

## **Financial Information**

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

Period from January 1 to December 31, 2022  
with independent auditor's report on the financial information on  
Project "Fostering science-based and participatory governance  
processes to face marine litter in Brazil"

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

Financial information on Project “Fostering science-based and participatory governance processes to face marine litter in Brazil”

Period from January 1 to December 31, 2022

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

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## **Independent auditor's report on the financial information on Project "Fostering science-based and participatory governance processes to face marine litter in Brazil"**

To the  
Executive Office and the Board of Directors of **Fundo Brasileiro para a Biodiversidade - FUNBIO**  
Projeto "PEMALM II"  
Rio de Janeiro - RJ

### **Opinion**

We have audited the financial information on Project "Fostering science-based and participatory governance processes to face marine litter in Brazil" ("Project or "PEMALM II"), managed by Fundo Brasileiro para a Biodiversidade - FUNBIO ("Entity"), financed with funds from the financial contribution agreement of the Norwegian Ministry of Foreign Affairs, represented by the Royal Norwegian Embassy in Brazil, for the period from January 1 to December 31, 2022, and notes to the financial information, including a summary of significant accounting policies.

In our opinion, the accompanying Project' Financial Information for the period from January 1 to December 31, 2022 was prepared, in all material respects, in accordance with the contracts entered into by and between the parties, and the cash receipt and disbursement basis of accounting described in Note 2.

### **Basis for opinion**

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



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

We draw attention to Note 2 to the financial information, which describes the accounting basis of this financial information, prepared to assist the Entity in complying with the clauses for preparing the financial reports of the aforementioned contract. As such, the financial information may not serve any other purposes. Our report is intended solely for use and information by the Entity's executive board and Project funders, and should not be distributed or used by other parties. Our opinion is not modified in respect of this matter.

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

The executive board is responsible for the preparation of the financial information in accordance with the agreements entered into between the parties and the cash receipt and disbursement basis of accounting described in Note 2, and for such internal control as the executive board determines is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial information as a whole is 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 this financial information.



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

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, May 31, 2023.

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

Beatriz Gonçalves de Moraes Nicolaci  
Accountant CRC-RJ091370/O

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

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## Fundo Brasileiro para Biodiversidade - FUNBIO

Financial information on Project “Fostering science-based and participatory governance processes to face marine litter in Brazil”

Period from January 1 to December 31, 2022

(In thousands of reais, unless otherwise stated)

Changes in the Project “Fostering science-based and participatory governance processes to face marine litter in Brazil” funds in the period from January 1 to December 31, 2022 are presented below:

	<u>Note</u>	<u>2022</u>
<b>Project balance at beginning of period</b>		-
Funds received	4	1,210
Financial investment yields, net (*)	3	43
Finance costs		(5)
Funds executed	5	(518)
Other transfers		2
<b>Project balance at end of period</b>	3	<u>732</u>

(\*) This amount refers to financial investment yield, net of income tax to be withheld upon redemption by Funbio.

See accompanying notes.

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

Notes to the Financial Information on Project "Fostering science-based and participatory governance processes to face marine litter in Brazil"

Period from January 1 to December 31, 2022

(In thousands of reais, unless otherwise stated)

### **1. Operations**

Fundo Brasileiro Para a Biodiversidade (FUNBIO) is a Brazilian private not-for-profit entity that operates in partnership with the government and business sectors as well as the civil society so that strategic and financial resources are earmarked for effective biodiversity conservation initiatives. The Entity's head office is located at Rua Voluntários da Pátria, nº 286, 5th and 6th floors, Botafogo, Rio de Janeiro - RJ, with establishment in the city of Brasília, Federal District, at SHN Quadra 2, Bloco F, Executive Office Tower, suite 1323 to 1326, Asa Norte.

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

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.

### **2. Significant accounting practices**

#### Basis of preparation and general information

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

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

This financial information was approved for issue by the Entity's executive board on May 31, 2023.

## Fundo Brasileiro para a Biodiversidade - Funbio

Notes to the Financial Information on Project "Fostering science-based and participatory governance processes to face marine litter in Brazil" (Continued)  
 Period from January 1 to December 31, 2022  
 (In thousands of reais, unless otherwise stated)

### 3. Funds available

In the period from January 1 to December 31, 2022, the balance remaining in the checking account is as follows:

Description	Type	2022
Banco do Brasil - 26.506-3 - CDB	Financial investment	732
<b>Total funds available</b>		<b>732</b>

In the period from January 1 to December 31, 2022, financial investment yields totaled R\$43.

Investments in Bank Deposit Certificates (CDB) comprise securities remunerated at 96% of the Interbank Deposit Certificate (CDI) variation, which may be redeemed in up to 60 months and pose insignificant risk of reduction in value. Investments are held with first-tier financial institutions.

