

WWF-Brasil -
World Wide
Fund For Nature

Financial statements

December 31, 2022

Contents

Independent auditors' report on the financial statements	3
Balance sheets	5
Statements of surplus (deficit)	6
Statements of comprehensive income	7
Statements of changes in net assets	8
Statements of cash flows - Indirect method	9
Notes to the financial statements	10



KPMG Auditores Independentes Ltda.
SAI/SO, Área 6580 - Bloco 02, 3º andar, sala 302 - Torre Norte
ParkShopping - Zona Industrial (Guará)
Caixa Postal 11619 - CEP: 71219-900 - Brasília/DF - Brazil
Telephone +55 (61) 3362 3700
kpmg.com.br

Independent auditors' report on the financial statements

**To the Board Members and Directors of
WWF-Brazil - World Wide Fund For Nature
Brasília – DF**

Opinion

We have examined the financial statements of WWF-Brazil - World Wide Fund For Nature ("Entity") comprising the balance sheet as of December 31, 2022 and the related statement of surplus (deficit), comprehensive income and changes in net assets, and cash flows for the year then ended, as well as the corresponding notes, comprising the significant accounting policies and other clarifying information.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of WWF-Brazil - World Wide Fund For Nature as of December 31, 2022, the performance of its operations and its cash flows, for the year then ended, in conformity with accounting practices adopted in Brazil, applicable to small and medium-sized enterprises.

Basis for opinion

Our audit was conducted in accordance with Brazilian and international audit standards. Our responsibilities, in conformity with these standards, are described in the following section denominated "Auditors' responsibilities for the audit of the financial statements". We are independent in relation to the Entity, according to the relevant ethical principles established in the Accountants' Professional Code of Ethics and the professional standards issued by the Federal Accounting Council, and we comply with the other ethical responsibilities according to these standards. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for financial statements

The Management is responsible for the preparation and adequate presentation of the financial statements in accordance with the accounting practices adopted in Brazil, applicable to small and medium-sized enterprises and the internal controls it deemed necessary to enable the preparation of these financial statements free of material misstatements, regardless of whether caused by fraud or error.

In the preparation of financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, where applicable, the matters relating to its going concern and the use of this basis of accounting in preparing the financial statements, unless Management intends to wind-up the Entity or cease its operations, or has no realistic alternative to avoid doing so.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance means a high level of security, but not a guarantee that an audit conducted in accordance with

KPMG Auditores Independentes a Brazilian entity and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Brazilian and international auditing standards always detects any existing material misstatements. Misstatements may arise from fraud or error, and are considered material when, individually or in aggregate, may influence, from a reasonable perspective, the economic decisions of users taken based on such financial statements.

As part of an audit conducted according to the Brazilian and international auditing standards, we exercise professional judgment, and maintain professional skepticism during the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.
- Obtain an understanding of the internal controls relevant to the audit to design auditing procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of the use of the going concern accounting basis by management, and based on the audit evidence obtained, whether there is significant uncertainty in relation to events or conditions that may cast significant doubt on the ability of the Entity 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 auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate 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 Management regarding, among other things, the planned scope and timing of the audit, as well as significant audit findings, including any significant deficiencies in internal controls that we identify during our work.

Brasília - DF, April 27, 2023.

KPMG Auditores Independentes Ltda.
CRC SP-023228/O-4 F-DF

Jaqueline Oliveira Silva
Accountant CRC GO-021960/O-7

WWF-Brasil - World Wide Fund For Nature

Balance sheet at December 31, 2022 and 2021

(In thousands of reais)

Assets	Note	12/31/2022	12/31/2021	Liabilities	Note	12/31/2022	12/31/2021
Current assets				Current liabilities			
Cash and cash equivalents	3	15.210	15.398	Suppliers		1.262	965
Project-linked funds	4	20.233	24.124	Advance for future projects	7	20.233	24.124
Credits receivable from executed pro	5	5.781	1.495	Labor liabilities	9	4.784	3.953
Other receivables		1.162	1.159	Obligation to WWF head office – Network Servi	14.e	292	285
Inventories		144	83	GMI obligations	8	2.627	2.982
Total current assets		<u>42.530</u>	<u>42.259</u>	Other trade payables	10	624	508
Non-current assets				Total current liabilities		<u>29.822</u>	<u>32.817</u>
Property, plant and equipment	6	1.587	1.645	Non-current liabilities			
Intangible assets		1	3	Obligation to WWF head office – Network Servi	14.e	343	440
Total non-current assets		<u>1.588</u>	<u>1.648</u>	Provision for civil and labor risks	14.c	226	232
				Total non-current liabilities		<u>569</u>	<u>672</u>
				Total liabilities		<u>30.391</u>	<u>33.489</u>
				Net assets			
				Net assets	14.d	10.418	6.499
				Accumulated surplus		3.309	3.919
				Total net assets		<u>13.727</u>	<u>10.418</u>
Total assets		<u>44.118</u>	<u>43.907</u>	Total liabilities and net assets		<u>44.118</u>	<u>43.907</u>

See the accompanying notes to the financial statements.

