

Instituto de Pesquisas Ecológicas - IPÊ

**Financial Statements for the year ended as of December 31,
2023, and 2022 jointly Independent Auditors' Report**

**(Convenience translation into English from the original previously issued in
Portuguese)**

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Report on the Audit of the Financial Statements

To the Board and Management

Instituto de Pesquisas Ecológicas – IPÊ

Brazil – São Paulo – Nazaré Paulista

Opinion

We have audited the financial statements of Instituto de Pesquisas Ecológicas - IPÊ ("Institute"), which comprise the balance sheet as of December 31, 2023, and the related statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year ended, as well as the related explanatory notes, including a summary of the main accounting policies.

In our opinion the financial statements referred to above present properly, in all material respects, the equity and financial position of the Instituto de Pesquisas Ecológicas - IPÊ on December 31, 2023, the performance of its operations and their respective cash flows for the year ended, in accordance with accounting practices adopted in Brazil applicable to non-profit entities.

Basis for opinion

Our audit was conducted in accordance Brazilian and international auditing standards. Our responsibilities, in accordance with such standards, are described in the following section entitled "Auditor's Responsibilities for Auditing the Financial Statements." We are independent in relation to the Institute, in accordance with the relevant ethical principles set forth in the Professional Code of Ethics of the Accountant and in the professional norms issued by the *Conselho Federal de Contabilidade*, and we comply with the other ethical responsibilities according to these norms. We believe that the audit evidence we have obtained is sufficient and appropriate to substantiate our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for preparing and adequately presenting the financial statements in accordance with accounting practices adopted in Brazil applicable to non-profit entities and for the internal controls that it has determined to be necessary to enable the preparation of Financial Statements free of material misstatement, regardless of whether it is caused by fraud or error.

In preparing the financial statements, Management is responsible for evaluating the Institute's capacity to continue operating, disclosing, when applicable, matters related to its operational continuity and the use of this accounting basis in the preparation of the financial statements, unless Management intends to liquidate the Institute or cease its operations, or has no realistic alternative to prevent the closure of operations. Those responsible for the governance of the Institute are those responsible for overseeing the process of preparing the Financial Statements.

Auditor's Responsibilities for the Audit of the Financial Statements

Our purpose is to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error, and issue an audit report containing our opinion. Reasonable safety is a high level of security, but not a guarantee that the audit conducted in accordance with Brazilian and international auditing standards will always detect any relevant distortions. Distortions may be due to fraud or error and are considered relevant when, individually or jointly, they can influence,

from a reasonable perspective, the economic decisions of the users taken based on the said financial statements.

As part of the audit conducted in accordance with Brazilian and international auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition:

- Identify and evaluate the risks of material misstatement in the financial statements regardless of whether it is caused by fraud or error, we design and perform audit procedures in response to such risks, and we obtain audit evidence that is appropriate and sufficient to substantiate our opinion. The risk of not detecting material misstatement resulting from fraud is greater than that arising from error, since fraud may involve the act of circumventing internal controls, collusion, forgery, omission, or false intentional representations.
- Obtain an understanding of the internal controls relevant to the audit to plan audit procedures appropriate to the circumstances, but not, for the purpose of expressing an opinion on the effectiveness of the Institute's internal controls.
- Evaluate the adequacy of the accounting policies used and the reasonableness of the accounting estimates and respective disclosures made by Management.
- Conclude on the adequacy of Management's use of the accounting basis for operational continuity and, based on the audit evidence obtained, whether there is a material uncertainty regarding events or conditions that may raise significant doubt regarding the Institute's operational continuity. If we conclude that there is material uncertainty, we should draw attention in our audit report to the respective disclosures in the financial statements or include modification in our opinion if the disclosures are inadequate. Our findings are based on audit evidence obtained as of the date of our report. However, future events or conditions may cause the Institute to no longer be in operational continuity, as explained in note.
- We evaluate the overall presentation, structure, and content of financial statements, including disclosures and whether the financial statements represent the corresponding transactions and events in a manner consistent with the objective of adequate presentation.

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

The accompanying Financial Statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, May 06, 2024.

DocuSigned by:

Luiz Carlos Soares da Silva

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Luiz Carlos Soares da Silva

Partner / Counter

CRC 1SP-228.054/O-4

Conatus Auditores Independentes S.S.

CRC 2SP-037.537/O-1

Instituto de Pesquisas Ecológicas – IPÊ

(Amounts expressed in thousands Brazilian Real, unless otherwise indicated)

Balance Sheet as of December 31, 2023 and 2022

ASSET	Note	2023	2022	LIABILITIES AND EQUITY	Note	2023	2022
CURRENT				CURRENT			
Cash and cash equivalents	4	49.181	28.741	Suppliers	10	289	357
Account receivable		203	302	Labor obligations	11	291	263
Advances		545	230	Tax obligations	12	875	175
Inventory	5	876	34	Other payables	13	49	186
Loans receivable		19	27				
Taxes recoverable		-	2	TOTAL CURRENT		1.504	981
TOTAL CURRENT		50.824	29.336	NON-CURRENT			
NON-CURRENT				Incentivized projects to be executed	14	70.451	55.661
Judicial bond	6	35	35	Tax obligations	12	97	147
Endowment Fund	7	14.675	13.671	Other Accouts payables	13	15.225	13.625
Financial investments	4.1	48.809	48.955	TOTAL NON-CURRENT		85.773	69.433
Fixed assets	8	3.165	2.463	EQUITY	15		
Intangible assets	9	15.225	13.626	Equity		30.781	24.001
TOTAL NON-CURRENT		81.909	78.750	Equity funds		14.675	13.671
						45.456	37.672
TOTAL ASSET		132.733	108.086	TOTAL LIABILITIES AND EQUITY		132.733	108.086

The notes are an integral part of these financial statements

Instituto de Pesquisas Ecológicas – IPÊ

(Amounts expressed in thousands Brazilian Real, unless otherwise indicated)

Statement of income for the years ended December 31, 2023 and 2022

	<u>Note</u>	<u>2023</u>	<u>2022</u>
OPERATIONAL REVENUES			
Financiers and donors revenues	16	13.714	9.163
Services and sales net revenues	17	5.257	4.384
Incentivized projects incurred	14	23.599	22.164
Incentivized projects incurred - Astrazeneca	14	14.170	-
Endowment Fund donation		768	795
Voluntary work	22	343	326
		<u>57.851</u>	<u>36.832</u>
COSTS			
Cost of incentivized projects incurred	14	(23.599)	(22.164)
Cost of incentivized projects incurred - Astrazena	14	(14.170)	-
Costs of materials and services		(50)	(56)
		<u>(37.819)</u>	<u>(22.220)</u>
NET REVENUE		20.032	14.612
OPERATIONS EXPENSES			
Labor expenses	18	(1.410)	(1.166)
General and administrative expenses	19	(3.941)	(3.590)
Services expenses	20	(8.078)	(6.724)
Depreciation and amortization		(307)	(259)
Voluntary work	22	(343)	(326)
Other revenues and expenses		40	47
		<u>(14.039)</u>	<u>(12.018)</u>
SURPLUS BEFORE INCOME/EXPENSES FINANCIAL NET		<u>5.993</u>	<u>2.594</u>
Financial result	21	787	614
SURPLUS FOR THE YEARS		<u>6.780</u>	<u>3.208</u>

