

ACTIVITY REPORT
2020

OUR SUSTAINABLE JOURNEY



FUNDAÇÃO
ESPAÇO ECO
Sustentabilidade que se mede

SPONSOR

BASF
We create chemistry

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INSTITUTIONAL

We combine science, data, analysis, and innovation in order to help companies make the best sustainability-related decisions.



ABOUT US

We are agents of transformation. We connect business to environmental, social, and economic demands to enable governance and management of sustainability topics. We strive to build a society economically viable, socially responsible and focused on respecting and preserving natural resources. We believe that only through this transformation we can collaborate in making a positive impact on the world, building a more sustainable future.

We have been pioneers in measuring impact with science-based methods for 15 years. We operate through consulting, in partnership with companies, and committed to the needs of society. We develop personalized projects to help the organizations understand the environmental impacts of their products and processes, contributing to sustainable development in the business environment and in society. We guide sustainable journeys through measurable projects, promoting avant-garde and innovative knowledge.

We started operating in 2005, based on the pioneering and innovative vision and on the recognition and investment of BASF to promote sustainable development in Brazil. Since then, we are supported by the company, which guarantees our autonomy and exemption. We are qualified as an OSCIP (Public Interest Non-Governmental Organization), so we reinvest the resources we obtain through commercial projects in studies, surveys, and activities focused on sustainable attitudes, which benefit society. We engage with different audiences (society, business, academia, and government) to boost their sustainability journeys.

We match business performance improvement with responsible, innovative, and efficient care.

We contribute to the success of the sustainability journey of our partners and customers, making it a value for the business.

We encourage public debate on issues that impact society.

The world scenario of 2020, strongly affected by the impacts of the COVID-19 pandemic, has changed the perspective of companies in social, environmental, and governance aspects. We are interdependent – companies, society, and nature – and knowing this fact is transformative. We have been following companies in different stages of development in these topics focusing their priorities on these aspects. We are facilitators of this transformation and we are focused on four strategic pillars (which we understand to be strong trends), correlated to the Life Cycle: **Circular Economy, Value Chain, Bioeconomy, and Natural Capital**. With this, we align the demands of companies to the great topics that impact our future.

We use our knowledge for the benefit of society and the environment, supporting companies to control and/or minimize their negative impacts, and, simultaneously, to combine positive environmental and social impacts with financial return. We lead and empower people and their businesses in having a relevant connection to the present, building a bridge to the future.

OUR COMMITMENTS

- We are determined in our mission to “promote sustainable development in the corporate environment and in society, through tools that assist in the diagnosis, measurement, and evaluation of the economic, environmental, and social impact of products and services”. Therefore, we support the preparation and practice of ESG (Environmental, Social and Governance) criteria because we believe that businesses should be long-term planned, developing their economic, social, and environmental value in an integrated way.
- We believe that together we are stronger. That is why we operate voluntarily and collaboratively in global initiatives, which contribute to enhancing our performance. We are members of the Global Compact. Our business strategy is based on the Sustainable Development Goals (SDGs). They represent the critical issues that impact society (both now and in the future), such as water, energy, climate change and responsible consumption. By using these questions to guide our actions, we contribute to the alignment of the companies’ strategies and operations with the goals of the SDGs.
- We have obtained the ISO 9001:2008 (Quality Management System) and ISO 14001:2004 (Environmental Management System) certifications, which guarantee the transparency, technical strictness, and commitment of our governance.
- Annually, we render accounts audited and approved by Ernst&Young and the Public Prosecutor’s Office.



GOVERNANCE

We adopt the principles of governance [transparency, equity, accountability and corporate responsibility], through an ethical performance, which leads us to the best practices and results in the high level of confidence and in the good reputation we have achieved in these 15 years of operation. We are structured to ensure the transparency, reliability, competence, and agility required for decision-making.

The Executive Board, Fiscal Board, and Board of Trustees each met quarterly in 2020 to address strategic management topics, ensuring effective and proactive performance.

The term of office of the members is for three years. They are selected for their experience and technical knowledge suitable for the Committee's topic, as well as for their alignment with our purpose, beliefs, and motivations.