WWF-Brasil - World Wide Fund For Nature

Statements of surplus (deficit)

(In thousands of reais)

(In thousands of reais)

	Note	2022	2021
Operating revenues			
Revenues linked to projects	11	97.610	81.823
Institutional revenue		957	908
Net revenue from sales of products and services		815	542
Volunteer work	14.g	235	200
Other revenues	12	248	411
		<u>99.865</u>	<u>83.884</u>
Operating expenses/revenues			
Personnel expenses	13.1	(39.094)	(32.727)
Program and project cost	13.2	(53.411)	(43.378)
General and administrative expenses	13.3	(5.388)	(3.430)
Volunteer work	14.g	(235)	(200)
Other expenses		(611)	(814)
Tax expenses		(174)	(163)
		<u>(98.913)</u>	<u>(80.712)</u>
Operating surplus (deficit) before financial surplus		<u>952</u>	<u>3.172</u>
Financial (deficit) surplus			
Financial revenue	13.4	3.793	1.339
Financial expense	13.4	(1.436)	(592)
Net financial surplus (deficit)		<u>2.357</u>	<u>747</u>
Surplus for the year		<u>3.309</u>	<u>3.919</u>

See the accompanying notes to the financial statements.

WWF-Brasil - World Wide Fund For Nature

Statements of comprehensive income

Years ended December 31, 2022 and 2021

(In thousands of reais)

	2022	2021
Surplus for the year	3.309	3.919
Other components of the comprehensive income	-	-
Total comprehensive surplus	<u>3.309</u>	<u>3.919</u>

See the accompanying notes to the financial statements.

WWF-Brasil - World Wide Fund For Nature

Statements of changes in net assets

Years ended December 31, 2022 and 2021

(In thousands of reais)

	Corporate assets	Accumulated surplus (deficit)	Total
Balance at January 1, 2021	<u>6.959</u>	<u>(460)</u>	<u>6.499</u>
Transfer of surplus by net assets	(460)	460	-
Surplus for the year	<u>-</u>	<u>3.919</u>	<u>3.919</u>
Balance at December 31, 2021	<u>6.499</u>	<u>3.919</u>	<u>10.418</u>
Transfer of surplus by net assets	3.919	(3.919)	-
Deficit for the year	<u>-</u>	<u>3.309</u>	<u>3.309</u>
Balance at December 31, 2022	<u>10.418</u>	<u>3.309</u>	<u>13.727</u>

See the accompanying notes to the financial statements.

WWF-Brasil - World Wide Fund For Nature

Statements of cash flows - Indirect method

Years ended December 31, 2022 and 2021

(In thousands of reais)

	Note	2022	2021
Cash flows from operating activities:			
Surplus for the year		3.309	3.919
<i>Adjustments to the surplus for the year</i>			
Provision (reversal) for civil and labor risks		(6)	167
Write-offs and losses of receivables		(10)	(62)
Earnings on prepaid project revenue		(36)	-
Inventory write-offs and losses		17	-
Write-off of property, plant and equipment and intangible assets		299	341
Gains on liabilities		3	-
Exchange gains and losses		(355)	(49)
Amortization		2	11
Depreciation		678	671
Changes in assets and liabilities			
Funds receivable from projects		3.855	5.042
Credits receivable from projects		(4.286)	311
Other receivables		7	(277)
Inventories		(77)	37
Advances for projects to be undertaken		(3.819)	(5.042)
Labor liabilities		831	530
Suppliers		297	372
Other liabilities		22	(349)
Net cash flow from operating activities		731	5.622
Cash flows from investment activities:			
Acquisition of property, plant and equipment		(919)	(826)
Net cash flow invested in investment activities		(919)	(826)
(Net decrease) Net increase in cash and cash equivalents		(188)	4.796
Cash and cash equivalents:			
At the beginning of the year		15.398	10.602
At the end of the year		15.210	15.398
(Net decrease) Net increase in cash and cash equivalents		(188)	4.796

See the accompanying notes to the financial statements.

Notes to the financial statements

(Amounts expressed in thousands, unless otherwise indicated)

1 Operations

WWF-Brasil - ("Entity" or "WWF-Brasil") is a non-profit Brazilian civil society organization engaged in promoting nature conservation and the society's engagement with the environmental cause within the Brazilian social and economic context. The Entity is incorporated as a civil association and is part of the *World Wide Fund for Nature* - WWF. WWF-Brasil's office is located at CLS 114 Bloco D - Loja 35 - Asa Sul, Brasília/DF.

Established in 1988 and reorganized in its current statutory form in 1996, WWF-Brasil started its operations as a representative office for WWF Network's projects in the country. Since August 30, 1996, it became WWF-Brasil, operating under new Bylaws and as an autonomous national organization. In other words, it is the only organization responsible for WWF's operations in Brazil, including project management, formation of partnerships, the use of world logo and fundraising within the country. Moreover, it integrates the international governance instances of the WWF Network with its own structure, voice and vote.

The Bylaws define the WWF-Brasil Mission as follows: "Contribute to a Brazilian society that conserves its natural environment, harmonizing human activity with the preservation of biodiversity and the sustainable use of natural resources, to the benefit of the citizens of today and of future generations." Furthermore, the Entity adopts the following values: Courage, Integrity, Respect, and Collaboration.

WWF-Brasil seeks to engage people to contribute and be part of the organization's work of caring for people's lives and nature. One of the ways to do this is through the affiliate program that make periodic donations to the cause. As of December 31, 2022, the WWF-Brasil active regular affiliate program had 1,321 donors (compared to 1,384 active regular affiliates as of December 31, 2021). One-time donations in 2022 totaled 805 (compared to 958 donations in 2021). If, on the one hand, there was a decrease in the number of active regular affiliates and unique donors, on the other hand, there was an increase in the engagement of unique microdonations in 2022 through campaigns of a new partnership with the Vakinha website, which generated 9,068 spontaneous donations in 2022.

- (i) Pursuant to its bylaws, the principles of WWF-Brasil are as follows:
- (ii) The promotion for reconciling sustainable development and nature conservation.
- (iii) Respecting the interest of traditional populations, as defined by law, linked to the areas where it operates.
- (iv) Respecting human rights.
- (v) Repudiating all kinds of prejudice and discrimination as defined by law.
- (vi) Lawfulness, impersonality, morality, publicness, economy and efficiency; and
- (vii) Respect for the Brazilian Federal Constitution and other laws and rules comprising the national legal system, unity and sovereignty of Brazil.