The notes are an integral part of these financial statements

Instituto de Pesquisas Ecológicas – IPÊ

(Amounts expressed in thousands Brazilian Real, unless otherwise indicated)

Statement of comprehensive income for the years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
SURPLUS FOR THE YEARS	6.780	3.208
Other comprehensive income	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME	<u>6.780</u>	<u>3.208</u>

The notes are an integral part of these financial statements

Instituto de Pesquisas Ecológicas – IPÊ

(Amounts expressed in thousands Brazilian Real, unless otherwise indicated)

Statements of changes in equity for the years then ended on December 31, 2023 and 2022

	<u>Equity Funds</u>	<u>Equity</u>	<u>Surplus for the years</u>	<u>Total</u>
BALANCES AS OF DECEMBER 31, 2021	14.577	14.714	6.079	35.370
Withdraw of financial investment in January/22	(795)	-	-	(795)
Transfer of income from the endowment fund for the year to the Equity Funds	(111)	-	-	(111)
Transfer of surplus to Equity	-	6.079	(6.079)	-
Surplus for the year	-	-	3.208	3.208
BALANCES AS OF DECEMBER 31, 2022	13.671	20.793	3.208	37.672
Withdraw of financial investment in January/23	(768)	-	-	(768)
Transfer of income from the endowment fund for the year to the Equity Funds	1.772	-	-	1.772
Transfer of surplus to Equity	-	3.208	(3.208)	-
Surplus for the year	-	-	6.780	6.780
BALANCES AS OF DECEMBER 31, 2023	14.675	24.001	6.780	45.456

The notes are an integral part of these financial statements

Instituto de Pesquisas Ecológicas – IPÊ

(Amounts expressed in thousands Brazilian Real, unless otherwise indicated)

Statement of Cash Flows for Years ended on December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Surplus for the years	6.780	3.208
Adjustment to reconcile net income to cash and cash equivalents from operating activities		
Donations of goods to resell	-	(2)
Depreciation and amortization	228	212
Disposals and write-offs intangible assets	-	1
Disposals and write-offs fixed assets	172	48
Adjusted surpluses for the years	7.180	3.467
(Increase) decreases in assets		
Account receivable	99	79
Inventory	(842)	12
Other assets and advances	(305)	(59)
Increase (decreases) in liabilities		
Suppliers	(68)	95
Tax obligations	650	12
Other payables	(137)	120
Labor obligations	28	74
CASH FLOW FROM OPERATING ACTIVITIES	6.605	3.800
CASH FLOW FROM INVESTMENT ACTIVITIES		
Fixed assets	(1.102)	(175)
Investments	(858)	(22.380)
Intangible assets	(1.599)	(6.353)
CASH FROM INVESTMENT ACTIVITIES	(3.559)	(28.908)
CASH FLOW FROM FINANCING ACTIVITIES		
Projects to be executed	14.790	23.390
Endowment Fund	1.004	(906)
Advances from customers	1.600	6.355
CASH FROM FINANCING ACTIVITIES	17.394	28.839
NET CASH FLOW FROM OPERATING AND INVESTMENTS ACTIVITIES	20.440	3.731
Cash and cash equivalent at beginning of year (at 1 January)	28.741	25.010
Cash and cash equivalents at the end of the year (at 31 December)	49.181	28.741
NET INCREASE IN THE BALANCE OF CASH AND CASH EQUIVALENTS	20.440	3.731

The notes are an integral part of these financial statements

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(Amounts expressed in thousands Brazilian Real, unless otherwise indicated)

Notes to the Financial Statements December 31, 2023 and 2022

1. Institute's information

Instituto de Pesquisas Ecológicas - IPÊ (“Institute”), was created in 1992, it is a non-profit philanthropic civil society, with the main objective of conserving biodiversity on a scientific basis, working in research, professional training, environmental education and income generation and sustainable business programs that increase responsibility social and environmental of communities, entrepreneurs, and opinion makers.

The Institute is domiciled in Brazil, with its head office located at Km 47.5 of Rodovia Dom Pedro I, in the city of Nazaré Paulista – São Paulo.

Renewal of Environmental Entity Certificate

The Institute renewed its certificate as an environmental entity, for the purposes of Decree number 46.655/02, for the fiscal year 2019/2023, valid for 03/31/2025.

2. Presentation of financial statements

a) Basis of preparation

The Financial Statements were prepared in compliance with accounting practices adopted in Brazil applicable to non-profit entities, which includes Brazilian standard *NBC TG 1.000 (R1) Contabilidade para Pequenas e Médias Empresas* and *Interpretação Técnica Geral ITG 2.002 (R1)*, issued by *Conselho Federal de Contabilidade – CFC*.

Management affirms that all relevant information financial statements, and only them, are being evidenced, and correspond to those used by Management in its management.

The statements are being disclosed in a manner comparable to the previous year.

The issuance of the financial statements was authorized by the Administrators through the Meeting of the Executive Board and the Institute on May 06, 2024.

b) Measurement basis

The financial statements have been prepared based on historical cost, except for financial instruments measured at fair value recognized in the income.

c) Functional currency and presentation currency

The functional currency of the Institute is the Brazilian Real and all amounts presented in these Financial Statements are expressed in thousand Brazilian Real and have been rounded to the nearest thousand., unless otherwise indicated.

d) Accounting estimates

The preparation of financial statements in accordance with accounting practices adopted in Brazil applicable to non-profit Entities requires Management to accomplish estimates for the determination and recording of certain assets, liabilities, revenues, and expenses, as well as the disclosure of information about its accounting statements. These estimates are based on the principle of continuity and are supported by the best information available at the date of presentation of the financial statements, as well as the management experience. Estimates are revised when new information becomes available or the situations on which it was based if they change. The settlement of the transactions involving these

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(Amounts expressed in thousands Brazilian Real, unless otherwise indicated)

estimates may result in different values from the estimates, due to the inaccuracies inherent in the process of their determination.

3. Summary of significant accounting policies

The Institute's Management has applied the accounting policies described below in a consistent manner to all the periods presented in these financial statements.

a) Measuring of the surplus/deficit and recognition of revenues and expenses of Incentivized Projects resources

The recognition of income and expenses is made accordance with the accrual basis of accounting.