The Foundation's main decision-making body is the **Board of Trustees**, which ensures compliance with our bylaws, approves the Annual Work Plan, discusses and approves our accounts and financial statements. It also appoints the other governing bodies. The Board is chaired by Manfredo Rübens, President BASF for South America, who also leads the Sustainability Committee for the region. It received two new members in 2020: Christoph Jaekel (responsible for Sustainability topic globally in BASF) and Sergi Vizoso Sansano (responsible for the business of Agricultural Solutions in Latin America).

The **Fiscal Board** examines the accounting books and other documents, as well as provides its opinion on the balance sheets and financial and accounting reports, thus supervising the management of the Espaço ECO Foundation. It verifies compliance with legal and statutory duties.

The **Executive Board** is led by the CEO of the Espaço ECO Foundation, Rodolfo Viana. It operates together with BASF's sustainability board (creator and maintainer of FEE), which enables the exchange of experiences and an increasing current and innovative performance. The Executive Board assists the Foundation to operate in accordance with its purpose and social function. In addition, it enables and disseminates the purposes and principles of the Espaço ECO Foundation.

We also count on the external audit of Ernst&Young, to review processes and approve the Financial Statements.

Board of Trustees:

Manfredo Rübens (Chairman)
Antonio Carlos Manssour Lacerda
André Oliveira
Christoph Jaekel
Cristiana Xavier de Brito
Dirk Vöste
Sergi Vizoso Sansano

Fiscal Board:

Carolina Andrade
Eduardo Azevedo
Maximiliano Demarchi

Executive Board:

Rodolfo Viana (CEO)
Adriana Muniz
Alejandra Cortes Dias
Caroline de Lima
Daniela Ferreroni
Juliana Hosken
Mariana Chohfi
Rafael Viñas

STRUCTURE

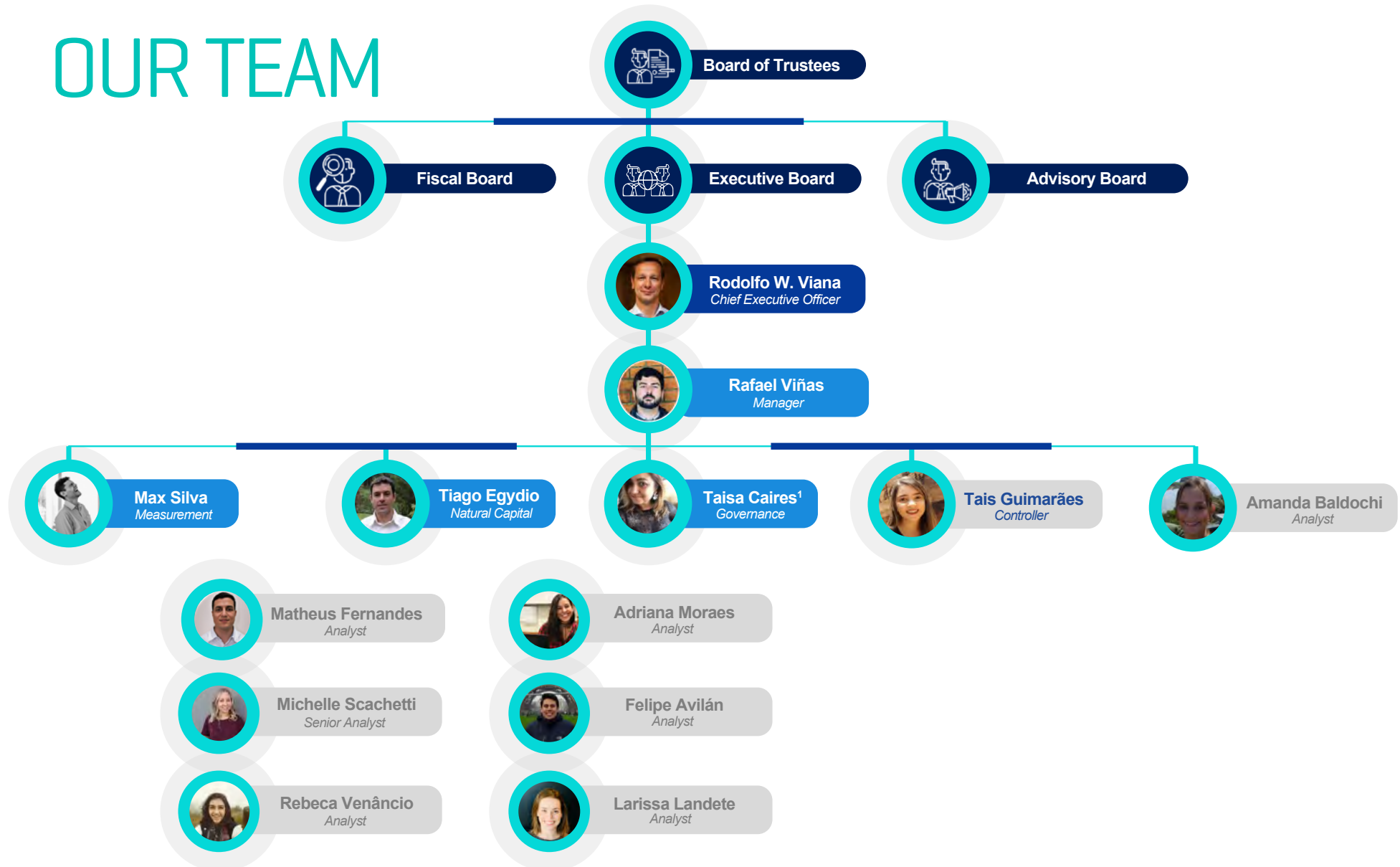
The foundation has 16 professionals who translate science into the language of business, bringing sustainability to the strategy of organizations. They work in project teams, which are determined according to the specialties and competencies of each person. This allows us to work in a cohesive, dynamic, and focused way.