The Entity is ruled by a governance system, which involves the Chamber of Associates, a Deliberative Council, and an Advisory Board; and, in addition, it has thematic committees, which, together, periodically monitor the progress of operations, results and impacts regarding its strategy, bylaws and organizational mission. WWF-Brasil does not compensate its directors and associates, in compliance with the provisions of the federal tax legislation; nor does it share any institution's profits, bonuses or advantages, gains or positive results for the year with managers, supporters or associates, under any form or pretext.

WWF-Brasil is managed by professionals hired by the Chief Executive Officer, its main executive, and the person in charge of administrative and programmatic management. The Chief Executive Officer and his/her team periodically report on the financial and technical results to the Deliberative Council and other governance bodies.

Throughout 2022, on-site activities and face-to-face meetings were resumed, requiring new learning and a look at our organizational processes, protocols and work formats. Furthermore, it was a year of many converted projects and contracts, continuing a healthy pipeline with many opportunities for the coming years. The Entity's revenue exceeded the approved budget, and we were able to increase our financial reserves.

We believe that the government transition will open up opportunities in 2023 for local and international articulation and for important advances in the socio-environmental agenda, bringing new challenges and projects to WWF-Brasil.

1.1. WWF Network - World Wide Fund For Nature

Established in 1961, the WWF Network has become one of the most respected independent organizations of environmental civil society. With a secretariat located in Geneva, Switzerland, where the WWF-International is headquartered, the WWF Network is composed of autonomous national organizations, associated organizations, regional hubs and project units in over 100 countries.

The WWF Network operates as a kind of federation of environmental organizations. All of them are non-governmental, independent and non-profit entities, associated through voluntary agreement. There are several levels of association, and WWF-Brasil is among the most comprehensive of them, which is the National Organization (NO) status. The link to the WWF Network does not imply loss of local autonomy. The member organizations share programs, plans and strategies and join forces to act globally. Nevertheless, there is no overlapping decision making or decisions imposed at the national level.

Relationships within the WWF Network are coordinated by WWF-International, which governs the operation and integration standards regarding actions carried out by the offices. Partnerships between WWF offices are contractually defined and follow operational standards and practices, which are defined collaboratively with other national offices.

WWF-Brasil is responsible for integrating its national strategy with the global strategy through the definition of nationally determined critical contributions to WWF's global impact goals. Moreover, there are common standards for the design, performance and accountability of projects and programs.

1.2. Tax exemptions

WWF-Brasil is a non-profit entity and enjoys exemption from income tax and social contribution on net income under the terms of article 15 of Law 9532/97. Since 2016, WWF-Brasil has the ITCMD (the Brazilian tax on *Causa Mortis* Transmission and Donation of any assets or rights) exemption certificate in the State of São Paulo, as it is a non-profit environmental organization, in accordance with State Law 10705, dated December 28, 2000, and São Paulo Decree 45837, dated June 4, 2001 — said exemption has been renewed in accordance with the state rule.

2 Presentation of financial statements and accounting policies

a) Basis for preparation and presentation of financial statements

The financial statements were prepared and are being presented in accordance with accounting practices adopted in Brazil and applicable to Small and Medium-Sized Enterprises (“CPC SMEs”) and ITG 2002 (R1) - Non-Profit Entities, issued by the Federal Accounting Council (CFC).

These financial statements were approved by Management on April 25, 2023. All material information proper to the financial statements, and only it, is being evidenced, and corresponds to those used by Management for administration.

b) Functional and presentation currency

These financial statements are being presented in Brazilian Real, functional currency of the Entity. All balances have been rounded to the nearest value, except otherwise indicated.

c) Use of estimates and judgments

d)

The financial statements are prepared based on several evaluations used in accounting estimates. The accounting estimates used in the preparation of financial statements are based on objective and subjective factors, on Management’s judgment to determine the adequate amount to be recorded.

The settlement of transactions involving these estimates may result in different amounts described in the financial statements due to the probabilistic treatment inherent to the estimative process. The Entity regularly reviews its estimates. Reviews of estimates are recognized on a prospective basis.

Non-financial data included in these financial statements, such as number of associates and affiliates and number of projects, are outside the scope of the audit.

e) Measuring basis

The financial statements were prepared based on the historical cost, unless otherwise indicated.

f) Significant accounting policies Statement of net assets

Income and expenses are recognized on the accrual basis and observe the following aspects:

Revenue recognition

The Entity has the following revenues:

- i. Donor contribution revenue: it is recognized according to the application of funds in the respective projects/donations. The amounts received and still not invested in projects are recorded as "Advances for projects to be undertaken".
- ii. Revenues from institutional donations: they are amounts not linked to projects and are recognized when effective, that is, upon receipt.
- iii. Sales of products: Sales of products: they comprise products that communicate our brand, that allow consumers to access socially and environmentally responsible alternatives and that at the same time express the causes with which they identify. The product mix involves t-shirts, cups, and other artifacts. WWF-Brasil currently markets these products exclusively through a partner that operates in an e-commerce format. The model adopted is the consigned sales, that is, the recognition of the revenue in WWF-Brasil occurs during the symbolic return of the goods sold through the partner's platform, and at this moment we issue the sales invoice.
- iv. Volunteer work: comprises the measurement of the work of directors who are not paid, but dedicate hours of work to the management of the entity.
- v. Other revenues: comprises revenues from sales of property, plant and equipment and expense recovery.