Incentivized Projects resources comprise the amounts received by the Institute, and which can only be used for specific purposes, as determined in their respective contracts. These resources have as a counterpart the account of projects to be executed. The amounts received and used in incentivized projects to be executed arising from contracts with public and private entities are recorded as follows:

- **Receipt of resources:** when funds are received, the debit of cash and cash equivalents and financial investments and the credit of incentivized projects to be executed in current liabilities are recognized, as observed in Brazilian standard *NBC TG 07*.
- **Use as an expense:** when the expenses of the projects occur, the corresponding expenses are recognized, the expenses being recognized simultaneously in current liabilities, and the recognition of revenue is recorded a debit to the liabilities of incentivized projects to be executed and simultaneously in the income for the year in revenue from management contract and incentivized revenue, for the same amount; and
- **Income from financial investments:** when the income from financial investments of incentivized resources occurs, they are recognized as a debit to cash and cash equivalents and credit to incentivized projects to be executed in current liabilities.

b) Foreign currency

Transactions in foreign currency are converted into the Institute's respective functional currency at the exchange rates on the transaction dates.

c) Financial instruments

▪ Non-derivatives financial instruments

The Institute has the following non-derivative financial assets and liabilities: cash and cash equivalents, accounts receivable, equity funds, loans receivable, suppliers, and incentivized projects to be executed. Financial assets are initially recognized at fair value plus any attributable transaction costs. After initial recognition, they are measured at amortized cost using the effective interest method, less any impairment loss.

The Institute writes off a financial asset when the contractual rights to the asset's cash flows expire, or when the Institute transfers the rights to receive contractual cash flows on a financial asset in a transaction in which essentially all the risks and benefits of ownership of the financial asset are transferred. Eventual interest created or retained by the Institute in financial assets is recognized as an individual asset or liability.

Financial liabilities are initially recognized at fair value plus any attributable transaction costs. After initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The Institute writes off a financial liability when its contractual obligations are settled, withdrawn or cancelled.

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Financial assets or liabilities are compensated, and the net amount shown in the balance sheet only when the Institute has the legal right to compass the amounts and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

- **Financial assets measured at fair value through profit or loss**

A financial asset is classified as measured at fair value through profit or loss if it is classified as held for trading, that is, designated as such upon initial recognition. Financial assets are recognized at fair value through profit or loss if the Institute manages such investments and makes purchase and sale decisions based on their fair values in accordance with the Institute's documented risk management and investment strategies. After initial recognition, transaction costs are recognized in income as incurred.

- **Derivatives**

The Institute does not have operations with financial instruments not reflected in the financial statements as of December 31, 2023, and 2022, nor has it carried out operations with financial derivatives. No transactions involving financial instruments with the purpose of speculation were carried out.

- **Loans and Receivables**

Loans and receivables are financial assets with fixed or calculable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any attributable transaction costs. After initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment loss. Loans and receivables include accounts receivable and other accounts receivable.

- **Cash and Cash equivalents**

Cash and cash equivalents comprise cash balances and financial investments with original closing of three months or less from the contract date. These are subject to an insignificant risk of change in value and are used to settle short-term obligations.

d) Inventory

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the average cost of purchases, adjusted, when necessary, by provision for reduction to their fair values.

e) Advances

Advance amounts are advances to suppliers, advances on travel expenses and judicial bonds.

f) Fixed Assets – Recognition and measurement

Recognition and measurement

Fixed Assets are recognized at acquisition or construction cost, less depreciation calculated using the straight-line method (Resolution CFC number 1.177/09 (*NBC-TG 27*)). Fixed Assets items were measured using the Equity Valuation Adjustment in accordance with Brazilian Law 11.638 /07, converged by the Brazilian standard *CPC 27*, according to Reports and Impairment Test, made by the company Global Consult Consultoria e Serviços Ltda, CNPJ 03.294.236/0001-76, CRC 3946/RS.

Depreciation

Depreciation is calculated on the depreciable value, which is the cost of an asset, until 11/30/2017, after which date the Institute started to adopt depreciation rates according to economic value and useful life, calculated in the Impairment Tests, deducted from the residual value. Land is not depreciated. Depreciation is recognized in income based on the straight-line method in relation to the estimated useful lives of each part of an item of fixed asset. The estimated useful lives for the current and comparative periods are as follows:

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(Amounts expressed in thousands Brazilian Real, unless otherwise indicated)

Description	Estimated useful life
Furniture and utensils	12 years
Machines and equipment	15 years
Vessels	25 years
Vehicles	5 years
Prefab houses	25 years
Software	5 years
Computer and communication equipment	4 years
Scientific equipment	10 years
Buildings	25 years
Installations	10 years
Real Estate Improvements	25 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and any adjustments are recognized as a change in accounting estimates. In the year 2023 and 2022, there was no change in the methods.

Items of Fixed Assets are depreciated from the date they are installed and available for use, or in the case of internally constructed assets, from the day construction is completed and the asset is available for use.

g) Intangible Assets

The intangible asset with defined useful life comprises (i) computer programs (software), which are amortized using the straight-line method at the average rate and (ii) carbon credit rights to be assigned in the future to Biofílica Ambipar Environmental Investments S.A

h) Recoverable value of assets (impairment)

The Institute's Management annually reviews the net book value of assets, with the objective of evaluating events or changes in economic, operational or technological circumstances that may indicate deterioration or loss of their recoverable value. When this evidence is identified and the net book value exceeds the recoverable value, a provision for "Reduction to recoverable value" is created, adjusting the net book value to the recoverable value.

i) Employee benefits

The Institute's Administration offers its employees other benefits such as health insurance, dental care, life, and personal accident insurance. The costs related to the actions described are recognized in the result when incurred.

j) Other assets and liabilities (current and non-current)

Assets are recognized in the balance sheet when it is probable that its future economic benefits will be generated in favor of the Institute and its cost or value can be reliably measured.

Liabilities are recognized in the balance sheet when the Institute has a legal or constituted obligation because of a past event and it is probable that an economic resource will be required to liquidate it. The corresponding charges and monetary or exchange variations incurred are added, when applicable. Provisions are recorded based on the best estimates of the risk involved.

Assets and liabilities are classified as current when their realization or settlement is likely to occur in the next 12 (twelve) months. Otherwise, they are shown as non-current.

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(Amounts expressed in thousands Brazilian Real, unless otherwise indicated)

k) Provisions

A provision is recognized, based on a past event, whether the Institute has a legal or constructive obligation that is reliably estimated, and it is likely that an economic resource will be required to settle the obligation. Provisions are calculated based on the fair value of the expected obligations.

l) Voluntary Work

As established by Brazilian standard *ITG 2002 (R2) – Entidades sem Finalidade de Lucros*, the Institute's Management recognize the revenues from voluntary work, including those of members of Management, being measured at fair value considering the amounts that the Institute would have to pay if it contracted these services in a similar market. Income from work is recognized in the income for the year against operating expenses also in the income for the year. We show below the value of hours / voluntary works.

m) Cash Flow

The Institute's Management presents the statement of cash flows in accordance with Accounting Brazilian Standard *CPC 03 (R2) – Demonstração dos Fluxos de Caixa* "Statement of cash flows", issued by the *Comitê de Pronunciamentos Contábeis (CPC)*, using the indirect method, according to which the net result is adjusted by the effects of non-cash transactions, the effects of any deferred or recognition by competence on cash receipts or past or future operating cash payments and the effects of revenue or expense items associated with cash flows from investing or operating activities financing.