Our team offers expertise to co-create innovative solutions in a society that is constantly evolving. Thus, it supports managers in their strategic decisions and raises awareness among citizens in their choices.

WE USE TOOLS IN OUR STUDIES THAT ARE DEVELOPED BASED ON THE SCIENCE OF LIFE CYCLE THINKING. THEY QUANTIFY AND ENABLE THE ANALYSIS OF SUSTAINABILITY ASPECTS SUCH AS RESOURCE CONSUMPTION (WATER AND ENERGY, FOR EXAMPLE), EMISSIONS, GREENHOUSE GASES, WASTE GENERATION, AND OTHERS.



OUR TEAM



¹Taisa Caires was in charge of Governance until 2020 when she assumed another position in the Agricultural Solutions department at BASF. Her successor is Christie Amin Bechara (effective as of January 2021).

MESSAGE FROM THE MANAGERS

OUR SUSTAINABLE JOURNEY

The year 2020 marks 15 years of the Espaço ECO Foundation. Far beyond looking back, we carry the learnings and keep ahead of our time, connected to the future.

Since 2005, we have been following the changes in the concept and experience of sustainability in companies. Once with projects motivated exclusively to reduce costs (and/or risks), we now live the development of companies that understand sustainability as the generation of value and revenue: a business attribute.

The COVID-19 pandemic outbreak has strengthened the importance of our purpose even further and inspired us to work in a connected, focused, and sustainable way. We are empowered by an innovative structure in processes, people, and projects. A new moment has been set by changes in the context - which brings growth - and also by the Foundation's experience, as we continue tirelessly adapting to the many transformations.

We are aware of our contribution to companies and society: we stimulate public reflections, we value sustainability, we work in partnership with customers – co-creating solutions today to the challenges of tomorrow. In each project, we also build our sustainable journey and we are still determined, in accordance with our values.



RODOLFO VIANA

CEO of the Espaço ECO Foundation



RAFAEL SELVAGGIO VIÑAS

Manager of the Espaço ECO Foundation

CONNECTED WITH THE FUTURE



2

The Foundation is ready for the challenges of the future. It is our goal to keep bearing the seed of change and be a strategic articulator among the several target audiences (stakeholders such as companies, civil society, academia, and government).