Recognition of project expenses

Contracts expenses with project's third parties are recognized according to a budgetary agenda provided for in contracts or estimated by Management, in an expense as a counterpart to the item "Third-party commitments to be met" in liabilities. Financial disbursement is monitored in order to comply with budgetary agenda.

Recognition of administrative expenses

Administrative expenses are recognized under the accrual system.

Translation of balances in foreign currency

Monetary assets and liabilities denominated in foreign currency are translated to the functional currency (reais - R\$), using the exchange rate in effect on the respective balance sheet date. Gains and losses resulting from the restatement of such assets and liabilities verified between the exchange rate in effect on the date of transaction and end of years are recognized as a financial surplus (deficit) in the statement of surplus (deficit) for the year.

Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits, other highly liquid short-term investments, redeemable within 90 (ninety) days, with insignificant risk of change in fair value, which are intended to meet payment commitments and short-term cash requirements, and not for investments for other purposes.

Credits receivable from projects executed

Include credits receivable from donors for expenses incurred in projects, which are awaiting approval of the quarterly rendering of accounts. The amounts of credits receivable from projects executed will be on a short-term basis and set forth in the contracts with donors.

Other receivables

Credits receivable from employees, partners and suppliers are recorded. The estimated loss from bad debt is recognized, where applicable, after six months in arrears.

Property, plant and equipment

Property, plant and equipment are recorded at acquisition cost, net of accumulated depreciation, which is calculated under the straight-line method, using economic useful life rates for each of the asset classes, as described in Note 6.

An item of property, plant and equipment is written off when sold or when no future economic benefit is expected from its use or sale. Possible gains or losses resulting from asset write-off (calculated as the difference between net sales value and book value) is included in the statements of surplus (deficit) for the year in which the asset was written off.

If there is any indication that there has been a significant change in the depreciation rate, useful life or residual value of an asset, this asset depreciation is reviewed on a prospective basis to reflect new expectations.

Asset impairment

Management reviews annually the net book value of assets to assess events or changes in economic, operating or technological circumstances that might indicate an impairment of assets. If these evidences are detected and the net book value exceeds recoverable value, a devaluation loss is recognized by adjusting the net book value to recoverable value.

Taxes and contributions

Since it is a non-profit entity, it is exempt from taxes and contributions levied on its surplus and revenues. In view of said exemption, WWF-Brasil's Management concluded, when analyzing the text of Law 12973/2014, which amended the Corporate Income Tax (IRPJ) legislation, that it meets all the provisions of the law regarding the Entity's activity.

Employees' and directors' benefits

The Entity does not maintain pension and private pension plans for employees and officers or any benefits after they leave it.

Advances for projects to be undertaken

They represent Entity's obligation to invest funds received in projects sponsored by donors. Each quarter, a summary of expenses is prepared to show how the funds were invested in the respective projects. Should there be a surplus of funds, this may be allocated to another project or returned to the donor. Management establishes agreements with overseas donors in connection with the criteria for justifying expenses and defining the exchange rates to be used in the conversion of expenses incurred and in the conclusion of the project.

Provisions for lawsuits and other provisions

The accounting practices used to recognize and disclose contingent assets and liabilities and legal obligations are as follows: i) contingent assets are only recognized when there are real guarantees, or favorable, final and unappealable decisions. Contingent assets with chance of success classified as probable, are only divulged in the note; ii) contingent liabilities are recognized when losses are evaluated as probable and the amounts involved can be reliably measured. The contingent liabilities evaluated as possible losses are only disclosed in the note and those evaluated as risk of remote losses are neither accrued nor disclosed; iii) legal obligations are recorded as liabilities, regardless of the evaluation of the likelihood of success; iv) any type of bonus, when eligible, is provisioned.

3 Cash and cash equivalents

	<u>2022</u>	<u>2021</u>
Bank checking account	5,159	1,740
Interest earning bank deposits	10,051	13,658
	<u>15,210</u>	<u>15,398</u>

As of December 31, 2022, cash and cash equivalents are comprised by cash, cash deposits and short-term interest earning bank deposits, which are recorded at cost plus income accrued up to the balance sheet dates which does not surpass the market or realizable value. These funds are institutional, with no restrictions on use.

The Entity maintains a financial investment in Bank Deposit Certificates (CDBs) with an average remuneration between 96% and 98% in 2022 (92% and 94% in 2021) of the Interbank Deposit Certificate (CDI) and immediate liquidity.

The sensitivity and risk management analysis of these assets is presented in Note 15.

4 Project-linked funds

Checking accounts and investment accounts are individually controlled through specific bank accounts. They refer to funds received from agreements for future use in projects agreed upon with the Entity, and such funds are allocated as established in contracts (Note 7).

Below is the breakdown of the cash account of earmarked resources:

	<u>2022</u>	<u>2021</u>
Bank checking account	2,691	513
Interest earning bank deposits	17,542	23,611
	<u>20,233</u>	<u>24,124</u>

Earmarked resources are subject to specific, donor-defined applications. Financial investment accounts linked to projects have an average remuneration of 96% to 98% in 2022 (92% and 94% in 2021) of the CDI. Income earned up to the balance sheet date is recorded according to the specificities of each contract, where part of the proceeds goes back to the project, in which case, recognized in liabilities and the rest of the income recognized in the income for the year.

The sensitivity and risk management analysis of these assets is presented in Note 15.

5 Credit receivable from executed projects

Refers to amounts receivable from donors with signed contracts for expenditure incurred on projects in Brazilian Reais, with the receipt being linked to the currency of the funds defined by the donor in the contract. The amounts of credits receivable from projects executed are short-term receivables, as they have specific terms, set forth in the contracts with donors.