4. Cash and cash equivalents

	<u>2023</u>	<u>2022</u>
Cash	1	3
Banks accounts		
Unrestricted - Institute resources	7.265	7.394
Restricted- Incentivized projects to be executed	2.608	4.032
Unrestricted - Incentivized projects running	448	819
	10.321	12.245
Investments		
Unrestricted - Institute resources	7.166	4.481
Restricted- Incentivized projects to be executed	11.509	9.954
Unrestricted - Incentivized projects running	20.184	2.058
	38.859	16.493
	<u>49.181</u>	<u>28.741</u>

The cash equivalents are composed of the Institute's cash balance, the balances of free-moving bank current accounts and short-term financial investments, which are readily convertible into cash, and which are subject to an insignificant risk of changes in their value until its effective conversion into cash.

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(Amounts expressed in thousands Brazilian Real, unless otherwise indicated)

4.1 Long term Investments (Non-current)

	<u>2023</u>	<u>2022</u>
Fundo Tribanco S.A. (a)	18.305	26.342
Investments Restricted- Incentivized projects to be executed (b)	22.967	22.613
Investments Banco BTG (c)	7.537	-
	<u>48.809</u>	<u>48.955</u>
Unrestricted - Incentivized projects running - Fundo Tribanco S.A.	5.459	6.984
Restricted- Incentivized projects to be executed - Fundo Tribanco S.A.	12.846	19.358
Restricted- Incentivized projects to be executed - Banco Bradesco S.A.	22.967	22.613
Unrestricted - Banco BTG	7.537	-
	<u>48.809</u>	<u>48.955</u>

(a) Tribanco S.A.

The ledger account of “Tribanco S.A.” financial investments corresponds to investments in certificate of deposit - CD to cover project expenses: (i) Lira Moore Project (13,67%), (ii) Anta Project (14,57%), (iii) Lira Moore II Project (56,50% and (iv) Institutional Reserve (15,26%), created for possible contingencies, transfers of incentivized projects, and with unrestricted resources donated for the maintenance of the Institute.

(b) Bradesco S.A.

The ledger account Banco Bradesco corresponds to investments in Interbank Deposit Certificate – CDI to cover expenses with projects: Lira Moore Project in the amount of R\$1.612, Lira Moore II in the amount of R\$11.071 and Lira BNDES Project in the amount of BRL 10.284.

(c) BTG Pactual S.A.

The ledger account Banco BTG Pactual corresponds to investments in Bank Deposit Certificates - CDBs to cover project expenses: AstraZeneca in the amount of R\$ 4,903 and Institutional Reserve in the amount of R\$ 2,634, these values being arising from financial transfers from the project and estimated resources for the Institute's administrative expenses and for the prevention of related risks that may be used in the event of uncertain future events.

On December 31, 2023, and 2022, financial investments are remunerated at rates between 100% and 119% of the Interbank Deposit Certificate – CDI.

5. Inventory

	<u>2023</u>	<u>2022</u>
Inventory for resale	47	34
Warehouse	829	-
	<u>876</u>	<u>34</u>

In 2023, the account ledger Inventory was separated into two items; (i) “Inventory for resale” which accounts for personal use products resold by the Institute on its website and also physically in a store

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located at the headquarters in Nazaré Paulista (ii) “Warehouse” which contains products purchased and stored, mainly agricultural products, to be used in reforestation activities in Project “Corredores de Vida” developed in municipalities located in the interior of the State of São Paulo known as Pontal do Paranapanema. This division was necessary for greater control and adequate storage of stocks of material purchased for reforestation projects, R\$741 of which was AstraZeneca.

6. Judicial Bond

In 2023, the account ledger Judicial Bond will be maintained with the same amount as in 2022, as a definitive statement from the Federal Court of Accounts (TCU) is awaited on the charge in the amount of R\$ 35 thousand referring to Agreement 082/2004 signed between the Institute and the extinct Ministry of Fisheries and Agriculture (MPA).

In April 2022, the Institute was notified by email about the non-approval of the accounting for activities carried out and which had been presented in 2006. In the notification, the refund of the disapproved amount was requested, under penalty of registration of the Entity in the condition of "Effective Default", in the Financial Administration System - SIAFI, among other measures.

After several diligences and measures to close the matter, on July 7, 2022, the defendant sent a new email, reiterating that default interest was due, in the total amount of R\$35,000, under penalty of initiating the *Tomada de Contas Especial*, in case of non-compliance.

Understanding that the collection was not fair, as well as the sanctions, Instituto de Pesquisas Ecológicas filed the Injunction and made a judicial bond in the amount of R\$35,000 until the final manifestation of the Federal Court of Accounts - Brazil (TCU) on what happened.

7. Endowment Fund

	<u>2023</u>	<u>2022</u>
Endowment Itaú Unibanco S.A. – ESCAS Incentivized project	<u>14.675</u>	<u>13.671</u>
	<u>14.675</u>	<u>13.671</u>

The Endowment Itaú Unibanco S.A. (IKOPORAN), denominated TOP 234 *Multimercado FIC FI*, it is permanent in nature and was originally made up of resources from individual donations, which are invested in investment funds by an Independent Advisory team. The income earned is reverted to projects related to the social objective linked to the donation agreement.

The transfer of income earned from the Fund is annual and will be carried out after the Fiscal Council's Meeting to the account ledge “Fundo Patrimonial”, in the equity.

The Endowment Itaú Unibanco S.A. (Endowment Fund) was created through the *Instrumento Particular de Contrato de Doação Modal* (Private Instrument of Modal Donation Agreement), on July 10, 2007, whose purpose is specifically and exclusively to partially maintain the pedagogical activities of ESCAS. The transfer of income earned from the Fund to the Institute is annual, limited to 0.5% of the net equity of the Endowment Fund. In 2023, the amount of R\$768 (R\$795 in 2022) was redeemed by Institute.

8. Fixed Assets

The fixed assets of the Institute are fully located in Brazil and are used exclusively in its activities.

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(Amounts expressed in thousands Brazilian Real, unless otherwise indicated)

The fixed assets items are demonstrated by acquisition cost, adjusted by accumulated depreciation, using the straight-line method. The rates used are established based on the useful life of the asset. In the year ended December 31, 2023, depreciation expense in the amount of, in thousands of Brazilian Real, R\$228 (R\$212 on December 31, 2022) recorded in account ledge "Depreciation and amortization".

The Management did not identify events that could generate a provision record to reduce the recoverable value of assets.