When we started the activities in 2005, we, from Espaço ECO Foundation, were focused on environmental education. Following the changes in society and in its perception of the environment, we have evolved supporting companies and connecting their challenges to opportunities in the present towards a more sustainable future. And so we had important players in the articulation and development of changes in different, more sustainable journeys.

The development of the concept of sustainability in companies merges with the progress of the Foundation. Based on the responsibility for risk management (aiming at meeting legal requirements and preserving the reputation of each business), the Corporate Sustainability teams have come closer to the organizations' strategies. The positions regarding environmental, social and economic issues proved to be competitive differentials and allowed the generation of new businesses.

Currently, businesses are also approaching consumers through sustainability strategies. As companies have changed, the Foundation has also undergone an upgrade in its portfolio, with projects in sustainability strategy and governance, natural capital management, and impact measurement of products and processes.

Recently, we have seen the Environmental, Social and Governance (ESG) agenda growth, evidencing that not only consumers and companies are more demanding, but investors are as well. Besides sustainability, governance is also crucial. One more development for the market, one more development accompanied by the Foundation: today, a greater

number of companies are seeking a better understanding of their several target audiences and the meanings of sustainability for each one of them. In practice, the public interest study projects have increased, aiming to anticipate demands and trends related to sustainability and identifying opportunities to introduce more sustainable models that bring strategic value and reputation to the brand.

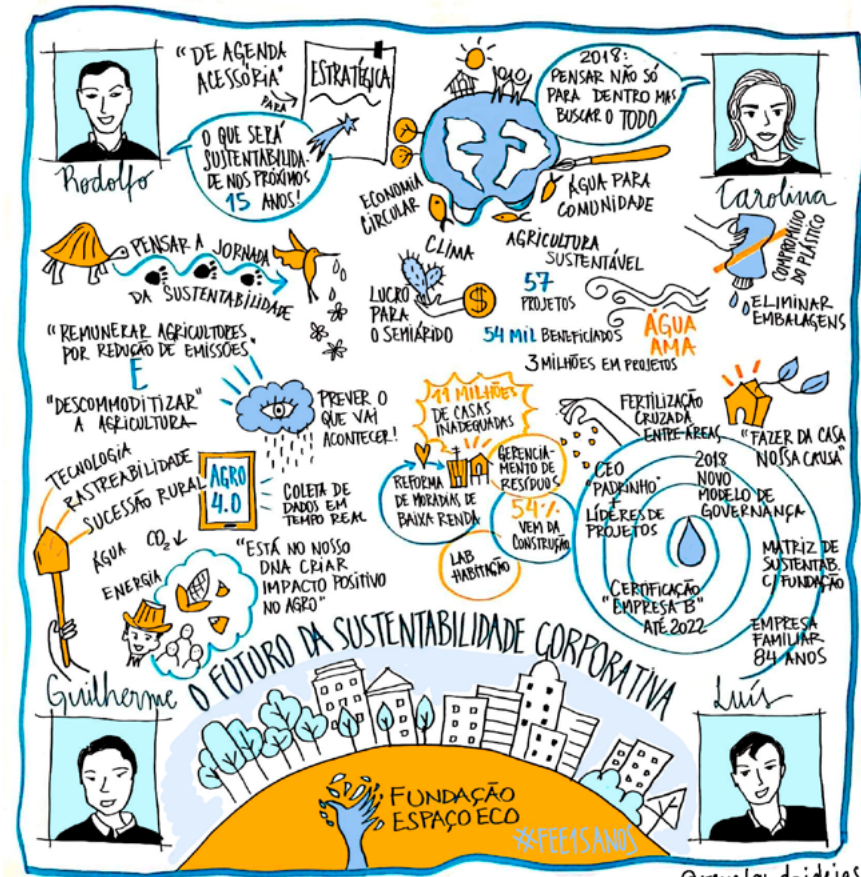


For the 15th anniversary celebration, we invited the society to discuss topics - through webinars - such as Value Chain, Circular Economy, Bioeconomy, and Natural Capital, and we used our social networks to encourage more sustainable attitudes.



