

Financial Information

Fundo Brasileiro para a Biodiversidade - FUNBIO

From January 1 to December 31, 2023
with the independent auditor's report on the financial information of
GCF Agency

Fundo Brasileiro para a Biodiversidade - FUNBIO

Financial information of GCF Agency

From January 1 to December 31, 2023

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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

Independent auditor's report on the financial information of GCF Agency

To the
Executive Office and the Board of Directors of
Fundo Brasileiro para a Biodiversidade - FUNBIO
GCF Agency
Rio de Janeiro - RJ

Opinion

We have audited the financial information on Green Climate Fund (GCF) Agency (jointly referred to as "Projects"), managed by Fundo Brasileiro para a Biodiversidade - FUNBIO (the "Entity"), funded with resources from the United Nations Office for Project Services (UNOPS), for the period from January 1 to December 31, 2023, as well as the corresponding notes to the financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion, the accompanying Project' Financial Information for the period from January 1 to December 31, 2023 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 management and those charged with governance for the financial information

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

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

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

Auditor's responsibilities for the audit of the financial information

Our objectives are to obtain reasonable assurance about whether the financial information as a whole 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 the audit conducted in accordance with the Brazilian and International Standards on Auditing, and the specific audit requirements set out in the clauses of the financial contribution agreement of the United Nations Office for Project Services (UNOPS), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



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

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

Rio de Janeiro, May 29, 2024.

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

Felipe Sant' Anna Vergete
Accountant CRC-RJ106842/O

A free translation from Portuguese into English of 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

Fundo Brasileiro para Biodiversidade - FUNBIO

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

Changes in funds of GCF Agency in the period from January 1 to December 31, 2023 are as follows:

	Notes	Readiness Project 2023	Readiness Project 2022	Readiness AND Project 2023	Readiness AND Project 2022	Readiness Ocean Project 2023	Accumulated (**)
Project balance at beginning of period	3	1,167	1,080	669	-	-	-
Cash inflows	5	-	-	-	666	725	2,737
Financial investment yields, net (*)	3	128	110	67	18	30	409
Finance costs	3	-	-	-	(3)	(4)	(13)
Funds executed	4	-	(16)	(47)	(1)	-	(79)
FUNBIO Transfer (appropriation)	4	-	(7)	(59)	(11)	-	(378)
Project balance at end of period	3	1,295	1,167	630	669	751	2,676

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

(**) The accumulated amount refers to the period from March 31, 2020 to December 31, 2023.

See accompanying notes.

Fundo Brasileiro para Biodiversidade - FUNBIO

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

1. Operations

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

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

The Green Climate Fund (GCF) aims to support developing countries in implementing adaptation and mitigation actions to global climate change. The Fund works with implementing entities that are accredited after an accreditation process. These entities must follow the policies and procedures of the GCF.

The project "Strengthening Brazilian DAEs and executors for the implementation and execution of GCF projects" aims to support all three nationally accredited entities in the GCF in improving their capacities to operate with this fund. The focal points of improvement for this project are issues related to environmental and social safeguards, gender issues, and project monitoring.

Readiness

Readiness PC is a financing line of the Green Climate Fund (GCF) that provides grants to countries that are signatories of the United Nations Framework Convention on Climate Change (UNFCCC) and is managed by the Brazilian Fund for Biodiversity - FUNBIO, funded with resources from agreements with the United Nations Office for Project Services (UNOPS).

Readiness AND

The Readiness AND aims to promote the strengthening of technical, managerial, and coordination capacities of the Brazilian NDA, as well as other stakeholders on climate-related issues, and to create tools and procedures to maximize the country's diverse possibilities for project design. It seeks 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 system of work and coordination.

Fundo Brasileiro para Biodiversidade - FUNBIO

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

1. Operations--Continuação

Readiness Ocean

The Readiness Ocean Project aims to enable the climate-ocean nexus debate to increase its importance, be better organized, disseminated among stakeholders, and prepare the future pipeline of projects and programs related to the ocean. The initiative will fill the gap of project concepts that have an impact on the public of stakeholders, such as policymakers, NGOs, and the private sector. This proposal aims to identify and develop these potential projects to the point where they can be classified and prioritized according to various investment criteria, including those of the GCF.

2. Material accounting practices

Basis of preparation and general information

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

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

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

3. Funds available

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

GCF Agency – Readiness Project

<u>Description</u>	<u>Type</u>	<u>12/31/2023</u>	<u>12/31/2022</u>
Banco do Brasil - C/Aplic CDB - 25432-0	Financial investments	<u>1,295</u>	<u>1,167</u>

In the period from January 1 to December 31, 2023, financial investment yields totaled R\$128 (2022 - R\$110).

Fundo Brasileiro para Biodiversidade - FUNBIO

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

3. Funds available (Continued)

GCF Agency – Readiness Project (Continued)

Financial investments in Bank Deposit Certificates (CDBs) are represented by securities that guarantee yields of 97% of the CDI variation, with a redemption period of up to 60 months and insignificant risk of reduction in value. Investments are held with first-tier financial institutions.

GCF Agency – Readiness AND Project

<u>Description</u>	<u>Type</u>	<u>12/31/2023</u>	<u>12/31/2022</u>
Banco do Brasil - 26995-6	Check account	1	-
Banco do Brasil - C/Aplic CDB - 26995-6	Financial investments	629	669
Total funds available		630	669

In the period from January 1 to December 31, 2023, financial investment yields totaled R\$67 (2022 – R\$18) and there were no financial expenses (2022 – R\$3).