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(Valores expressos em milhares de reais, exceto quando indicado)

Description	Lands	Buildings	Vehicles	Vessels	Computer equipament	Furniture and Utensils	Machines and Equipments	Fixed Assets in progress	Scientific Equipments	Prefab houses	Installations	Real Estate Improvements	Total
Balance on 12/31/2021	696	599	362	40	95	36	650	-	10	29	9	21	2.547
Residual value													
Total cost	696	716	878	410	330	157	920	-	36	47	15	24	4.229
Accumulated depreciation	-	(117)	(516)	(370)	(235)	(121)	(270)	-	(26)	(18)	(6)	(3)	(1.682)
Net fixed asset	696	599	362	40	95	36	650	-	10	29	9	21	2.547
Acquisitions	-	-	-	-	32	7	136	-	-	-	-	-	175
Disposals and write-offs	-	-	(48)	-	-	-	-	-	-	-	-	-	(48)
Depreciation	-	(29)	(58)	(5)	(41)	(4)	(67)	-	(1)	(4)	(1)	(1)	(212)
Balance on 12/31/2022	696	570	256	35	86	39	719	-	9	25	8	20	2.463
Residual value													
Total cost	696	716	830	410	362	164	1056	-	36	47	15	24	4.356
Accumulated depreciation	-	(146)	(574)	(375)	(276)	(125)	(337)	-	(27)	(22)	(7)	(4)	(1.893)
Net fixed asset	696	570	256	35	86	39	719	-	9	25	8	20	2.463
Acquisitions	-	-	408	-	71	4	372	247	-	-	-	-	1.102
Disposals and write-offs	-	-	(101)	-	(7)	(1)	-	(63)	-	-	-	-	(172)
Depreciation	-	(29)	(58)	(5)	(38)	(3)	(87)	-	(1)	(5)	(1)	(1)	(228)
Balance on 12/31/2023	696	541	505	30	112	39	1004	184	8	20	7	19	3.165
Residual value													
Total cost	696	716	1137	410	426	167	1428	184	36	47	15	24	5.286
Accumulated depreciation	-	(175)	(632)	(380)	(314)	(128)	(424)	-	(28)	(27)	(8)	(5)	(2.121)
Net fixed asset	696	541	505	30	112	39	1004	184	8	20	7	19	3.165
Depreciation rate (%)	-	5%	20%	5%	25%	10% a 12%	10% a 15%	-	10% a 15%	5%	10%	4%	

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9. Ativo intangível

	<u>2023</u>	<u>2022</u>
Software	-	1
RVE'S for futute assignment – Biofilica Pachama Project (a)	8.025	8.025
RVE'S for futute assignment – Biofilica II Project (b)	<u>7.200</u>	<u>5.600</u>
	<u>15.225</u>	<u>13.626</u>

(a) Project to be executed and RVE's assignment rights – Biofilica Pachama Project

In 2023, the development of the Corredores de Vida initiative continues in Oeste Paulista, where the Institute operates on three pillars: (i) biodiversity conservation, (ii) income generation and (iii) climate improvement. Since 2021, activities have been expanded through the integration of carbon projects that aim to restore landscapes on rural properties in Pontal do Paranapanema.

To achieve this objective, in 2022 the Institute established a partnership with the company Biofilica Ambipar Environmental Investments S.A, through a contract that involves the assignment of the rights to verify and issue carbon credits - RVE's - generated from the green areas of rural landowners who are partners of the Institute. The initial value of the contract was R\$7,270, with an additional amount of R\$755 received during the 2022 financial year, resulting in a final balance of R\$8,025 in the Intangible Assets and Customer Advance accounts. These values remain the same in 2023 as the RVE's have not yet been generated as the project is ongoing.

The partnership makes it possible to expand the area of ecological corridors already implemented in the region by IPÊ since 2002 (5.2 million trees planted in corridors) and generate carbon credits from the restoration of the natural vegetation of the Atlantic Forest. The objective is to plant 150 million new trees in several areas that together reach 75,000 hectares will be responsible for generating a stock of more than 28 million “AR” carbon credits, removing more than 36 million “CO2” from the atmosphere in 44 years. The credits will be traded on the voluntary carbon market using VERRA's VCS and CCB certification standards based on the CDM Methodology: AR-ACM0003 – (Large Scale) Afforestation and reforestation of lands, except wetlands).

Delivery Schedule:

Activities Delivery Schedule		
Number of RVES contracted	Execution period	Scheduled date
22.953	2021-2026	30/06/2027
32.432	2027-2031	30/06/2032
18.972	2032-2036	30/06/2037
13.461	2037-2041	30/06/2042
8.531	2042-2045	30/06/2046

(b) Project to be executed and RVE's assignment rights –Biofilica II Project

A new contract was signed on 01/03/2022 with the company Biofilica Ambipar Environmental Investments S.A for the purpose of assigning the rights to verify and issue RVE's carbon credits originating in green areas of three new partners of the Institute located in the region Ponta do Paranapanema, São Paulo, Brazil - Daniel's Farm, Matuto's Bernal Farm and Santa Rosa's Farm. This new agreement extends Instituto de Pesquisas Ecológicas responsibility to recover the natural vegetation of the Atlantic Forest in degraded areas and restore ecological corridors. The total project

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represents an investment of R\$8,000, with (i) R\$5,600 being received in 2022, (ii) R\$1,600 in 2023 and in 2024 a further (iii) R\$800 will be received.

For 25 years, this new contract provides for the creation of 94,421 units of RVE's to be granted to Biofílica, in accordance with the same rules and guidelines established in the previous contract. There is the possibility of its renewal through an additional term agreed between the parties.

Consequently, as in the previous contract, the Intangible Assets and Customer Advances accounts associated with this project will maintain the same balance of R\$5,600 until the completion of the first stage of the project, scheduled for June 2027, following the expected schedule:

Activities Delivery Schedule		
Number of RVES contracted	Execution period	Scheduled date
17.465	2023-2026	30/06/2027
31.981	2027-2031	30/06/2032
20.260	2032-2036	30/06/2037
14.003	2037-2041	30/06/2042
10.712	2042-2046	30/06/2046

10. Suppliers

As of December 31, 2023, the balance of the account ledge "Suppliers" in the amount of R\$289 thousand (R\$357 thousand as of December 31, 2022) consisted of expenses with national suppliers, mainly office supplies, cleaning, and food, as well as contracting service providers.

