fund designed and developed as an alternative for the consolidation of Protected Areas supported by the ARPA Program, through investments of donations from international cooperation, private donations and government funds represented by non-financial consideration.

FUNBIO is the program's financial manager, and conducts the procurement and engagement activities for the Protected Areas, and the Fund's asset management, which ensures the program's sustainability in the long term. The Transition Fund incorporated funds from the Amazon Region Protected Areas Fund ("FAP"), organized in the program's first phase.

The valued portfolio of the Transition Fund recorded financial investment yield of R\$181,913 (R\$171,213 in 2021), finance costs of R\$311,478 (R\$71,158 in 2021), foreign exchange differences of R\$49,293 (R\$49,997 in 2021), transfer between fund and the operating account of R\$54,560 (R\$31,000 in 2021), and year-end balance of R\$655,578, (R\$888,996 in 2021), a reduction of 26%.

In 2022, the project's operating account recorded financial investment yield of R\$608 (R\$198 in 2021), finance costs of R\$611 (R\$156 in 2021), executed R\$53,333 (R\$34,607 in 2021), receive transfer from the fund amounting to R\$54,560 (R\$31,000 in 2021), and other changes in the amount of R\$336 (R\$94 in 2021), and year-end balance of R\$3,027 (R\$2,139 in 2021).

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

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

This fund is originally composed of six (6) operational instruments, five (5) of which are in effect, created in accordance with State Law No. 6572 of October 31, 2013, as amended by State Law No. 7061 of September 25, 2015, pursuant to the conditions and procedures stipulated in the Public Hearing notice No. 01/16, in the FMA Management Manual (to be agreed by the parties), as well as in SEA Resolution No. 491/15, as amended by Resolution No. 503/16.

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

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

In 2022, there were changes in yields from funds related to the six (6) operational instruments, since the Agreements are suspended until the approval of new projects by the relevant bodies of the State Department of Environment and Sustainability of the State of Rio de Janeiro (SEAS/RJ). The instruments are listed below:

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

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

a) *Portfolio of projects approved by the Environmental Compensation Chamber of the State of Rio de Janeiro (CCA/RJ)*

Intended for the implementation of projects presented by municipal, state and federal environmental agencies, as well as those intended for the management of Private Natural Heritage Reserves (RPPN), and approved by CCA/RJ, whose purpose is to support the implementation and maintenance of one or more Protected Areas under full protection.

In 2022, the project received funds amounting to R\$383, recorded financial investment yield of R\$5,163 (R\$2,343 in 2021), finance costs amounted to R\$1,745 (R\$737 in 2021), there was the transfer of funds to Fundação São Francisco de Assis, by letter of request, in the amount of R\$25,500, and the year-end balance was R\$21,004 (R\$42,703 in 2021).

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

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

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

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

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

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

In 2022, this project recorded financial investment yield of R\$495 (R\$210 in 2021), finance costs of R\$159 (R\$66 in 2021), and the year-end balance was R\$3,848 (R\$3,512 in 2021).

c) *Land Regularization Reserve*

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

In 2022, this project recorded financial investment yields of R\$1,272 (R\$507 in 2021), finance costs of R\$366 (R\$113 in 2021), and the year-end balance was R\$10,546 (R\$9,640 in 2021).

7.2.2. Trust Financial Instrument

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

In 2022, this project recorded financial investment yields of R\$4,493 (R\$1,807 in 2021), finance costs of R\$1,382 (R\$551 in 2021), and the year-end balance was R\$35,333 (R\$32,222 in 2021).

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

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

7.2.3. Forest Restoration Operational Instrument

Mechanism for projects relating to the forest replacement obligation provided for in Federal Law No. 11428/2007, due to cutting or removal of primary or secondary vegetation in the middle or advanced stages of regeneration of the Atlantic Forest Biome, authorized by INEA, as well as other obligations consisting of forest restoration.

In 2022, this project recorded financial investment yields of R\$385 (R\$153 in 2021), finance costs of R\$116 (R\$47 in 2021), and the year-end balance was R\$3,026 (R\$2,757 in 2021).

7.2.4. Consent Decree ("TAC")

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

In 2022, this project recorded financial investment yield of R\$324 (R\$130 in 2021), finance costs of R\$92 (R\$24 in 2021), and the year-end balance was R\$2,697 (R\$2,465 in 2021).

7.2.5. Operational Instrument from Other Sources

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

In 2022, this project recorded financial investment yield of R\$789 (R\$326 in 2021), finance costs of R\$213, and the year-end balance was R\$7,164 (R\$6,588 in 2021).

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

7.3. Kayapó Fund (FK)

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

In 2022, Kayapó Fund's income was R\$3,131 (R\$1,172 in 2021), finance costs amounted to R\$1,740 (R\$945 in 2021), transfers between the fund and the operating account totaled R\$1,156 (R\$1,137 in 2021), and the year-end balance was R\$18,163 (R\$17,928 in 2021).

In 2022, the Operating Account recorded financial investment yields of R\$124 (R\$31 in 2021), finance costs of R\$75 (R\$5 in 2021), executed the amount of R\$1,522 (R\$1,352 in 2021), transfers between the Fund and the operating account totaled R\$1,156 (R\$1,137 in 2021), and the year-end balance was R\$287 (R\$604 in 2021).