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

GCF Agency – Readiness Ocean Project

<u>Description</u>	<u>Type</u>	<u>12/31/2023</u>
Banco do Brasil - C/Aplic CDB – 27557-3	Financial investments	751

In the period from January 1 to December 31, 2023, financial investment yields totaled R\$30 and financial expenses totaled R\$4.

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

4. Funds executed

The execution of the GCF Agency, funds in the period from January 1 to December 31, 2023 and 2022 are presented below:

Fundo Brasileiro para Biodiversidade - FUNBIO

Notes to financial information on GCF Agency (Continued)

Period from January 1 to December 31, 2023

(In thousands of reais, unless otherwise stated)

4. Funds executed (Continued)

GCF Agency – Readiness Project

Description	2023	2022
Project execution	-	(16)
Total of funds executed	-	(16)
FUNBIO transfer (appropriation) (*)	-	(7)
Total of FUNBIO Transfer (appropriation)	-	(7)

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

GCF Agency – Readiness AND Project

Description	2023	2022
Project execution	(47)	(1)
Total of funds executed	(47)	(1)
FUNBIO transfer (appropriation) (*)	(59)	(11)
Total of FUNBIO Transfer (appropriation)	(59)	(11)

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

5. Cash inflows

In the period from January 1 to December 31, 2023, contributions made by the donor totaled R\$725, as follows:

Project	2023	2022	Accumulated (*)
GCF Agency – Readiness Project (c/c 25432-0)	-	-	1,346
GCF Agency – Readiness AND Project (c/c 26995-6)	-	666	666
GCF Agency – Readiness Ocean Project (c/c 27557-3)	725	-	725
Total of cash inflows	725	666	2,737

(*) The accumulated amount refers to the period from March 31, 2020 to December 31, 2023.

Independent auditor's limited assurance report on compliance with the accounting and financial contractual provisions of GCF Agency

The Executive Secretary and the Board of Directors
Fundo Brasileiro para a Biodiversidade - FUNBIO
GCF Agency
Rio de Janeiro - RJ

We have audited the Financial Information of Green Climate Fund (GCF) Agency (jointly referred to as "Projects"), managed by Fundo Brasileiro para a Biodiversidade - FUNBIO (the "Entity"), funded with resources from the United Nations Office for Project Services (UNOPS), in the period from January 1 to December 31, 2023, and issued a report thereon, dated May 29, 2024.

Our purpose of our audit was to verify the proper compliance with contractual provisions directly related to accounting and financial matters of the GCF Agency.

We conducted our audit in accordance with international auditing standards and the requirements of the agreement entered into between the Institution and the United Nations Office for Project Services (UNOPS). These standards require the due planning and performance of the audit so that we can obtain reasonable assurance that FUNBIO has complied with the provisions of the agreement entered into between the Institution and the United Nations Office for Project Services (UNOPS). The audit includes an examination, on a sampling basis, of the evidence we believe to be appropriate. Therefore, we consider that our audit provides a reasonable basis for our opinion.

In our opinion, from January 1 to December 31, 2023, FUNBIO complied, in all substantial aspects, with the applicable contractual provisions, of an accounting and financial nature, of the agreement entered into between the Institution and the United Nations Office for Project Services (UNOPS).

Rio de Janeiro, May 29, 2024.

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



Felipe Sant'Anna Vergete
Accountant CRC-RJ106842/O

Independent Auditors' Assurance Report on the description, design and effectiveness of operational controls applied in GCF Agency

The Executive Secretary and the Board of Directors
Fundo Brasileiro para a Biodiversidade - FUNBIO
GCF Agency
Rio de Janeiro - RJ

This report supplements our report on the financial information of Green Climate Fund (GCF) Agency (“Projects” or “GCF Agency”).

Management of Fundo Brasileiro para Diversidade - FUNBIO, manager of GCF Agency, is responsible for maintaining an internal control structure sufficient to mitigate the risks of material misstatement of the financial information and protecting the assets under the Project's custody, including the constructed works and other acquired items. In order to fulfill this responsibility, management is required to make judgments and estimates to assess the expected benefits and costs related to the policies and procedures of the internal control system. The objectives of an internal control system are to provide management 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 management's authorizations and agreement terms and that they are properly recorded to allow the preparation of reliable accounting information. Given the inherent limitations of any internal control system, errors or irregularities may occur and not be detected. In addition, the projections of any assessment of the structure of future periods are subject to the risk that the procedures could prove inadequate due to changes in conditions, or that the effectiveness of the design and operation of the policies and procedures could deteriorate.

In planning and carrying out our audit of the Project's financial information for the period from January 1 to December 31, 2023, we obtained an understanding of the internal control structure and assessed the control risk to design audit procedures for the purpose of expressing an opinion on the Project's financial information, and not on the effectiveness of the internal control structure.

Our audit of the Project's for the period from January 1 to December 31, 2023 did not reveal any significant deficiencies in the design or operation of internal controls that could, in our opinion, significantly affect FUNBIO's ability to record, process, summarize and present financial information consistent with management's assertions in the statements of funds received and disbursements made, as well as of 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 of the internal control structure does not necessarily expose all matters of that system that could be considered significant deficiencies and, therefore, should not necessarily expose all conditions to be reported that could be considered significant deficiencies, according to the definition above.

Rio de Janeiro, May 29, 2024.

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

A handwritten signature in blue ink, appearing to read 'Felipe Vergete'.

Felipe Sant' Anna Vergete
Accountant CRC-RJ106842/O