	<u>2022</u>	<u>2021</u>
FUNBIO - Fundo Brasileiro para Biodiversidade	2,525	-
WWF-International	911	242
European Union Delegation	596	-
WWF-United States	511	525
WWF-Germany	393	-
Banco do Brasil	383	110
WWF-Denmark	174	-
Freeland Brasil	83	315
WWF-Peru	63	203
AMBEV – Companhia de Bebidas das Américas	52	-
The World Bank Group	38	30
WWF-England	31	55
WWF-Japan	21	9
WCMC - World Conservation Monitoring Centre	-	6
	<u>5,781</u>	<u>1,495</u>

6 Property, plant and equipment

a. Breakdown of property, plant and equipment

	Annual depreciation rate	Cost	Accumulated depreciation	<u>2022</u> Donation write-off allowance	Property, plant and equipment, net	<u>2021</u> Property, plant and equipment, net
Buildings	4%	117	(27)	(90)	-	95
Leasehold improvements	5%	210	(84)	-	126	149
Equipment - Facilities	10%	875	(425)	(309)	141	538
Furniture and fixtures	10%	399	(165)	(14)	220	336
Information Technology equipment	20%	2,373	(1,298)	(501)	574	904
Communication equipment	20%	626	(274)	(152)	200	242
Recording and photographic equipment	10%	585	(185)	(199)	201	312
Equipment - Other	10%	252	(119)	(9)	124	150
Automotive vehicles	20%	133	(99)	(34)	-	<u>61</u>
		<u>5,570</u>	<u>(2,675)</u>	<u>(1,308)</u>	<u>1,587</u>	<u>2,787</u>

(i) According to WWF-Brasil policy, when the project requires the application of equipment, at the end of the process, the equipment is donated to the communities served by the project. The donation write-off allowance was set up, on goods that are already slated for delivery to third parties.

b. Changes in property, plant and equipment

	Cost	Depreciation	Donation write-off allowance	Net
Balances at January 01, 2021	5,844	(2,472)	(1,544)	1,828
Additions	826	(671)	(521)	(366)
Write-offs	(1,115)	375	923	183
Balances at December 31, 2021	<u>5,555</u>	<u>(2,768)</u>	<u>(1,142)</u>	<u>1,645</u>
Additions	919	(678)	(522)	(281)
Write-offs	(904)	771	356	223
Balances at December 31, 2022	<u>5,570</u>	<u>(2,675)</u>	<u>(1,308)</u>	<u>1,587</u>

In 2022, the entity carried out a physical inventory count of its assets, writing-off items that were in disuse or obsolete, most of which were fully depreciated.

7 Advances for projects to be undertaken

These refer to amounts received from donors (Note 4) that were not fully invested in the respective projects by December 31, 2022, expected to be applied over the course of 2023, and are represented by:

a. Breakdown of balance:

Description	<u>2022</u>	<u>2021</u>
WWF-Holland	6,175	9,309
WWF-England	2,927	4,643
AIRBNB Plataforma Digital Ltda.	2,691	-
WWF-United States	2,309	1,329
WWF-Germany	1,669	1,771
WWF-International	808	1,209
AEGEA Saneamento e Participações S.A.	767	-
IEB - Instituto Internacional de Educação do Brasil	680	1,009
WWF-France	547	329
WWF-Denmark	404	-
WWF-Mexico	366	479
WWF-Finland	333	362
Neoenergia Institute	190	216
WWF-Norway	109	-
WWF-Peru	91	84
Renova Foundation	59	71
FUNBIO - Fundo Brasileiro para Biodiversidade	-	1,646
European Union Delegation	-	1,351
Other donors	108	316
	<u>20,233</u>	<u>24,124</u>

b. Changes in the balance:

Balance at January 1, 2021	29,167
Receipts + income	77,599
Project execution	(81,899)
Execution linked to services	(552)
Advances to projects	(262)
(Gains) Losses with project completion	71
Balance in December 2021	24,124
Receipts + income	90,312
Project execution	(97,610)
Execution linked to services	(846)
Advances to projects	4,286
(Gains) Losses with project completion	(36)
Other – receipt of services	3
Balance in December 2022	20,233

8 GMI obligations

In 2007, WWF-Brasil – with the aim to increase fundraising through donations and national memberships – joined the initiative then called “Global Membership Initiative (GMI),” through which the WWF Network sought to expand its support base for the environmental cause. As part of this initiative, three loan agreements were entered into with WWF-International to finance the structuring of its membership and engagement area. The loans enabled the organizational development and training of WWF-Brasil in this area, in addition to the allocation of funds in membership drives.

The loan agreement sets out goals for the development of the WWF-Brasil membership program, the expected result of which was an increase in unrestricted income from individual (natural person) memberships / donations. The annual amount granted as a loan supported WWF-Brasil in planning activities, structuring systems, hiring staff, developing skills, and conducting membership drives.

The proceeds are to be reinvested in the membership program as a priority until the break-even point is reached, at which point the loan repayment begins. Loan repayment is to be calculated in such a way as to maintain the continuity of investments in further activities to attract new members, without compromising the sustainability of the program. Payments would only begin when the activity generated positive revenue, which has not yet occurred.

In 2010, considering the difficulty for the membership program to generate positive revenue, WWF-Brasil pleaded with WWF-International for the remission of a portion of the debt, which was accepted; that same year, a total of EUR 500,000 of the original amount was forgiven (equivalent to R\$ 1,110,000 per the exchange rate at that time).