7.4. Adoption of parks

This type of support, created in 2011, seeks voluntary private investment to structure and foster the maintenance of Federal, State or Municipal Protected Areas, aimed at biodiversity conservation. The current contract entered into with BP Brasil in 2012 provides for a donation to support actions related to the administration and environmental management of protected areas. The project and territory that will receive the benefit have not yet been defined, and changes in the allocation of funds have not been determined.

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

In 2022, this project recorded financial investment yields of R\$90 (R\$41 in 2021), finance costs of R\$20 (R\$21 in 2021), and the year-end balance was R\$654 (R\$584 in 2021).

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

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

This initiative aims at encouraging production sectors to adopt principles and practices of conservation and sustainable use of biodiversity in their businesses. To support and continue to support the Subprojects, Probio II established the Opportunity Fund, a financial mechanism that enables adding biodiversity conservation to private sector initiatives. Through the Opportunity Fund, the subprojects receive funds for works in production chains, as well as for monitoring actions to assess the results achieved.

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

In 2022, the Opportunity Fund received no funds, recorded financial investment yields of R\$306 (R\$112 in 2021), finance costs of R\$57 (R\$15 in 2021), executed the amount of R\$241 (R\$252 in 2021), and the year-end balance was R\$2,526 (R\$2,518 in 2021).

7.6. Fauna Brasil Portfolio

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

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

In 2022, this project recorded financial investment yields of R\$95 (R\$49 in 2021), finance costs of R\$12 (R\$8 in 2021), and the year-end balance was R\$828 (R\$745 in 2021).

7.7. Protected Marine Areas Project - GEF MAR

This Project is intended to support the creation and implementation of a representative and effective system for marine and coastal protected areas (AMCPs) to reduce biodiversity losses. It is a comprehensive action plan, where multiple agendas may be integrated in support of marine and coastal conservation.

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

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

This is an initiative by FUNBIO together with the Brazilian Ministry of Environment (MMA) and Chico Mendes Institute for Biodiversity Conservation (ICMBio), funded by the Global Environment Facility (GEF) through the World Bank. From 2019, it also received funds from the non-refundable commitment agreement between IBAMA and Petrobras, as part of the environmental compensation relating to the adjustment of the company's offshore production platforms for the appropriate disposal of production water, IBAMA proceeding No. 02001.000128/2019-26.

Part of GEF's funds were allocated to a fund called the Marine Fund in February 2020, and will be executed as an endowment from 2024, or as soon as the IBAMA/Petrobras funds end. This Fund is managed by FUNBIO. On March 31, 2020, the Contract entered into between FUNBIO and GEF through the World Bank was terminated, with payments completed on April 30, 2020.

In 2022, Funbio entered into the Non-Refundable Financial Contribution Agreement No. 1/2022 with Petrobras, in the total amount of R\$ 40,000.

In 2022, Marine Fund recorded financial investment yield of R\$8,710 (R\$3,170 in 2021), finance costs of R\$6,869 (R\$3,081 in 2021), and the year-end balance was R\$40,507 (R\$38,666 in 2021).

In 2022, GEF MAR - Petrobras I Project recorded financial investment yields of R\$5,883 (R\$2,062 in 2021), finance costs of R\$2,750 (R\$159 in 2021), executed R\$10,010 (R\$9,921 in 2021), other changes totaled R\$49 (R\$49 in 2021), and the year-end balance was R\$28,778 (R\$35,704 in 2021).

In 2022, the Project entered into between Petrobras and Funbio, named GEF MAR - Petrobras II, received the amount of R\$16,000, recorded financial investment yields of R\$142, finance costs of R\$1, and the year-end balance was R\$16,141.

7.8. Consent Decree (TAC) Implementation Agreement - Frade

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

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

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

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

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

In 2022, the project recorded financial investment yield of R\$2,606 (R\$1,006 in 2021), finance costs of R\$775 (R\$143 in 2021), executed the amount of R\$7,371 (R\$7,080 in 2021), no fund was received through internal transfers (R\$14,164 in 2021), other changes amounted to R\$39 (R\$134 in 2021), and the year-end balance was approximately R\$15,489 (R\$21,068 in 2021).

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

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

In 2022, the project recorded financial investment yield of R\$109 (R\$186 in 2021), finance costs of R\$103 (R\$93 in 2021), executed the amount of R\$168 (R\$2,345 in 2021), other changes amounted to R\$13 (R\$9 in 2021), there was no internal transfer (R\$3,588 in 2021), and the year-end balance was R\$68 (R\$217 in 2021).

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

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

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

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

In 2022, the project received no funds (R\$4,285 in 2021), recorded financial investment yield of R\$3,919 (R\$1,059 in 2021), finance costs of R\$1,748 (R\$188 in 2021), executed the amount of R\$6,014 (R\$2,456 in 2021), there was no internal transfer (R\$6,827 in 2021), and the year-end balance was approximately R\$19,268 (R\$23,111 in 2021).

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

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

In 2022, the project received no funds (R\$4,020 in 2021), recorded financial investment yield of R\$1,043 (R\$481 in 2021), finance costs of R\$204 (R\$131 in 2021), executed the amount of R\$1,632 (R\$2,631 in 2021), other changes amounted to R\$5 (R\$1 in 2021), there was no internal transfer to other projects (R\$3,238 in 2021), and the year-end balance was approximately R\$7,490 (R\$8,288 in 2021).