11. Labor obligations

	<u>2023</u>	<u>2022</u>
Provisions and charges for employees' vacation	128	127
Payroll salary and charges	149	123
Payroll income tax	12	12
Payroll tax - PIS (Program of Social Integration)	2	1
Total	<u>291</u>	<u>263</u>

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12. Tax obligations

	<u>2023</u>	<u>2022</u>
IRRF – Income tax over services	5	4
CSRF - Social contributions withholding	14	12
Other taxes	0	4
ISS - Service tax withholding	40	30
ICMS - State contributions over sell	4	27
COFINS - Federal social contributions levied on revenue.	47	26
COFINS - (tax in installment) (a) (b)	169	219
ISS – Tax over services	694	-
Total	<u>973</u>	<u>322</u>
Current	876	175
Non-Current	<u>97</u>	<u>147</u>
Total	<u>973</u>	<u>322</u>

- a) COFINS – Federal Social Contributions levied on financial revenue (Tax in installment): corresponds to COFINS on its financial income, reestablished by Decree number 8.426/2015 and pursuant to the legal provision based on Brazilian Law 10,865/2004. Management calculated an amount payable of R\$353 thousand for the years 2016 to 2020.
- b) However, during 2021, R\$67 thousand was paid by IPE in a single installment and the remaining balance of R\$286 thousand was paid in 60 months plus R\$73 thousand of financial charges payable. Below is the updated debt balance in December/2023:

Thousands of Brazilian Real		Thousands of Brazilian Real	
Year 2023	Total	Year 2022	Total
COFINS current installments	72	COFINS current installments	72
COFINS non-current installments	129	COFINS non-current installments	193
Non-current charges to be appropriated	(32)	Non-current charges to be appropriated	(46)
Liabilities balance updated in December/2022	169	Liabilities balance updated in December/2022	219

- c) ISS (Tax on services) to pay: R\$ 687 corresponds to the tax generated by the amount of R\$ 34,356 received from AstraZeneca, invoiced on 12/2023 for collection on 01/2024 in the municipality of Nazaré Paulista/SP.

13. Other accounts payable (current and non-current)

As of December 31, 2023, the balance of the account ledger of "Other payables" in the amount of R\$49 (R\$186 as of December 31, 2022) consisted of R\$38 of customer advances on course contracts and products to be invoiced and R\$11 of Inventory on Consignment.

In non-current liabilities, as of December 31, 2023, the balance in the amount of R\$15,225 (R\$13.625 as of December 31, 2022) refers to the recognition of the obligation of future assignment of verification rights and issuance of carbon credits - RVE's to the company Biofílica Ambipar Environmental

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Investments S.A under the ledger account "Advance from Customer", having as a contra entry in noncurrent assets the accounting item intangible assets. According to explanatory note number 7

14. Incentivized projects to be executed

14.1 Liabilities – Non-current

The balance of projects to be executed represents the linked resources received from sponsors, not yet used. This link represents the exclusive allocation of the expenses presented in the Income Statement for the Year of the projects and amortized as on lending of funds in the Income Statement for the Year. The balance of the projects at the end of the year is represented as follows (contract balance – bank balance c/c – investment bank balance – NY bank balance)

Projects	2023	2022
<i>Astrazeneca</i>	20.791	-
<i>Biofílica (Direitos de cessão de RVE's) (b)</i>	3.171	2.755
<i>Biofílica Phachama (Direitos de cessão de RVE's) (a)</i>	2.412	3.700
<i>Caruanas</i>	24	58
<i>Detetives ecológicos = We Forest</i>	220	1.342
<i>Ecosia</i>	363	918
<i>Embaixada - Pantanal Summit</i>	8	285
<i>Escolas Climáticas do Cantareira</i>	18	140
<i>Fundo Nacional do Meio Ambiente</i>	500	-
<i>Fundo Nacional Mudança do Clima</i>	801	-
<i>GIZ - Plano de Ação Voluntariado</i>	139	960
<i>Lira BNDES</i>	10.232	11.051
<i>Lira Moore</i>	4.233	11.638
<i>Lira Moore II</i>	21.302	18.984
<i>Monitoramento Participativo da Biodiversidade (Moore)</i>	33	35
<i>Monitoramento Participativo da Biodiversidade (Usaid)</i>	-	11
<i>Natura II</i>	289	401
<i>One Tree Planted</i>	2.373	1.851
<i>Petrobrás III</i>	897	484
<i>Pew Pantanal</i>	836	-
<i>Plant for the Planet</i>	191	-
<i>Projeto Gestão Uc's</i>	125	113
<i>Renova</i>	337	350
<i>Renova Restauração</i>	322	-
<i>Semeando Água - CAF</i>	80	111
<i>Semil - Sima</i>	336	-
<i>Truss Amazonia</i>	19	-
<i>União Química</i>	399	474
Total	70.451	55.661

(a) Biofílica Phachama (RVE's assignment rights)

Of the amount of BRL 8,025 received during the years 2023 and 2022 as provided for in the contract, the Administration of the Instituto de Pesquisas Ecológicas used in 2023 the amount of R\$5,613 for the development of activities to restore the protection area, closing the balances of the accounts of Banks and Projects to be Executed in the amount of R\$2,412.

(b) Biofílica II (RVE's assignment rights)

During the year 2023 and 2023 of the amount received of R\$7,200, the Administration of the Instituto de Pesquisas Ecológicas used the amount of R\$4,029 for the development of activities to

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restore the protection area, closing the balances of the accounts of Banks and Projects to be Executed in the amount of R\$ 3,171.

(c) AstraZeneca

On 07/10/2023, the Institute signed a contract with the international pharmaceutical company Astrazeneca UK Limited (AZ) interested in becoming a holder of Carbon Credits to offset its own and/or third-party greenhouse gas emissions.

In the case of this contract, the Institute must carry out reforestation services in areas in Pontal do Paranapanema to reduce emissions caused by deforestation and forest degradation, with Biofilica Ambipar Environmental Investments S/A ("Biofilia") acting as co-developer, transferring carbon credits generated by IPÊ activities to AZ, according to an activity delivery schedule.

Based on the contract, this project ends on December 31, 2056, including any extension rights. It also provides, for each installment received, the issuance of a service invoice by the Institute.

Activities Delivery Schedule

Activities Delivery Schedule		
Number of Hectares	Activity description	Schedule dates
1.250	Formalization of partnerships with landowners	01/2023 to 05/2023
1.250	Seedling production	03/2023 to 12/2023
1.250	Plantings	09/2023 to 05/2024
1.250	Maintenance	09/2023 to 09/2026
1.250	CCB monitoring result	09/2024
2.000	Formalization of partnerships with landowners	06/2023 to 05/2024
2.000	Seedling production	12/2023 to 10/2024
2.000	Plantings	05/2024 to 05/2025
2.000	Maintenance	05/2024 to 05/2027
2.000	CCB monitoring result	05/2024
2.750	Formalization of partnerships with landowners	06/2024 to 05/2025
2.750	Seedling production	12/2024 to 09/2025
2.750	Plantings	05/2025 to 05/2026
2.750	Maintenance	05/2025 to 05/2028
2.750	CCB monitoring result	05/2026 to 05/2056 (Annually)

4.2. Impact on Statement of income for the year

During the 2023 financial year, from the amount received from installment number 01/34 of AstraZeneca, in the amount of R\$ 34,356, the amount of R\$ 13,565 was used for the development of restoration activities in the protection area and closing the balances of Bank accounts and Projects to be Executed in the amount of R\$20,791.

