

Brasília, October 3, 2022.

## Financial Controls and Policies

IPAM – Instituto de Pesquisa Ambiental da Amazônia carries out the following financial monitoring actions to avoid default and financial irregularities:

- IPAM performs a weekly reconciliation of accounts payable, comparing all services and costs contracted with the amount paid to the supplier. In this way, we avoid overpayments or underpayments, correctly complying with what is in the contract and recorded in IPAM's internal systems;
- We also carry out daily bank reconciliation of all IPAM project and administration accounts. With this, it is possible to monitor the project's financial balance, comparing it to the balance in our internal systems, thus preventing cash outflows without proper approval (respecting the scope of approval and internal policies).
- Every payment request for service, salaries, or additional costs has a code generated within our internal systems. This code allows tracking the entire process of this expense, from the moment of its generation, approval, and at the end of the actual payment. Everything is recorded in this system, allowing future research and total traceability of the expense.
- The Accounting area is responsible for controlling tax payments and issuing negative certificates. In this way, we know that we comply with the Federal Revenue and other state control bodies. Today, IPAM has all its certificates, not presenting any tax, social security, or other debt with the Federal, State, and Municipal Governments.
- IPAM, on the recommendation of its fiscal council, is only audited by a company from the Big Four group, providing greater support to its financial statements. At the funder's request, audits are also carried out on projects demonstrating that IPAM correctly followed the accounting and financial standards in the execution of the projects.
- Finally, IPAM has an active fiscal council, which annually approves the Institute's financial statements and makes recommendations to improve our internal processes in line with the best market practices.

## 2021 Updates

EY, in its last financial and accounting audit, reported that the financial statements adequately present the equity and financial position of the Institute as of December 31, 2021. The performance of its operations and its cash flows for the year ended by accounting practices adopted in Brazil applicable to non-profit entities.

In 2021, IPAM resumed its onboarding process for new employees. At this point, IPAM's policies and rules are presented, as well as the whistleblower channel and how each matter is handled internally. There were also no reports of complaints in our internal channels regarding financial fraud.

## Moral and Sexual Harassment

IPAM also has a policy with guidelines on moral and sexual harassment:

IPAM prohibits any attempt at sexual and moral harassment. Any request for unrequited sexual favors or sexual or sensual advances and the use of profanity in which the harassed person working within the Institute feels embarrassed constitutes sexual harassment. Employees who feel harassed must communicate with representatives appointed by the Board so that they initiate an investigation and recommend appropriate action in each case.

And similarly, moral harassment is characterized when a superior (most common case) causes the employee or employees to experience situations of humiliation or embarrassment, several times in the work environment, and it is not characterized only by an isolated case.

Therefore, IPAM will not admit that cases of this type occur in the work environment. Here are some examples:

- a) Excessive rigor;
- b) Exploitation of psychic and physical weaknesses;
- c) Disqualification or criticism in public;
- d) Verbal aggression or gestures

## 2021 Updates

In 2021, IPAM resumed its onboarding process for new employees. At this point, IPAM's policies and rules are presented, as well as the whistleblower channel and how each matter is handled internally. There were also no reports of complaints in our internal channels regarding sexual or moral harassment.

## Most Recent Actions

IPAM, seeking to provide greater transparency and access to its policies, will launch its new intranet in 2022, where materials and directions on how to behave in discrimination or harassment of any nature will be made available.

IPAM has a robust financial control system with several approval checkpoints following the best market practices. Similarly, it also has whistleblowing channels that will be dealt with impartially by the Board. The Institute also remains alert to possible improvements in its processes to provide greater security for its employees.

## Additional Information

### IPAM's Procedures to Prevent/Combat Corruption and updates

Since 2017, IPAM has maintained an Institutional Policy to prevent and combat corruption, identifying the types and conditions of Corruption and informing how to deal with a situation involving corruption.

In 2019/20, the IPAM's anticorruption policy was updated by adding procedures to deal with an allegation of corruption. These procedures were established to bring to the Board of Directors the responsibility to analyze, independently of the Executive Director and other directors, including the CFO, the corruption cases.

### Steps to address allegations of Corruption<sup>1</sup>

1. The allegations can be made by IPAM's employees or non-employees to the President of the Board of Directors by following the procedures established:
  - a. Employees are encouraged to set out in writing the background and history of the concern, giving names, dates and places where possible and the reason why they are concerned about the situation;
  - b. If employees do not feel able to put their concern in writing the matter can be raised by telephone or a face-to-face meeting with the appropriate manager;
  - c. In any event, employees should make an immediate note of relevant details, e.g. what was said in a telephone or other conversation, dates, times and so on.
  - d. When raising concerns employees must declare any personal interest, they have in the matter;
  - e. Employees should not attempt to investigate a concern or accuse individuals directly;
2. In the case of corruption allegations, the IPAM's President calls for an extraordinary board meeting to evaluate the case issue and to establish a committee of three members of the Board to promote a full investigation. Any member of the executive directory is not allowed at this stage to participate.

---

<sup>1</sup> See details about our Whistleblowing Policy attached.

3. The committee establishes the investigation procedures, calling all those employees involved in the allegation.
4. After analyses the IPAM's President renders a decision based on the findings of the board members' committee of investigations. Confirmed the involvement of employees in a case of corruption, the board will recommend appropriate action for the case.