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

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

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

The Biodiversity Conservation and Sustainable Use in Federal Coastal Protected Areas project aims to promote the biodiversity conservation in the coastal and marine zone of the state of Rio de Janeiro, as well as the sustainable use of fisheries resources and the strengthening of artisanal fishing, by strengthening and supporting the biodiversity conservation and sustainable use in the Federal coastal and estuarine Protected Areas of the state of Rio de Janeiro.

In 2022, the project received no funds (R\$3,410 in 2021), recorded financial investment yield of R\$1,380 (R\$746 in 2021), finance costs of R\$397 (R\$341 in 2021), executed the amount of R\$590 (R\$1,723 in 2021), other changes amounted to R\$1, there was no internal transfer to other projects belonging to TAC Frade (R\$5,157 in 2021), and the year-end balance was approximately R\$9,379 (R\$8,897 in 2021).

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

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

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

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

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

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

In 2022, the project received no funds (R\$4,020 in 2021), recorded financial investment yield of R\$861 (R\$342 in 2021), finance costs of R\$124 (R\$103 in 2021), executed the amount of R\$817 (R\$1,180 in 2021), other changes amounted to R\$18, there was no internal transfer to other projects (R\$3,145 in 2021), and the year-end balance was approximately R\$6,739 (R\$6,837 in 2021).

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

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

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

In 2022, the project received R\$319 (R\$1 in 2021), financial investment yield amounted to R\$28 (R\$14 in 2021), finance costs amounted to R\$6 (R\$5 in 2021), executed the amount of R\$17 (R\$513 in 2021), and year-end balance was R\$359 (R\$35 in 2021).

7.10. Mata Atlântica III

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

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

7.10. Mata Atlântica III (Continued)

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

In 2022, the project received funds amounting to R\$8,843 (R\$12,624 in 2021), financial investment yields amounted to R\$193 (R\$29 in 2021), finance costs amounted to R\$157 (R\$53 in 2021), foreign exchange difference was R\$218 (R\$4 in 2021), funds executed amounted to R\$11,281 (R\$10,321 in 2021), other changes totaled R\$2, and the year-end balance was R\$888 (R\$3,510 in 2021).

7.11. Cooperation Agreement between FUNBIO and MMA - Probio II

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

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

In 2022, this project recorded financial investment yield of R\$4 (R\$1 in 2021) and the year-end balance was R\$30 (R\$26 in 2021).

7.12. FUNBIO Scholarships - Preserving the Future

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

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

7.12. FUNBIO Scholarships - Preserving the Future (Continued)

In 2022, the project received funds amounting to R\$1,000 (R\$544 in 2021), financial investment yields amounted to R\$36 (R\$20 in 2021), finance costs amounted to R\$24 (R\$2 in 2021), funds executed amounted to R\$1,121 (R\$1,148 in 2021), other changes totaled R\$2, and the year-end balance was R\$606 (R\$717 in 2021).

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

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

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

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

In 2022, the project received funds from BID amounting to R\$25,768 (R\$11,921 in 2021), financial investment yields amounted to R\$729 (R\$110 in 2021), finance costs amounted to R\$355 (R\$73 in 2021), funds executed amounted to R\$15,504 (R\$12,692 in 2021), and the year-end balance was R\$13,355 (R\$2,717 in 2021).

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

7.14. REDD Early Movers Mato Grosso - REM MT

This Project consists of remuneration on results (ex-post) of reductions in greenhouse gases emissions from deforestation. The main purpose of the Project is to significantly reduce the emissions from deforestation and environmental degradation in the state of Mato Grosso and in Brazil. The funds for the Program are provided by the German Government, through the German Development Bank (KfW), and by the Government of the United Kingdom, through the Department for Business, Energy & Industrial Strategy (BEIS).

In 2022, the project received no funds (R\$67,913 in 2021), recorded financial investment yield of R\$17,555 (R\$6,381 in 2021), finance costs of R\$3,447 (R\$1,173 in 2021), executed the amount of R\$48,235 (R\$39,472 in 2021), other changes amounted to R\$33 (R\$22 in 2021), and the year-end balance was R\$118,038 (R\$152,198 in 2021).

7.15. Exxon Mobil - AMLD

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

In 2022, the project received funds amounting to R\$1,000 (R\$1,200 in 2021), financial investment yields amounted to R\$46 (R\$11 in 2021), finance costs amounted to R\$10 (R\$2 in 2021), funds executed amounted to R\$1,150 (R\$778 in 2021), and the year-end balance was R\$429 (R\$543 in 2021).

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

Copaibas is a FUNBIO project enabled by resources from the Norwegian Ministry of Foreign Affairs (MFA). The project started on June 5, 2020, lasts for six (6) years, with the first year allocated to the preparation of initiatives that will be carried out in the subsequent five years. Copaibas aims to reduce the deforestation rate in the Brazilian Amazon and Cerrado.

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

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

In 2022, the project received R\$28,782 (R\$18,440 in 2021), financial investment yields amounted to R\$1,709 (R\$246 in 2021), finance costs amounted to R\$635 (R\$26 in 2021), funds executed amounted to R\$18,310 (R\$4,741 in 2021), other changes totaled R\$88 (R\$3 in 2021), and the year-end balance was R\$28,443 (R\$16,985 in 2021).