As the contract provides for the issuance of an invoice in accordance with receipts and to meet tax purposes, the amount received of R\$ 34,356 was invoiced on 12/2023, generating an ISS tax in the amount of R\$ 687 to be collected on 01 /2024 in the municipality of Nazaré Paulista/SP.

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For accounting purposes, due to the long duration of delivery of service execution, the value of Revenue recorded in the Institution's Income was reclassified to non-current liabilities in the group of projects to be executed (deferred revenue).

Therefore, based on expenses incurred during each year, the financial transfer of the project will be recognized in the group of other non-taxed income.

Below, we show the revenues and costs of the projects carried forward in the Statement of income for the year:

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	<u>2023</u>	<u>2022</u>
Revenue from performed Projects	37.769	22.164
Costs from performed Projects	<u>(37.769)</u>	<u>(22.164)</u>
Total	<u>-</u>	<u>-</u>
	<u>2023</u>	<u>2022</u>
Costs of performed Projects		
Afforestation and Gardening Services	(5.176)	(6.166)
Advisory and Consulting Services	(2.843)	(1.882)
Education, instruction, and training services	(1.439)	(1.603)
Operational expenses	(1.773)	(2.396)
Expenses with consumables	(1.604)	(2.048)
Project advisory services	(404)	(405)
Financial expenses	(2.096)	(2.612)
Administrative support services	(878)	(1.005)
Labor expenses	(1.256)	(997)
Research and development services	(132)	(96)
Travel expenses	(3.177)	(1.337)
Event organization services	(777)	(318)
Technical and scientific services	(128)	-
Graphic and visual communication services	(409)	(145)
Other costs	(1.507)	(1.154)
Total	<u>(23.599)</u>	<u>(22.164)</u>
	<u>2023</u>	<u>2022</u>
Costs of performed Project AstraZeneca		
Afforestation and Gardening Services	(7.450)	-
Advisory and Consulting Services	(226)	-
Education, instruction, and training services	(59)	-
Operational expenses	(4.116)	-
Expenses with consumables	(1.921)	-
Financial expenses	(292)	-
Labor expenses	(62)	-
Travel expenses	(7)	-
Event organization services	(1)	-
Technical and scientific services	(1)	-
Other costs	(35)	-
Total	<u>(14.170)</u>	<u>-</u>
	<u>(37.769)</u>	<u>(22.164)</u>

15. Equity

(a) Net Equity

The Equity represents the initial equity of the Institute, plus the results determined annually from the date of its incorporation, which are fully employed in its social objectives, as disclosed in note 1. The Institute's Management adopts as a practice to incorporate and / or absorb in the items of social patrimony and / or special allocation the surplus (deficits) calculated in the years.

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(b) Equity Funds.

Refers to the original amount of the Fundo Endowment (Endowment Fund) in the amount of R\$14.675 on December 31, 2023 (R\$13.671 on December 31, 2022) held in investments, as described in note 5.

16. Financiers and donors' revenues

The revenue of funders and donors comes from private companies, foundations, government, national and international organizations, destined to fulfill the Institute's social purpose. As for other revenues, they come from discounts obtained and expenses reimbursed by projects.

	<u>2023</u>	<u>2022</u>
International Organizations	7.252	5.400
International Private Entities	23	1
International Individuals	193	16
National Organizations	150	205
National Private Entities	1.219	1.297
National Individuals	217	214
Other Revenues	4.660	2.030
Total	<u>13.714</u>	<u>9.163</u>

17. Services and sales net revenues

	<u>2023</u>	<u>2022</u>
Services	5.297	4.409
Sales	121	90
	<u>5.418</u>	<u>4.499</u>
Revenue deductions		
ISS - (Tax over services)	(131)	(92)
ICMS - (State contributions over sell)	(131)	(23)
	<u>(262)</u>	<u>(115)</u>
Total	<u>5.156</u>	<u>4.384</u>

Revenue from service comes from courses held by the Institute and services provided by IPÊ, off which R\$ 1,075 comes from courses carried out by ESCAS.

Sales revenue derives from the sale of products manufactured by companies that promote the causes defended by the Institute and which include the Institute brand on their products as a way of publicizing the work conducted by the Institute.

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18. Labor expenses

	<u>2023</u>	<u>2022</u>
Salaries and indemnities	(623)	(561)
Social charges	(340)	(295)
Benefits to employees	(266)	(174)
Vacation	(89)	(75)
13° salary - (additional salary at the end of the year)	(65)	(50)
Uniforms and safety equipment	(21)	(9)
Other	(6)	(2)
Total	<u>(1.410)</u>	<u>(1.166)</u>

19. General and administrative expenses

	<u>2023</u>	<u>2022</u>
Field materials and tools	(130)	(396)
Maintenance expenses	(486)	(593)
Travel expenses	(1.424)	(940)
Publication and dissemination	(136)	(370)
Fuels	(290)	(167)
Insurances	(125)	(86)
Meals	(307)	(180)
Network maintenance	(161)	(52)
Agricultural products	(456)	(433)
Other expenses	(426)	(311)
Total	<u>(3.941)</u>	<u>(3.590)</u>

(a) Travel expenses: Attention to R\$ 398 corresponding to workshops promoted by the Volunteer Forum and Meeting and R\$ 272 corresponding to research carried out by INCAB.

20. Services expenses

	<u>2023</u>	<u>2022</u>
Education, instruction, and training services	(2.243)	(2.073)
Research and development services	(770)	(614)
Administrative support services	(831)	(532)
Advisory and Consulting services	(1.330)	(683)
Generic services PSPJ e PSPF	(615)	(1.112)
Afforestation and Gardening services	(1.362)	(1.129)
Project advisory services	(93)	(229)
Event Organization Services	(67)	(71)
Graphic services and visual communication	(216)	(11)
Technical and Scientific Services	(21)	-
Accounting advice	(128)	(111)
Legal Advice	(91)	(44)
Travel Agency Services	(54)	(17)
Laboratory and Veterinary Services	(55)	(6)
Data processing and storage services	(76)	(50)
Transport Services	(65)	(40)
Other services	(61)	(2)
Total	<u>(8.078)</u>	<u>(6.724)</u>

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- (a) Advisory and consultancy services: There was an increase in services in the amount of R\$ 208, which includes strategic planning consultancy, review of the structure of the Project “*Corredores de Vida*”, succession of the Controller and services of the ESCAS, UNS and Projects Teams.
- (b) Afforestation and gardening services: Corresponds to reforestation services in the Project “*Corredores de Vida*”.