The balance payable at the end of 2012 remained at R\$ 1,864, of which R\$ 710 (EUR 220,000) was again forgiven by WWF-International during 2013. A total amount of R\$ 2,920 was received up to December 31, 2013, which was all invested in accordance with the agreements and agree-upon strategies.

No new transfers were received, no new amounts were remitted, and no loan payments were made in fiscal years 2013–2022. The contract remains in force, and WWF-Brasil and WWF-International have been maintaining talks on the matter.

The loan has no interest or maturity date, being impacted only by the changes in foreign exchange rate incurred in 2022, as shown below:

Description	R\$ (R\$'000)	€ (€'000)
Balance at 01/01/2021	3,009	472
Foreign exchange gain for the year	(27)	-
Balance at 12/31/2021	2,982	472
Foreign exchange gain for the year	(355)	-
Balance at 12/31/2022	2,627	472

9 Labor liabilities

	<u>2022</u>	<u>2021</u>
Salaries payable	11	-
Vacations and charges	3,868	3,175
National social security institute–INSS, payable	618	563
FGTS (severance indemnity fund)	223	190
PIS	19	17
Other liabilities	45	8
	<u>4,784</u>	<u>3,953</u>

10 Other accounts payable

	<u>2022</u>	<u>2021</u>
Tax liabilities	581	400
Other	39	75
Third-party advances	4	33
	<u>624</u>	<u>508</u>

11 Revenue linked to projects

	<u>2022</u>	<u>2021</u>
<u>WWF Network donations:</u>		
WWF-Holland	22,825	25,412
WWF-England	16,244	12,046
WWF-United States	14,476	13,321
WWF-Germany	12,402	4,584
WWF-Peru	5,500	3,338
WWF-International	3,324	3,029
WWF-Norway	2,089	912
WWF-France	1,626	602
WWF-Mexico	1,271	739
WWF-Finland	400	624
WWF-Japan	336	-
WWF-Denmark	299	-
WWF-Sweden	104	145
WWF-China	92	702
WWF-European Policy Office	80	82
WWF-South Africa	-	309
WWF-Belgium	-	80
WWF-Colombia	=	38
	<u>81,068</u>	<u>65,963</u>

Companies/Corporations

AEGEA Saneamento e Participações S.A.	1,022	-
AMBEV – Companhia de Bebidas das Américas	52	2,324
Unilever do Brasil	-	350
	1,074	2,674

Civil association

FUNBIO - Fundo Brasileiro para Biodiversidade	9,641	5,810
IEB - Instituto Internacional de Educação do Brasil	651	359
AIEP - Associação para a Educação, a Saúde, a Arte	612	1,393
Neoenergia Institute	437	299
Instituto Arapyaú de Educação e Desenv. Sustentável	143	-
WCMC - World Conservation Monitoring Centre	99	293
IH – Instituto da Humanidade	-	644
	11,583	8,798

Private foundations

Renova Foundation	755	1,674
Freeland Brasil	536	488
The World Bank Group	511	-
CEPF - Critical Ecosystem Partnership Fund	1	427
	1,803	2,589

Government Bodies

German Consulate	-	231
	-	231

Bilateral and Multilateral Agencies

European Union Delegation	2,022	1,402
	2,022	1,402

Private donations

Private donor	60	166
	60	166
	97,610	81,823

12 Other revenues

	2022	2,021
Sale of property, plant and equipment	2	41
Reversal of estimated losses	129	370
Other revenues	117	-
	248	411

13 Expenses allocated by project

Projects/Cycles	Personnel expense	Costs of program and project with third parties	General and administrative expenses	Total	2021
Fair access to nature	-	-	-	-	(3,574)
Emergency field responses	(347)	(1,026)	-	(1,373)	(2,677)
Amazon people and forest	-	-	-	-	(14,742)
Active citizenship	(1,375)	(2,183)	-	(3,558)	-
Sciences	(475)	(82)	-	(557)	(914)
Executive circle	(66)	-	-	(66)	-
Institutional communication	(1,528)	(432)	-	(1,960)	-
Zero conversion of native vegetation	(4,206)	(5,111)	-	(9,317)	(2,647)
Culture and development	(48)	-	-	(48)	-
Develop - Organizational development	(315)	(3,623)	-	(3,938)	(2,485)
Right of peoples	(2,227)	(6,621)	-	(8,848)	-
Expansion of the cause	(503)	(6)	-	(509)	-
Project office	-	-	-	-	(254)
Green finance	(598)	(46)	-	(644)	(1,856)
Portfolio	(1,032)	(183)	-	(1,215)	(1,333)
Reputational management	-	-	-	-	(3,804)
Legal framework	(3,212)	(1,480)	-	(4,692)	(3,382)
<i>Cerrado</i> Initiative	-	-	-	-	(7,291)
Infrastructure	(1,546)	(763)	-	(2,309)	-
Social and environmental communication	(204)	(12)	-	(216)	-
Oceans	-	-	-	-	(2,026)
Sustainable landscapes in the wetlands	-	-	-	-	(2,977)
Production and consumption	(760)	(621)	-	(1,381)	-
Projeto PaSos	-	(737)	-	(737)	-
Protection of endangered species	(3,042)	(10,150)	-	(13,192)	(7,940)
WWF Network	(935)	(191)	-	(1,126)	(1,344)
Decrease in mining impacts	(1,192)	(1,744)	-	(2,936)	-
Corporate relations	(767)	(21)	-	(788)	-
Restoration of native vegetation	(3,113)	(9,806)	-	(12,919)	(7,762)
Social-biodiversity	(2,662)	(5,682)	-	(8,344)	-
Energy transition	(948)	(1,086)	-	(2,034)	(1,786)
Valorization and defense of protected areas	(1,898)	(1,595)	-	(3,493)	(2,394)
	(32,999)	(53,201)	-	(86,200)	(71,188)
Administrative/Operating	(6,095)	(210)	(5,388)	(11,693)	(8,346)
	(39,094)	(53,411)	(5,388)	(97,893)	(79,534)

After preparing the strategic plan through 2030, the Entity underwent a period of redefining its organizational structure and reviewing its portfolio, always in search of greater alignment with the strategy, agility and medium and long-term impact vision. It is worth noting that the portfolio is not a rigid structure and can be modified throughout the year, project cycles can be closed when reaching their purpose, and new project cycles can be created to achieve new purposes.