7.17. TCSA Porto Sul

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

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

In 2022, the project received no funds (R\$10,041 in 2021), recorded financial investment yield of R\$1,446 (R\$502 in 2021), finance costs of R\$366 (R\$61 in 2021), executed the amount of R\$7,339 (R\$2,795 in 2021), other changes amounted to R\$12 (R\$5 in 2021), and the year-end balance was approximately R\$8,313 (R\$14,584 in 2021).

7.18. Tradition and Future in the Amazon

The project is supported by the Petrobras Social and Environmental Program and aims to contribute to the territorial and environmental management of TI Menkragnoti, by promoting the maintenance of vegetation cover, of carbon stock, and of the biodiversity, and by valuing the knowledge of the Kayapó people (Mêbêngôkre). Executed by FUNBIO in partnership with Conservation International Brazil (CI-Brazil), Instituto Kabu (IK), Instituto Raoni (IR) and Associação Floresta Protegida (AFP).

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

7.18. Tradition and Future in the Amazon (Continued)

In 2022, the project received funds amounting to R\$1,652 (R\$886 in 2021), recorded financial investment yield of R\$220 (R\$34 in 2021), finance costs of R\$100 (R\$3 in 2021), executed the amount of R\$1,755 (R\$729 in 2021), other changes amounted to R\$3 (R\$1 in 2021), and the year-end balance was approximately R\$1,191 (R\$1,177 in 2021).

7.19. Abrolhos Terra e Mar Fund (ATM Fund)

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

In 2022, the Abrolhos Terra e Mar Fund (ATM Fund) recorded financial investment yields of R\$4,775 (R\$3,188 in 2021), finance costs of R\$6,147 (R\$2,465 in 2021), foreign exchange differences of R\$541 (R\$533 in 2021), and its year-end balance was R\$10,577 (R\$12,490 in 2021).

In 2022, the operating account recorded financial investment yields of R\$46 (R\$20 in 2021), finance costs of R\$38, executed the amount of R\$456, and the year-end balance was R\$29 (R\$477 in 2021).

7.20. TAC Underwater Warehouses

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

- (i) Support for federal or state marine and coastal Protected Areas located in the State of Rio de Janeiro;
- (ii) Support for the sustainable production, income generation and improvement of the quality of life in artisanal fishing and mariculture communities, considering the social and economic impacts of the Covid-19 pandemic;

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

7.20. TAC Underwater Warehouses (Continued)

- (iii) Support for scientific research in the fields of oceanography, marine biodiversity, marine pollution control, climate change, and other related fields.

In 2022, the project received no funds (R\$20,057 in 2021), recorded financial investment yield of R\$2,738 (R\$749 in 2021), finance costs of R\$768 (R\$71 in 2021), executed the amount of R\$5,562 (R\$526 in 2021), other changes amounted to R\$1 (R\$2 in 2021), and the year-end balance was R\$16,616 (R\$20,207 in 2021).

7.21. GCF Task Force

7.21.1. GCF Task Force

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

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

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

7.21. GCF TASK Force (Continued)

7.21.1. GCF TASK Force (Continued)

In 2022, the project received funds amounting to R\$1,129 (R\$202 in 2021), recorded financial investment yields of R\$13 (R\$3 in 2021), finance costs of R\$14 (R\$4 in 2021), executed the amount of R\$513 (R\$824 in 2021), other changes amounted to R\$622 (R\$630 in 2021), and closed the year without balance due to the closing of this phase of the project (R\$7 in 2021).

7.21.2. GCF TASK Force III

The contract for the third phase of GCF Task Force was entered into with the University of California on November 29, 2022.

In 2022, the project recorded financial investment yields of R\$13, finance costs of R\$4, executed the amount of R\$300, other changes totaled R\$524, and the year-end balance was R\$233.

7.22. Amazon Consortium

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

7.22.1. Amazon Consortium - ICS

In 2022, the project received no funds (R\$328 in 2021), recorded financial investment yields of R\$47 (R\$7 in 2021), finance costs of R\$29 (R\$1 in 2021), executed the amount of R\$525 (R\$23 in 2021), other changes amounted to R\$200, and the year-end balance was R\$4 (R\$311 in 2021).

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

7.22. Amazon Consortium (Continued)

7.22.2. Amazon Consortium - Embassy of France

In 2022, the project received no funds (R\$156 in 2021), recorded financial investment yields of R\$8 (R\$5 in 2021), finance costs of R\$7 (R\$1 in 2021), executed the amount of R\$121 (R\$40 in 2021), and the year-end balance was zero as the project was closed (R\$120 in 2021).

7.22.3. Amazon Consortium - Embassy of France - Phase II

On November 6, 2022, a new contract was entered into for the second phase of the project with the French Embassy in Brazil, which received funds in the amount of R\$85, financial investment yields of R\$1, and year-end balance of R\$86.

7.23. TAJ Paranaguá

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

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

7.23.1. Type IA

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

In 2022, the project received no funds (R\$50,802 in 2021), recorded financial investment yields of R\$6,625 (R\$861 in 2021), finance costs of R\$938 (R\$60 in 2021), executed the amount of R\$723, other changes amounted to R\$4, and the year-end balance was R\$56,571 (R\$51,603 in 2021).