In 15 years...

- We have elaborated about **250** studies and projects.
- We have specialized in the **Life Cycle Assessment Concept**: measurement of impacts under the environmental, social and economic aspects of products and services throughout the entire value chain.
- Through the Mata Viva Program, we have planted more than **1.2 million** Atlantic Forest native seedlings, reforesting about **730 hectares** of land (including the Mata Viva Forest, initiatives with rural producers, and emission offsets).
- We have contributed to neutralize **168 thousand tons** of carbon from the atmosphere, through Mata Viva Program (1 tree = 0,14 ton. of carbon throughout its life cycle).
- We have formed more than **25 multipliers** in the seven editions of the RenovaCalc course.



CASES

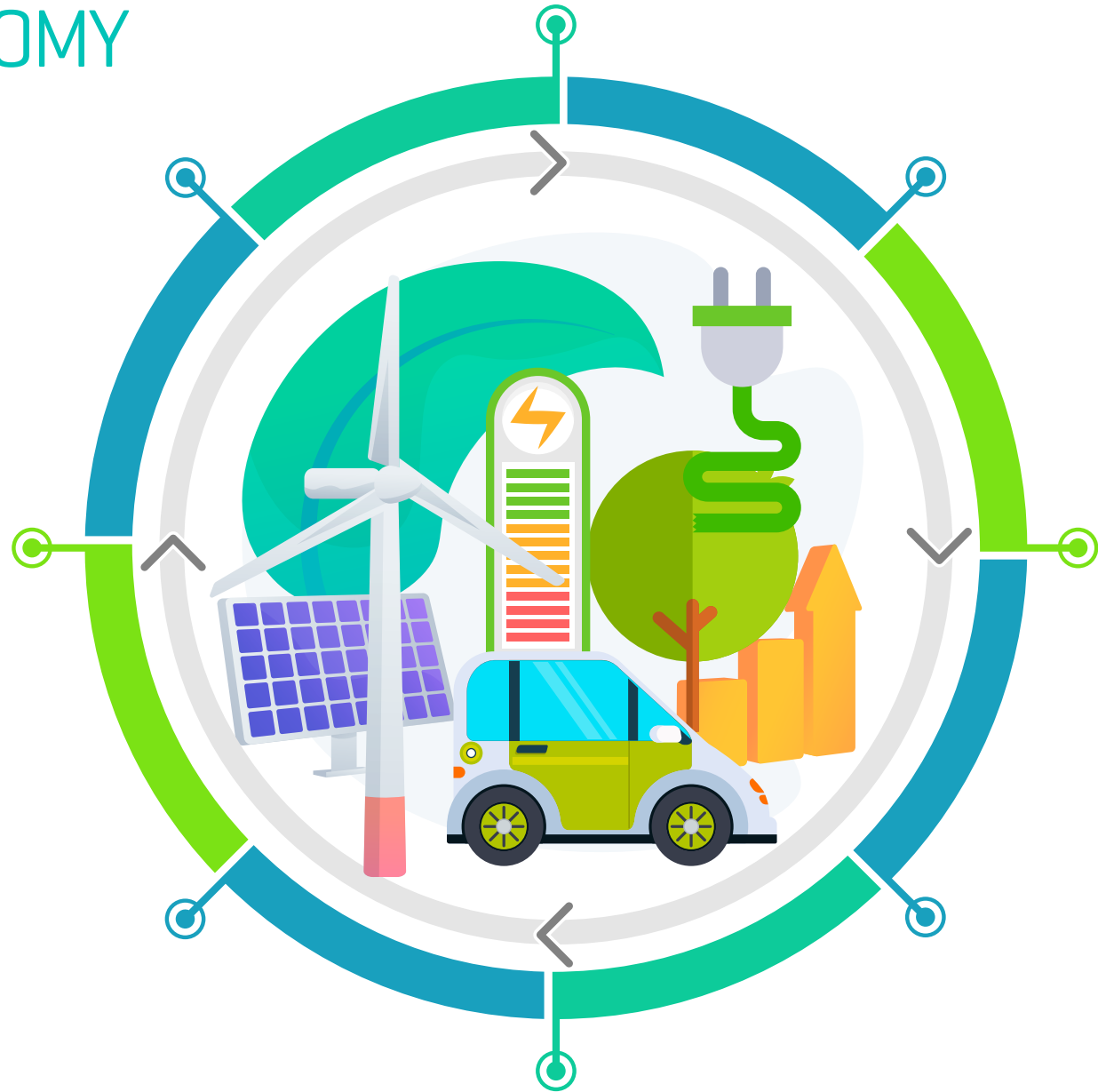
We operate through four strategic pillars, which reflect market demands and trends. They correlate supply management, natural resources, and new business models, and thus describe the journey for the sustainability of companies, with a focus on **Circular Economy, Value Chain, Bioeconomy, and Natural Capital**. In this way, they follow the main concept that involves the Life Cycle: reflecting what comes before a product or service and what lies ahead of it.