13.1 Personnel expenses

	2022	2021
Salaries and wages	(21,054)	(17,860)
INSS	(5,327)	(4,929)
FGTS (severance indemnity fund)	(1,934)	(1,574)
Provision for vacation and social security charges	(3,234)	(2,345)
13 th salary and related charges	(2,483)	(2,045)
Meal tickets	(2,100)	(1,778)
Health and dental care	(1,864)	(1,786)
Other	(1,098)	(409)
	(39,094)	(32,727)

13.2 Costs on programs and projects (i)

	2022	2021
Technical partnership agreement (ii)	(26,532)	(20,570)
Consulting and technical services	(13,629)	(15,781)
Communication and advertising	(3,788)	(3,959)
Travel tickets and accommodation	(3,826)	(434)
Food and transportation	(1,745)	(166)
Maintenance services	(1,319)	(483)
Other costs	(2,572)	(1,985)
	(53,411)	(43,378)

(i) Regarding costs on programs and projects for the year 2022, had an increase proportional to the increase in revenue linked to projects in the period. (Note 11)

(ii) All onlendings are made in Brazilian reais and through bank deposits to the retained third parties, according to the parameters established in WWF-Brasil internal procedures and, also, in requirements specified in the agreements between WWF-Brasil and the respective donors and onlending good practices. In the case of technical partnership agreements, the partner undertakes to provide rendering of technical and financial accounts, also aimed at meeting the donor's requirements. In the event of any surplus funds, they must be returned to WWF-Brasil, or, upon prior agreement with WWF-Brasil, may be directed toward some other activity — or, if the project continues, it may be considered as an advance on the transfers from the next agreement. Any amount considered not acceptable according to contractual clauses, contract budget, or the description of the technical development of activities – which is an integral part of the agreement in the form of a Term of Reference (TOR) – may also be disallowed.

13.3 General and administrative expenses

	2022	2021
Technical services	(2,276)	(1,525)
Promotion and marketing	(1,012)	(288)
Maintenance and preservation of assets	(59)	(122)
Rent and utilities	(554)	(406)
Depreciation and amortization	(678)	(682)
General expenses	(809)	(407)
	(5,388)	(3,430)

13.4 Net financial surplus (deficit)

	2022	2021
Yields from investments (ii)	2,999	1,103
Foreign exchange gain (i)	772	207
Discounts obtained	22	29
Total financial revenues	<u>3,793</u>	<u>1,339</u>
Foreign exchange costs (i)	(443)	(159)
IOF – Tax on financial operations	(340)	(254)
IRRF on interest earning bank deposit	(637)	(179)
Interest and discounts	(16)	-
Total financial expenses	<u>(1,436)</u>	<u>(592)</u>
	<u>2,357</u>	<u>747</u>

- (i) In 2022, the GMI loan agreement suffered an impact from changes in foreign-exchange rates, generating a positive financial surplus (deficit) in the period, higher than in 2021.
- (ii) In 2022, the entity achieved better interest rates on interest earning bank deposits (as presented in Note 3), compared to 2021, contributing to a positive financial surplus (deficit).

14 Other information

- a) **Derivatives** - The Entity does not have derivative transactions.
- b) **insurance** – The Entity’s Management takes out insurance to cover operational risks (fire), fleet vehicle insurance, general civil liability, and multi-risk insurance. At December 31, 2022, the Entity has the following policies and coverage in force:

Type	Insurance company	Secured amount
Property Insurance – Brasilia Office	Allianz Empresarial	4,800
Automobile insurance	Suhai Seguradora S/A	100
Civil liability insurance	Fator Seguradora S/A	10,000

c) **Provision for civil and labor risks**

Change in provisions for the year were:

Balance at January 1, 2021	65
Formation of provision	167
Balance at December 31, 2021	232
Write-off of provision (i)	(232)
Formation of provision (ii)	226
Balance at December 31, 2022	226

- (i) The labor claim that WWF has been monitoring since 2018, proceeding 0000299-13.2018.5.10.0011, which was filed before the 11th Labor Court of Brasília/Federal District, and which was in the final stage of judgment with a prognosis of “possible likelihood” of loss ended with an unfavorable decision to WWF-Brasil, which resulted in the payment, after a final and unappealable decision, in the amount of R\$ 227 (provision of R\$ 232 in 2021).

- (ii) In 2022, WWF-Brasil became a defendant in a labor claim, filed before the 9th Labor Court of Brasília/Federal District. This proceeding is currently in its initial stage, with no instruction hearing having yet taken place. The loss is being classified as probable. Proceeding 0000788-17.2022.5.10.0009.

d) Corporate assets

The Entity's corporate assets are composed, pursuant to the by-laws, of tangible and intangible assets owned by it. In conformity with article 46 of the By-laws, in the event of the dissolution of WWF-Brasil and upon payment of possible debts, its remaining net assets will be set aside for non-profit entities that preferably have the same business purpose as WWF-Brasil, to be pertinently designated by resolution of the members.

di) Payables to WWF network

WWF-Brasil annually pays the amount referring to participation in the WWF Network, contributing to WWF-International and to the development of the WWF Network, called Network Services, calculated linked and unrestricted funds raised directly by WWF-Brasil. This allowance is made in the short and long term, and the payment is made annually.