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

7.23. TAJ Paranaguá (Continued)

7.23.2. Type III

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

In 2022, the project received no funds (R\$60,943 in 2021), recorded financial investment yields of R\$7,950 (R\$1,033 in 2021), finance costs of R\$1,120 (R\$72 in 2021), executed the amount of R\$628, other changes amounted to R\$3, and the year-end balance was approximately R\$68,109 (R\$61,904 in 2021).

7.24. REWILD

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

In 2022, the project received no funds (R\$2,540 in 2021), recorded financial investment yields of R\$172, finance costs of R\$84 (R\$10 in 2021), executed the amount of R\$2,613, and the year-end balance was R\$5 (R\$2,530 in 2021).

7.25. TAC Coral Sol

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

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

7.25. TAC Coral Sol (Continued)

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

In 2022, the project received funds amounting to R\$6,963 (R\$420 in 2021), recorded financial investment yields of R\$682, finance costs of R\$9, executed the amount of R\$607, and the year-end balance was R\$7,449 (R\$420 in 2021).

7.26. Marine Litter Monitoring and Evaluation Strategic Plan (PEMALM) II

Project "Fostering science-based and participatory governance processes to face marine litter in Brazil" is carried out through a partnership between Fundo Brasileiro para a Biodiversidade (FUNBIO), Cátedra UNESCO para Sustentabilidade do Oceano, Brazilian Institute for Advanced Studies (IEA) and Instituto Oceanográfico (IOUSP) of University of São Paulo and State Department of Infrastructure and Environment of São Paulo (SIMA). Its objective is to expand the impact of the Marine Litter Monitoring and Evaluation Strategic Plan of São Paulo state (PEMALM) published in January 2021 and built in a participatory way based on project "Building knowledge to combat litter in the sea: marine litter monitoring and evaluation plan in São Paulo state, Brazil", carried out by the same partners of this project.

In 2022, the project received funds amounting to R\$1,210, recorded financial investment yields of R\$60, finance costs of R\$17, executed the amount of R\$516, and the year-end balance was R\$737.

7.27. Eastern Amazon Fund ("FAO")

It is a private operational and financial mechanism aimed at strengthening public policies and social initiatives established with a focus on the environment and the sustainable development of the state.

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

7.27. Eastern Amazon Fund (“FAO”) - Continued

Created by the government of Pará in 2019, through Decree No. 346, FAO aims to mobilize private resources to support actions in connection with *Plano Estadual Amazônia Agora - PEAA* (Amazon Now State Plan) and operates in synergy with the State Policy on Climate Change (PEMC) in combating deforestation and the decarbonization of economic activities in Pará.

7.27.1. FAO - TAC JBS

Consent Decree entered into on February 14, 2022 between the Federal Prosecutor’s Office (MPF) and JBS, with the intermediation of the State Department of Environment and Sustainability of Pará (SEMAS/PA) and Fundo Brasileiro para a Biodiversidade (Funbio), which provided for the allocation of R\$5 million reais to FAO, through FUNBIO, the manager.

In 2022, the project received funds amounting to R\$5,000, recorded financial investment yields of R\$501, finance costs of R\$38, executed the amount of R\$176, and the year-end balance was R\$5,287.

7.27.2. FAO - TAE IMERYYS PA

On March 31, 2022, the State Government, through the State Office of the Attorney-General of the Public Finances of Pará (PGE-PA) and the State Department of Environment and Sustainability of Pará (SEMAS/PA), entered into with Imerys Rio Capim Caulim S.A. (IRCC) and Pará Pigmentos S.A. (PPSA) an Out-of-Court Agreement (“TAE”), with the intermediation of Funbio, as the manager of the Eastern Amazon Fund (FAO). As part of the foreseen legal obligations, the amount of R\$5 million reais was allocated to FAO, in order to support public policies for the environment and local development in Pará state, in line with the priority areas of the fund operation.

In 2022, the project received funds amounting to R\$5,000, recorded financial investment yields of R\$436, finance costs of R\$37, executed the amount of R\$120, and the year-end balance was R\$5,279.

Fundo Brasileiro para a Biodiversidade - FUNBIO

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

7.27. Eastern Amazon Fund (“FAO”) - Continued

7.27.3. FAO - ICS

Developed from a partnership between Instituto *Clima e Sociedade* - ICS (Climate and Society Institute) and the State Department of Environment and Sustainability of Pará (SEMAS/PA), to strengthen and boost the Eastern Amazon Fund (FAO), the project aims to develop the bases for carrying out consistent funding and with defined priorities to support the public policies prioritized by the FAO, notably the State Policy on Climate Change of Pará (PEMC/PA) and the Amazon Now State Plan (PEAA).

In 2022, the project received funds amounting to R\$334, recorded financial investment yields of R\$2, executed the amount of R\$26, other changes totaled R\$104, and the year-end balance was R\$414.

7.27.4. FAO - MOORE

The “Project for conservation and sustainable production in new protected areas in Pará: the case of Quilombola territories”, aims to create at least 200,000 hectares through the formal designation of Quilombola Territories and/or Sustainable Use Reserves, and development of territorial planning instruments and technical and financial support for sustainable production activities.

In 2022, the project received funds amounting to R\$13,939, recorded financial investment yields of R\$14, finance costs of R\$54, and the year-end balance was R\$13,899.

7.28. Amapá Fund

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

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

7.28. Amapá Fund (Continued)

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

In 2022, the fund recorded financial investment yield of R\$5,897 (R\$3,836 in 2021), financial costs of R\$7,815 (R\$2,777 in 2021), foreign exchanges differences of R\$719 (R\$743 in 2021), transfer between fund and the operating account of R\$714, and the year-end balance was close to R\$14,516 (R\$17,867 in 2021).