We develop commercial and public interest projects. In 2020, even with the pandemic scenario caused by COVID-19, we kept up the pace of the previous year and developed more than 30 projects for clients in South America, for companies and institutions such as Kimberly & Clark, Brazilian BioInnovation Association, Akatu Institute and also BASF business units.



CIRCULAR ECONOMY

Circular economy is a new way of thinking about the future. It goes far beyond the reuse of waste as raw materials: it aims to transform the processes of reduction, reuse, recovery, and recycling of materials and energy. We create the transition dynamics as we develop more circular solutions and change the perspective on waste to understand it as a resource in the form of raw material. This learning is essential for companies to co-create solutions, joining production and consumption systems in order for them to function as a cycle, making processes more inclusive and efficient, and long-lasting solutions.



RECICHAIN: CIRCULAR BUSINESS MODEL

Produce, consume, and transform: all in a perfect cycle.

So that this cycle is increasingly a practice among companies, we are focused on promoting connection in value chains. This, for example, is the concept that drives *reciChain*, an initiative from the partnership of eight companies (BASF, Braskem, Bomix, Henkel, Natura, Triciclos, Wise, and Recicleiros). Through these companies, we created a *blockchain-based* platform to scale circular economy solutions with information sharing between links in the packaging chain: packaging manufacturers, suppliers, and recyclers, as well as civil society and government entities.

[Learn more about reciChain.](#) 

The platform aims to increase the installed capacity for recycling waste, especially plastic, in order to promote the circular economy throughout the value chain. It enables the transaction of credits and information from recycling chains while expanding structuring programs, increasing recycling capacity, training of personnel, and efficient management of operations.

All transactions in the recycling chain are registered on this collaborative platform - blockchain technology -, generating a “digital credit”. With this registration (of investment tracking and material screening), a safe forum for the market is established, which fosters best practices in reverse logistics for recyclable materials and reduces the quantities of post-consumer materials (waste) destined to landfills.



The initiative intends to have a positive social impact through the generation of inclusive jobs in cooperatives and other screening and post-consumption solutions. The screening centers benefit by offering recyclable materials with more quality. Manufacturers benefit from efficiency in the disposal of post-consumer materials, fulfill their legal obligations, and add value to their sustainability strategies.