### 4. Funds received

In the period from January 1 to December 31, 2022, contributions made by the donor totaled R\$1,210, as follows:

PEMALM	Amounts in NOK	Foreign exchange	Amounts in R\$	Inflow date of fund in the bank
1st Contribution - Royal Norwegian Embassy	899	0.6217	559	01/05/2022
2 <sup>nd</sup> Contribution - Royal Norwegian Embassy	592	0.5119	303	08/08/2022
3 <sup>rd</sup> Contribution - Royal Norwegian Embassy	691	0.5031	348	12/15/2022
	<b>2,182</b>		<b>1,210</b>	

### 5. Execution of funds

The execution of the Project "Fostering science-based and participatory governance processes to face marine litter in Brazil" funds in the period from January 1 to December 31, 2022 are presented below:

	2022 (in NOK)	Quotation (*)	2022 (in R\$)
Total project execution	(507)	0.6217	(315)
Personnel cost - Funbio	(327)	0.6217	(203)
<b>Total direct and indirect costs</b>	<b>(834)</b>		<b>(518)</b>

(\*) Quotation presented is the quotation of the donor's first contribution. The amounts presented in Brazilian reais are rough values in view of rounding the amount in Norwegian kroner for presentation in thousands of NOK and Brazilian reais.



## **Independent auditor’s report on compliance with the accounting and financial contractual provisions of Project “Fostering science-based and participatory governance processes to face marine litter in Brazil”**

To the  
Executive Office and the Board of Directors of  
**Fundo Brasileiro para a Biodiversidade - FUNBIO**  
Project “PEMALM II”  
Rio de Janeiro - Rio de Janeiro State

We have audited the financial information for the period from January 1 to December 31, 2022 on Project “Fostering science-based and participatory governance processes to face marine litter in Brazil” (“Project” or “PEMALM II”), managed by Fundo Brasileiro para a Biodiversidade - FUNBIO (the “Entity”), financed with funds from the Norwegian Ministry of Foreign Affairs, represented by the Royal Norwegian Embassy in Brazil, and issued our report thereon dated May 31, 2023.


Our audit was focused on checking whether the contractual provisions directly related to accounting and financial matters of the “PEMALM II” Project have been appropriately complied with.

We conducted our audit in accordance with International Standards on Auditing and the requirements set out in the contract entered into between the Entity and the Norwegian Ministry of Foreign Affairs. These standards require that we plan and conduct the audit in order to obtain reasonable certainty that FUNBIO has complied with the provisions set out in the contract entered into between the Entity and the Norwegian Ministry of Foreign Affairs. The audit includes review, on a sample basis, of the evidence deemed appropriate by us. Accordingly, we understand that our audit provides a reasonable base for our opinion.

In our opinion, in the period from January 1 to December 31 2022, FUNBIO complied, in all significant respects, with the contractual provisions applicable, of an accounting and financial nature, of the contract entered into between the Entity and the Norwegian Ministry of Foreign Affairs.

Rio de Janeiro, May 31, 2023.

ERNST & YOUNG  
Auditores Independentes S/S Ltda.  
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Beatriz Gonçalves de Moraes Nicolaci  
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## **Independent Auditor’s Report on internal controls of Project “Fostering science-based and participatory governance processes to face marine litter in Brazil”**

To the  
Executive Office and the Board of Directors of  
**Fundo Brasileiro para a Biodiversidade - FUNBIO**  
Project “PEMALM II”  
Rio de Janeiro - Rio de Janeiro State

This report supplements our report on the financial information on Project “Fostering science-based and participatory governance processes to face marine litter in Brazil” (“Project” or “PEMALM II”).

The executive board of Fundo Brasileiro para a Biodiversidade - FUNBIO, manager of the Project PEMALM II, is responsible for maintaining an internal control structure sufficient to mitigate the risks of material misstatement in the financial information and protect the assets under custody of the Project, including the areas constructed and other assets acquired. In order to fulfill this responsibility, the executive board is required to make judgments and estimates to evaluate the expected benefits and costs of the internal control policies and procedures. The objectives of an internal control system are to provide the executive board with reasonable, but not absolute, assurance that assets are protected against losses arising from unauthorized use or disposals, that transactions are carried out in accordance with the executive board’s authorizations and agreement terms, and that they are properly recorded to allow the preparation of reliable financial information. Due to the limitations inherent in any internal control system, errors or irregularities may occur and remain undetected. In addition, the projections of any future periods’ structure assessment are subject to the risk that the procedures may be inadequate due to changes in conditions, or that the efficiency of the design and operation of the policies and procedures may be impaired.

In planning and conducting our audit of the financial information on the Project for the period from January 1 to December 31, 2022, we obtained an understanding of the internal control structure and assessed the risk of control to determine our audit procedures, in order to express an opinion on the financial information on the Project, but not to issue an opinion on the effectiveness of the internal control structure.

Our audit of Project PEMALM II for the period from January 1 to December 31, 2022 revealed no significant deficiencies in the design or operation of internal controls that, in our opinion, could significantly affect FUNBIO’s ability to record, process, summarize and report financial information consistently with the executive board’s representations in the financial information of funds received, disbursements made, and accumulated investments.



A significant deficiency is the condition in which the design or operation of one or more elements of the internal control structure does not reduce to a relatively low level the risk that errors or irregularities may occur in amounts that could be significant in relation to the financial information of the Project, and that could not be detected on a timely basis by FUNBIO employees in the normal course of the duties assigned thereto.

Our consideration on the internal control structure does not necessarily expose all matters relating to this system that could be considered significant deficiencies and, as such, should not necessarily expose all conditions to be informed that could be considered significant deficiencies, in accordance with the prior definition.

Rio de Janeiro, May 31, 2023.

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

A handwritten signature in blue ink, reading 'Beatriz Gonçalves de Moraes Nicolaci', is written over the printed name.

Beatriz Gonçalves de Moraes Nicolaci  
Accountant CRC- RJ091370/O