In 2022, the operating account recorded financial investment yields of R\$26, finance costs of R\$1, executed the amount of R\$331, received transfer between the fund and operating account of R\$714, and the year-end balance was R\$408.

7.29. GFCR Agency

In 2022, the United Nations Development Programme (UNDP), a subsidiary body of the United Nations established by the United Nations General Assembly, and Funbio, entered into the Financing Agreement. The purpose of the Our Coral Program is to recover and conserve the unique formations of Brazilian coral reefs, so that they continue to provide ecosystem services to the communities that depend on them. This will be achieved through the mobilization of financial resources, multi-stakeholder coordination, system research and monitoring, and a new vision that strengthens the economic benefits of coral reef conservation.

In 2022, the project received funds amounting to R\$536, recorded financial investment yields of R\$17, finance costs of R\$2, and the year-end balance was R\$551.

Fundo Brasileiro para a Biodiversidade - FUNBIO

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

7.30. Floresta Viva (Living Forest)

Living Forest has the general objective of contributing to investments in ecological restoration in Brazilian biomes, with the consequent obtainment of benefits related to biodiversity conservation, availability of water resources, reduction of erosion, improvement of the microclimate, removal of carbon dioxide from the atmosphere and job and income generation.

FUNBIO acts as the managing partner of the initiative and is charged with the operationalization and management of Living Forest resources, in close coordination with BNDES and the supporting institutions.

7.30.1. Living Forest - BNDES

The initiative operates under the principle of combining resources from the National Bank for Economic and Social Development (BNDES) with resources from supporting institutions. The contract for the application of non-refundable funds was entered into between Funbio and BNDES on September 28, 2022, in the amount of R\$77,206. On December 30, 2022, the second contract related to the BNDES supplementation was executed, in the amount of R\$100,000.

In 2022, the project received funds amounting to R\$15,906, recorded financial investment yields of R\$218, executed the amount of R\$2, and the year-end balance was R\$16,122.

7.30.2. Living Forest - Petrobras

Petrobras, as a supporting institution of Living Forest, entered into an agreement with Funbio on October 14, 2022, in the amount of R\$50,000. The purpose of this agreement is to co-finance, together with the funds contributed by the BNDES, the publication of two Notices to support restoration projects.

In 2022, the project received funds amounting to R\$10,000, recorded financial investment yields of R\$21, and the year-end balance was R\$10,021.

7.30.3. Living Forest - ENEVA

On December 22, 2022, Eneva, as a supporting institution of Living Forest, entered into a non-refundable financial contribution agreement with Funbio in the amount of R\$5,000 to support restoration projects.

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

7.30. Living Forest (Continued)

7.30.3. Living Forest - ENEVA (Continued)

In 2022, this project recorded financial investment yield of R\$1,000, recorded no financial investment yield, no finance cost, no amount was executed, and the year-end balance was R\$1,000.

8. Funds and advances related to projects - GEF Agency

	<u>12/31/2022</u>	<u>12/31/2021</u>
Funds related to the GEF Agency - FUNBIO	912	1,569
Funds related to the GEF Agency - Projects	-	91
Funds related to the GEF Agency – Grant Prospecies	14,642	19,351
Funds related to the GEF Agency - PPG BARU	144	-
Funds related to the GEF Agency	15,698	21,011
Project-related advances - Grant Prospecies	4,768	2,999
Project-related advances - PPG BARU	135	-
Project-related advances - GEF Agency	4,903	2,999
Total	20,601	24,010

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

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

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

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8. Funds and advances related to projects - GEF Agency (Continued)

8.1. Funds related to the GEF Agency - FUNBIO

Description	12/31/2021	Cash inflow / Contributions for project preparation	FUNBIO transfer (allocation)	Costs/Other transfers FUNBIO	Financial investment yield	Finance costs	12/31/2022
GEF Agency - FUNBIO	1,569	25	(720)	(90)	152	(24)	912

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

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

Contracts	12/31/2021	Financial investment yields	Finance costs	Transf. between accounts ⁽¹⁾	12/31/2022
Pro-Species Preparation	91	(17)	(29)	(45)	-

(1) The balance of R\$45 includes R\$38 referring to the transfer of funds between GEF Agency accounts (PPG 129.150-5 to GRANT 23533-4), as it refers to the closing of the PPG as advised by GEF, and R\$7 referring to return of yield to the donor on October 10, 2022, for the period from January 2022 to June 2022, as per contractual requirement - GEF Agency 129150-5 - USD1,239.29 (quotation - 5.2729).

This refers to a financial support agreement for the preparation of the Project evaluation document entitled "National Strategy for Conservation of Endangered Species - Pro Species", for application to the Global Environment Facility - GEF board, agreed between FUNBIO and the IUCN Association.

This initiative is intended to prepare the Pro Species Project, supported by the Ministry of the Environment in the preparation of the Pro Species Project Document, with technical and administrative support for holding meetings and workshops, articulation of key actors for the preparation and execution of the Pro Species Project, the engagement of consultants and the preparation of documents, including - and mainly - the Pro-Species Project Assessment Document with content and form suitable for submission of the document for endorsement to the GEF Executive Secretariat.