THE FUTURE OF PLASTICS



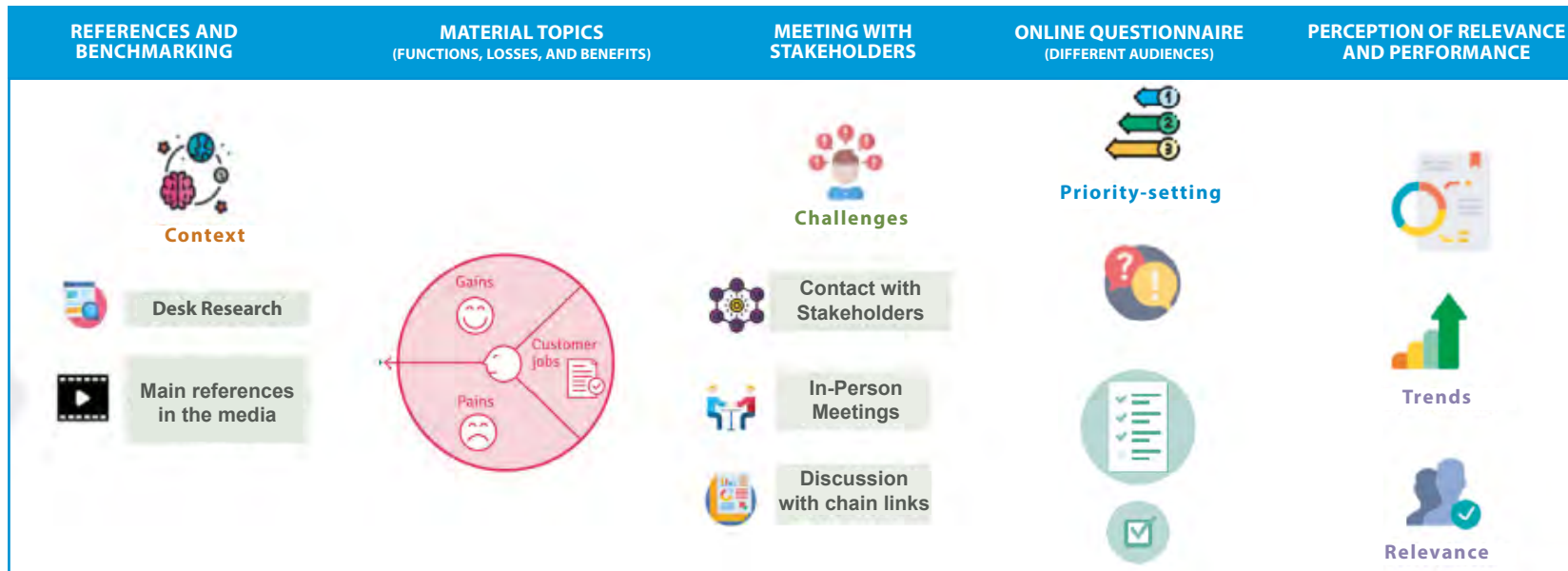
In 2020, we compiled the study on the future of plastics in the e-book *Futuro dos Plásticos: Análise de Percepção da Cadeia de Valor* (Future of Plastics: Value Chain Perception Analysis), that provides a reflection on plastics (problem or solution), as well as addressing the priority topics for stakeholders, the future of plastics, and more responsible use of raw materials and their post-use.

The methodology used to support the study was the Hotspot Analysis, adapted for the Plastics chain. It comprises five steps – reference and benchmarking study; survey of material topics; meeting with stakeholders to listen and discuss the topic; preparation of a questionnaire and exploratory research with various audiences - grouped into industry, society, and waste management; preparation of a report with a perception of relevance and trends.



The project began in 2019 when we conducted a survey on the future of plastics - targeting all value chains related to this material - that impacts the future of all of us. The goal was to foster science-based discussions between the public and private sectors and society. The Future of Plastics is aligned with our vision of building a more sustainable future: by mapping and analyzing trends.

Through this survey, we were able to understand which material topics are the most urgent for the best solutions for plastics, and thus we provide strategic information that allows us to map where companies and civil society are getting involved, in a tangible and organized way, for more sustainable solutions.



DEMARCHI + ECO-EFFICIENT

Since 2010, BASF has been measuring and optimizing production processes at the Coatings and Varnish Industrial Complex in São Bernardo do Campo (SP) - where decorative coatings of the Suvinil and Glasurit brands and automotive coatings are produced - aiming at increasingly eco-efficient management and the enhancement of the continuous improvement processes. The project directly impacts BASF's business, by changing people and incorporating benefits, which are enhanced over the long term. The good practices of the program are being extended to the BASF unit in Jabotão dos Guararapes (PE), where decorative coatings are also produced.