Calendar year	2020	2021	2021	2022
Fiscal year (*)	2021	2021	2022	2023
Contribution	243	374	248	292
Income tax on remittance(**)	43	66	44	51
Provision adjustment	(4)	(222)	-	-
Exchange-rate change	(30)	-	-	-
Total payable	252	218	292	343
Payment				
2021	252			
2022		218		
2023			292	
2024				343
Balance payable	-	-	292	343

(*) The years follow the standard of the WWF Network (July to June).

(**) As of 2019, there was a change in legislation with the corporate income tax (IRRF) started being levied on remittances in the Network located abroad. The amount of the allowance already includes IRRF.

f) Related parties

The Entity does not remunerate its associates and advisors holding positions in the Deliberative, Advisory and Tax Councils. In compliance with civil and tax legislation for non-profit entities, WWF-Brasil does not distribute among its partners or associates, directors, officers, employees, donors or third parties, any earnings, leftover funds, operating surpluses, gross or net, or portions of its assets, earned through the exercise of its activities. The measurement of the voluntary work of the associates and director is disclosed in Note 14.g.

In accordance with the updated legislation for civil society organizations, the CEO is remunerated for effectively acting in executive management and in accordance with the requirements set out in the applicable legislation. The compensation and benefits of the operational legal representatives (CEO, officers and managers) of WWF-Brasil totaled R\$ 2,661 as of December 31, 2022 (R\$ 2,333 in 2021).

g) Revenues and expenses from volunteer work –

Starting in 2019, WWF-Brasil began to measure the volunteer work applied in the projects developed and in managing the Institution. Volunteer work is recognized at the fair value of the service provided, as if the financial disbursement had occurred. Thus, the Entity surveyed the performance of the corporate bodies of its Governance that fall under voluntary work: General Meeting, Deliberative Council, Advisory Council, Tax Council and Committees. Measurement of the respective value took into account the highest per-hour value of the consulting work that the Entity uses in its hiring, and the duration of each meeting held, resulting in the recording of the amounts shown below:

	<u>2022</u>	<u>2021</u>
Deliberative Council	100	82
Committee's governance	40	16
Financial Committee	38	18
Special Shareholders' Meeting - SSM	22	20
Committee Engagement	13	35
Committee Conservation	8	8
WWF Network Annual Conference	5	16
Audit Committee	4	-
Special Shareholders' Meeting - SSM	4	-
WWF Network International Council	1	5
	<u>235</u>	<u>200</u>

15 Financial instruments and risk management

a) Classification per category of financial instruments

Due to the short-term cycle, it is assumed that the fair value of cash and cash equivalent balances, project-linked funds, receivables from third parties and suppliers are close to their book values.

	Classification	2022	2021
Cash and cash equivalents	Amortized cost	15,210	15,398
Project-linked funds	Amortized cost	20,233	24,124
Credits receivable from executed projects	Amortized cost	5,781	1,495
Other receivables	Amortized cost	1,162	1,159
Total financial assets		<u>42,386</u>	<u>42,176</u>
Suppliers	Amortized cost	<u>1,262</u>	<u>965</u>
Labor liabilities	Amortized cost	4,784	3,953
Obligation to WWF head office – Network Service	Amortized cost	292	285
Obligations - GMI	Amortized cost	2,627	2,982
Other trade payables	Amortized cost	624	508
Obligation to WWF head office – Network Service-LP	Amortized cost	343	440
Provision for civil and labor risks - LT	Amortized cost	226	232
Total financial liabilities		<u>10,158</u>	<u>9,365</u>

b) Financial risk management

Due to its financial investments, the Entity is potentially exposed to the risk of interest rate fluctuations. There has been no substantial change this year in the exposure to risks of financial instruments of the Entity, its objectives, policies and processes for managing those risks or in the methods used to measure them from previous years.

Credit risk:

WWF-Brasil maintains its funds in renowned financial institutions and its investment accounts comprise investments in Bank Deposit Certificates (CDBs). Thus, the Entity has low credit risk.

Liquidity risks:

We monitor cash flows to meet operational demands and have a schedule with our donors that guarantee an early receipt of funds. The only debt we have with the WWF network is marked-to-market, and is therefore included in our cash flow. Aside from the debt with the network (GMI), we do not have any other type of loans or financing. Thus, our liquidity risk is considered low.

Interest rate risk:

The Entity's short-term investments are substantially indexed to fixed rates and pegged to changes in the CDI rate.

Scenarios for the exposure of financial instruments (interest earning bank deposits) indexed at interest rate were outlined based on curves determined as of December 31, 2021, by calculating the impact on financial revenues for CDI variable risk in one-year period, considering an increase and/or decrease of 25% and 50% in risk variables.

Below are the assumptions for the sensitivity analysis and possible impacts thereof:

Interest earning bank deposits	Book balance at December 31, 2022	Projected scenarios		
		Probable scenario	25% change	50% change
Risk of CDI decr.				
Value of principal	35,443	35,443	35,443	35,443
Average rate of 97% of CDI		13.34%	10.00%	6.67%
Indexed amount of the investment		40,170	38,988	37,807
Impact on interest earning bank deposits		4,727	3,545	2,364

* * *

Maurício de Almeida Voivodic
Executive Director

Alessandra Utiyama
Yamamoto, CFO

Rosana Monteiro dos Santos –
Accountant CRC/DF 008448/O-1
(Liber Assessoria Contábil SS LTDA.)