Fundo Brasileiro para a Biodiversidade - FUNBIO

Notes to the financial statements (Continued)
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8. Funds and advances related to projects - GEF Agency (Continued)

8.3. Funds related to the GEF Agency - Pro-Species Grant Project

Contracts	12/31/2021	Cash inflow - Projects approved ⁽¹⁾	Advances - Project	Financial investment yields	Finance costs	Transf. between accounts ⁽²⁾	12/31/2022
Pro-Species Grant	19,351	38	(5,359)	955	(350)	7	14,642

(1) The balance of R\$38 refers to the transfer of funds between GEF Agency accounts Pro-Species Preparation (PPG 129.150-5 to GRANT 23533-4), as it refers to the closing of the Project as advised by GEF.

(2) The balance of R\$7 refers to return of yield to the donor on October 10, 2022, for the period from January 2022 to June 2022, as per contractual requirement - GEF Agency - Pro-Species Preparation 129150-5 - USD1,239.29 (quotation - 5.2729).

Advances related to projects - Pro-Species Grant Project

Contracts	12/31/2021	Advance Project preparation	Accountability	12/31/2022
Pro-Species Grant	2,999	5,359	(3,590)	4,768

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

8.4. Funds related to the GEF Agency - PPG BARU Project

Contracts	12/31/2021	Cash inflow - Projects approved	Advances - Project	Financial investment yields	Finance costs	Transf. between accounts	12/31/2022
PPG BARU	-	272	(135)	11	(5)	1	144

Advances related to projects - PPG BARU Project

Contracts	12/31/2021	Advance Project preparation	Accountability	12/31/2022
PPG BARU	-	135	-	135

The project was approved in May 2022 and is currently in the preparation phase. It aims to promote the baru as an element of conservation and income in the Cerrado (Brazilian Savannah).

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Notes to the financial statements (Continued)
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8. Funds and advances related to projects - GEF Agency (Continued)

8.4. Funds related to the GEF Agency - PPG BARU Project (Continued)

It will strengthen the network of producers, as well as the empowerment of traditional people and communities that have the species as a source of work and income, supporting the construction of a fair and solidary market, ensuring a sustainable management for the baru nut, with less environmental impact and increased income generation.

9. Funds related to GCF Agency

	12/31/2022	12/31/2021
Funds related to the GCF Agency - Readiness Project	1,195	1,091
Funds related to the GCF Agency - Readiness Project - AND	674	-
Total funds related to the GCF Agency	1,869	1,091

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

9.1. Funds related to GCF Agency - Readiness

Description	12/31/2021	Cash inflows	Execution of projects	FUNBIO transfer (allocation)	Financial investment yields	Finance costs	12/31/2022
Readiness Project	1,091	-	(16)	(7)	128	(1)	1,195

The project "Strengthening Brazilian DAEs and executors for the implementation and execution of GCF projects" aims to support all three national entities accredited by the GCF to improve their ability to operate with this fund. The improvement opportunities addressed by this project are issues related to environmental and social safeguards, gender issues and project monitoring.

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

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9. Funds related to the GCF Agency (Continued)

9.2. Funds related to GCF Agency - Readiness AND

Description	12/31/2021	Cash inflows	Execution of projects	FUNBIO transfer (allocation)	Financial investment yields	Finance costs	12/31/2022
Readiness Project AND	-	666	(1)	(11)	23	(3)	674

Readiness AND aims to promote the strengthening of the technical, managerial and coordination capacities of the Brazilian NDA, as well as of other stakeholders on climate-related issues, and to create tools and procedures to make the most of the country's diverse possibilities for design project. It aims to strengthen the NDA's capacity in the face of different GCF financing models, instruments and eligibility criteria for innovative mitigation and adaptation projects, as well as to improve the NDA's work and coordination system.

10. FUNBIO Resources Fund (FRF)

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

In 2022, management decided, and the Finance and Audit Committee approved, that there would not be transfers to FUNBIO's administrative account to supplement cash. R\$3,000 were transferred to the FRF account, and R\$500 were transferred to the FUNBIO Scholarship Project sponsored by the FRF. The FRF's asset management is conducted by Pragma Gestão de Patrimônio and overseen by FUNBIO's Asset Management Committee.

	12/31/2022	12/31/2021
Balance at January 1	37,418	32,433
Allocation of surplus arising from finance income (1)	903	485
Contribution - FUNBIO Resources Fund (FRF) (2)	3,000	5,000
Transfer of funds to FUNBIO Scholarship Project (3)	(500)	(500)
Balance at December 31	40,821	37,418

- (1) Allocation of surplus for the year proportionally to finance income from the FRF's assets (net of provision for income tax and funds from the fund management) managed by Pragma. In 2022, R\$903 (R\$485 in 2021) was allocated from surplus for the year.
- (2) In 2022, R\$3,000 were transferred to the FRF account.
- (3) In 2022, there was no transfer of funds to FUNBIO's administrative account, but a total of R\$500 (R\$500 in 2021) was approved for the FUNBIO Scholarships Project by the Finance and Audit Committee.