21. Financial Result

	<u>2023</u>	<u>2022</u>
<u>Income financial</u>		
Exchange variation	748	1.810
Interest on financial investments	1.994	1.423
Interest and fines received	5	6
Total	<u>2.747</u>	<u>3.239</u>
<u>Expenses financial</u>		
Bank fines	(102)	(101)
Fees	(19)	(11)
<i>IRRF</i> – Income tax	(275)	(73)
Fines and interest	(12)	(12)
<i>COFINS</i> - Federal social contributions levied on financial revenue	(189)	(117)
Exchange variation	(1.363)	(2.311)
Total	<u>(1.960)</u>	<u>(2.625)</u>
Total Financial Result	<u>787</u>	<u>614</u>

- (a) Exchange/Monetary Variation: Refers to the exchange variation of funds raised abroad available in NY account balance, updated monthly by the dollar at the end of the month, with a variation between R\$4.7415 and R\$5.2078 in 2023.
- (b) Interest on financial investments: Financial investments are remunerated at rates that vary between 100% and 119% of the Interbank Deposit Certificate – CDI.

22. Voluntary Work

The Institute's Administration does not, in any way, remunerate its directors, board of directors and supervisory board for services rendered.

As established by Brazilian standard *ITG 2002 (R2) – Entidades sem Finalidade de Lucros*, the Institute's Management recognize the revenues from voluntary work, including those of members of Management, being measured at fair value considering the amounts that the Institute would have to pay if it contracted these services in a similar market. Income from work is recognized in the income for the year against operating expenses also in the income for the year. We show below the value of hours / voluntary works.

As of December 31, 2023, the amount calculated was R\$346 thousand (R\$326 thousand as of December 31, 2022), as shown below.

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Position / Function	In thousand Brazilian Real			
	Worked hours	Value por hour	Amount of members	Total
Chief Executive Officer	590	0,33	1	196
VP Director	30	0,33	1	10
Members of the Board of Directors	14	0,33	12	56
Members of the Fiscal Council	2	0,33	2	1
ESCAS Teachers	16	0,33	15	80
Total	652		31	343

23. Related Parties Transactions

The Administration of the Institute did not conduct transactions or contracted services of related parties.

Management Remuneration

There was no compensation for the Executive Board during the year. Pursuant to the Bylaws, Directors are not remunerated for their duties and do not receive any benefits.

The Institute does not distribute profits, gratuities, or benefits to its directors under any form or pretext, as well as, board of Directors and Directors are not remunerated, directly or indirectly, by their functions and neither receives advantages or benefits.

The Institute's Management has no benefit from termination of contract, share-based payments, and other long-term benefits to key management personnel.

24. Contingencies provisions

Management, supported by the opinion of its legal advisors and, when applicable, based on specific opinions issued by specialized, assesses the expected outcome of ongoing processes, and determines the need or not to set up a provision for contingencies. Based on the opinions issued by the legal advisors, there is no administrative or judicial proceeding of a fiscal, labor, civil or environmental nature issued against the Institute that should be provisioned of December 31, 2023, and 2022.

25. Financial risk Management

The Institute's risk management policies are established to identify and analyze the risks faced in carrying out projects. Periodic reviews are necessary in the planning and budgets for the execution of each project, aiming to maintain a zero-error margin regarding the proposed values and the executed. The Institute, through its internal training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

▪ Credit risk

Credit risk is the risk that arises from the possibility of a deficit resulting from the non-receipt of contracted amounts. Credit risk is reduced due to procedures for evaluating current accounts and financial investments held in Financial Institutions.

▪ Liquidity risk

It is the risk that the Institute may has in complying with the obligations associated with its financial liabilities that are settled with cash payments or with another financial asset. Prudent liquidity risk management implies maintaining cash, sufficient financial investments, funding available through committed credit lines and the ability to settle market positions.

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(Amounts expressed in thousands Brazilian Real, unless otherwise indicated)

- **Interest rate risk**

It arises from the possibility of the Institute incurring gains or losses arising from fluctuations in interest rates on its financial assets and liabilities. Aiming at mitigating this type of risk, the Institute seeks to diversify fundraising in terms of post-fixed rates.

- **Operational risk**

Operational risk is the risk of direct or indirect deficits arising from a variety of causes associated with the execution of projects and services provided, which may be related to the composition of goals and planning factors, such as an absence of specialized personnel, technologies involved, etc.

- **Currency risk**

The associated risk arises from the possibility of the Institute incurring losses due to fluctuations in exchange rates, which reduce values in the current account and funds invested in foreign currency, more specifically the dollar. Management periodically monitors the exposure of its resources in foreign currency and recognizes exchange rate variations in the income statement on a monthly basis. If the exchange rate variation is significant, Management may evaluate additional ways of mitigating the risk.

- **Capital Management**

Management seeks to maintain a balance between risk, return and liquidity in the management of short-term financial investments linked to bank deposits, fixed income funds and investment funds. The Institute's objectives in managing its capital are to safeguard the Institute's continuing ability to maintain an optimal capital structure to reduce this risk.

The Institute only has financial instruments classified as “Investments”. The respective balances at the balance sheet dates do not materially differ from their fair values. On December 31, 2023, the Institute's net working capital was positive in the amount of R\$49.320 (R\$28.355 positive on December 31, 2022).

26. Tax exemption

According to article 150, paragraph 6 from the Constitution of the Brazil “*Constituição da República Federativa do Brasil*” (Federative Republic of Brazil), the Institute is exempt to *IRPJ - Imposto de Renda Pessoa Jurídica* (Corporate Income Tax) and *CSLL - Contribuição Social sobre Lucro Líquido* (Social Contribution on Net Income) in accordance with article 15 of Brazilian Law 9.532/97 and exempt to *ISSQN - Imposto sobre Prestação de Serviços de Qualquer Natureza* (Tax on Services), which is regulated by local municipal legislation

The Institute is not immune to its social security obligations and does not have any benefit of this nature. Their labor obligations, such as contributions to the INSS – Instituto Nacional do Seguro Social (National Social Security Pension Institute) and the *FGTS – Fundo de Garantia por Tempo de Serviço* (Severance pay fund), are normally calculated on the payroll benefits, just as the *PIS – Programa de Integração Social* (Program of Social Integration) is calculated by applying the percentage of 1% of the salaries paid to the employees.

As from July 2015, the Institute started to collect *COFINS - Contribuição para o Financiamento da Seguridade Social* on its financial revenues, updated by Decree No. 8.426/2015, as determined by Brazilian Law 10.865/2004.

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27. Insurance contracts (unaudited)

The Management adopts the policy of contracting insurance coverage for assets subject to risks for amounts sufficient to cover any claims considering the nature of its activity. The risk assumptions adopted, given their nature, are not part of the audit scope and, therefore, were not examined by the Independent Auditors.

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Remetente do envelope:

Luiz Carlos Soares da Silva

Avenida Lasar Segall, 118, 10º andar - Apto 101

São Paulo, BR-SP 02543-010

luiz.soares@conatusaudit.com.br

Endereço IP: 200.187.172.176

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luiz.soares@conatusaudit.com.br

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Luiz Carlos Soares da Silva

luiz.soares@conatusaudit.com.br

Sócio

Conatus Auditores Independentes S.S.

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