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11. Reimbursement of projects

Project	12/31/2022	12/31/2021
Arpa 3rd Phase - Transition Fund	3,846	4,369
TAC Frade - Support to Federal Coastal and Estuarine Protected Areas of Rio de Janeiro	187	202
TAC Frade - Support to Federal Coastal and Estuarine Protected Areas of Rio de Janeiro - Phase II	119	180
TAC Frade - Porpoise Conservation	86	277
TAC Frade - Fishing and Marine Research	397	443
TAC Frade - Environmental Education Project	298	170
TAC Frade - Environmental Education Project - Phase II	122	206
Kayapó	131	133
Probio/Opportunity Fund	241	82
R20	-	59
Amazon Live - Rock in Rio	7	5
GEF land	459	446
Copaíbas	3,638	2,839
Kayapó - Tradition and Future of Amazon	298	247
TAC Underwater Warehouses	201	150
Amazon Consortium	45	38
GCF Task Force	39	45
Moore Bain Fund	-	835
PEMALM II	141	-
GCF Agency	16	-
Rewild	575	-
Total	10,846	10,726

This account of the revenue group includes the project funds used in the reimbursement of expenses incurred by FUNBIO as the executing entity for the initiative. Most of them refer to personnel, commuting and administrative expenses absolutely necessary to carry out the work. Therefore, the revenue presented herein consists of direct project costs.

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12. Recovery of costs

Projects	12/31/2022	12/31/2021
TAC Frade - Fishing and Marine Research	-	429
TAC Frade - Environmental Education Project - Phase I	-	689
TAC Frade - Support to Federal Coastal and Estuarine Protected Areas of Rio de Janeiro - Phase I	-	711
TAC Frade - Environmental Education Project - Phase II	-	492
TAC Frade - Support to Federal Coastal and Estuarine Protected Areas of Rio de Janeiro - Phase II	-	488
Mata Atlântica III	2,317	623
GEF Mar Petrobras	803	1,344
GEF land	1,680	1,101
TCA CSN Volta Verde	-	23
REDD Early Movers Mato Grosso - REM MT	6,100	4,894
Exxon Mobil - AMLD	150	120
TAJ Santos - PERB	-	3
Amazon Forest Fund	-	14
Copaíbas	2,785	707
TCSA Porto Sul	586	1,103
TAC Underwater Warehouses	501	376
GCF Task Force	36	51
FUNBIO scholarships	-	31
TAJ Paranaguá - Mod. IA	437	-
TAJ Paranaguá - Mod. III	534	-
PEMALM II	60	-
Amapá Fund - Operational	107	-
TAC Coral Sol	592	-
TAC JBS - FAO	167	-
TAE IMERYS - FAO	119	-
Arpa 3rd Phase - Transition Fund	540	-
Total	17,514	13,199

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

13. General and administrative expenses

	12/31/2022	12/31/2021
Salaries and related charges	(18,572)	(16,356)
Third-party services	(3,814)	(3,435)
Lease and maintenance	(896)	(865)
Travel expenses	(496)	(32)
General expenses	(448)	(422)
	(24,226)	(21,110)

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14. Finance income (costs)

	<u>12/31/2022</u>	<u>12/31/2021</u>
Finance income		
Foreign exchange gains	80	131
Financial investment yield	7,178	823
Total finance income	<u>7,258</u>	<u>954</u>
Finance costs		
Foreign exchange losses	(121)	(91)
Bank expenses	(5,581)	(50)
Total finance costs	<u>(5,702)</u>	<u>(141)</u>
	<u>1,556</u>	<u>813</u>

15. Provision for tax, civil and labor contingencies

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

At December 31, 2022 and 2021, there were no contingencies assessed as probable loss.

At December 31, 2022 and 2021, the Entity has the following lawsuits, whose likelihood of loss was assessed as possible by the legal advisors:

	<u>12/31/2022</u>	<u>12/31/2021</u>
Nature of lawsuits:		
Civil ⁽¹⁾	<u>1,980</u>	<u>1,000</u>

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

FMA/RJ/RJ was supported by Agreement No. 003/2009 entered into between the state of Rio de Janeiro, through the State Department of the Environment ("SEA"), and FUNBIO, facilitated by the State Environmental Institute (INEA), aiming at the operation, maintenance and control of the mechanism, which remained effective until 2015. Currently, the Project is supported by Cooperation Agreement No. 04/2016, entered into by and between FUNBIO and the State Department of the Environment (SEA) and State Environmental Institute (INEA). Under the referred to Agreement No. 003/2009, the Public Prosecutor's Office of the State of Rio de Janeiro initiated a Civil Class Action against the state of Rio de Janeiro, INEA and FUNBIO at the 15th Public Finance Court of the Capital City of Rio de Janeiro State, in which it challenges the validity of the legal mechanism of environmental compensation in relation to Parque Estadual da Costa do Sol (PECS). Currently, an appeal was filed and has been examined by the High Court of Justice ("STJ"). Therefore, according to these same lawyers, the likelihood of loss on this lawsuit was assessed as possible in the restated amount of R\$1,980.

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Notes to the financial statements (Continued)
December 31, 2022 and 2021
(In thousands of reais)

16. Insurance coverage

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

At December 31, 2022, the Entity had the following main insurance policies taken out from third parties:

<u>Type</u>	<u>Amount insured</u>
Property and equipment items - effective from 12/2022 to 12/2023	2,876
Sundry perils - effective from 12/2022 to 12/2023	100
General Civil Liability - effective from 12/2022 to 12/2023	160
Civil Liability of Directors & Officers - D&O - effective from 06/2022 to 06/2023	<u>5,000</u>