The **Demarchi+Eco-Efficient** program analyzes the entire value chain under the perspective of sustainability, encompassing initiatives (mapped from the project) linked to the optimization and reuse of raw materials, improvements in the logistics chain to reduce the number of truck trips, energy efficiency, and conscious use of water resources. With Life Cycle, we provide information that allows BASF to make strategic and sustainable decisions.



In 2020, we updated the performance indicators and supported the managers through the development of informative materials, to conduct conversations with their teams. We have also developed a network of ambassadors to act as influencers in their respective areas of activity, developed an interactive quizzes to foster discussion among employees, and promoted benchmark meetings with other companies that are reference on the topic.

The program has already been disclosed in UN (United Nations) reference reports and in important World Conferences such as CILCA (Conference of the Iberoamerican Life Cycle Network in Costa Rica, and Life Cycle Management (LCM) in Poland.



VALUE CHAIN

WE CONNECT, THROUGH THE PRINCIPLES OF GOVERNANCE, DIFFERENT LINKS OF A VALUE CHAIN - TOWARDS RESPONSIBLE CONSUMPTION AND RESPONSIBLE CARE - IN LINE WITH THE INFORMATION/PERCEPTION OBTAINED IN OUR STUDIES.

SOCIAL IMPACT MANAGEMENT

Through Social Impact Management, we bring together the experience in strategic planning and development, diagnosis, perception analysis, and impact measurement for efficient management of social projects by using well-established methodologies that show the tangible and intangible value of these initiatives.



Social Impact Measurement strengthens the transparency and accountability of companies within the value chain since:

- it highlights the company's purpose, reflecting the adherence of its actions
- it contributes to the analysis of the company, supporting the decisions of investors provides
- it gives visibility to initiatives and engages stakeholders

This type of study involves multidisciplinary knowledge so that we can perform more effective analysis of the impacts and align them with the expectations and needs of the ever-changing society.

ECO-EFFICIENCY DASHBOARD (ENVISION) INPEV


We performed the automation of the management indicators of the National Institute for Processing Empty Packages (inpEV) by updating the Dashboard. Hosted on a data collection platform (Envision), it is used for eco-efficiency studies and other sustainability materials of the institution.

With the Dashboard, in 2020, professionals were able to collect indicators more efficiently - monitoring their progress - with autonomy and reliability.

inpEV

A non-profit entity created by manufacturers of crop protection products with the objective of promoting the correct disposal of empty containers of their products.



Want to know more about the results of this study? Access 



ENVIRONMENTAL IMPACT OF URBAN MOBILITY

Due to the social isolation caused by the COVID-19 pandemic, there was a reduction in traveling and consumption, consequently reducing the emission of climate-changing gases. The conscious consumption in transportation was one of the strategic topics of the year, which directly impacted the market and people's lives. Therefore, the Foundation and the Akatu Institute worked together on a study directly related to the consumer market.

The entities aimed to understand urban mobility regarding the Brazilian conditions - to analyze the environmental impacts of the different means of transportation, the Life Cycle Analysis methodology was used: equipment manufacture, transportation throughout the chain, usage, maintenance, and disposal.

In the analysis, the environmental performance of each transportation alternative was considered, thus helping people to reduce the environmental impact of their commute.

The most relevant findings point to recommendations for consumers who seek more sustainable options: share transport modes, use renewable fuels, take care of the equipment during use, perform periodic maintenance, correctly dispose of equipment and parts at the end of their useful life, and prefer using public transportation.

MATERIALITY MATRIX (HOTSPOT ANALYSIS) BASF DECORATIVE COATINGS

Through the elaboration of the Materiality Matrix, we analyze, qualify and organize stakeholders' perceptions regarding the sustainability of the decorative coatings market. The Matrix maps the perceptions and expectations of stakeholders and prioritizes sustainability actions.



TOP 3 IN DECORATIVE COATINGS MATERIALITY:

Product quality and performance

Ethics, transparency and integrity

Employees' health, safety and well-being

The study was conducted with the internal and external public, through the Hotspot Analysis methodology, which comprised the following steps:



Definition of the perception of “what” and “which stakeholder” we want to listen to:

- Definition of target audience
- Study of secondary sources, to analyze the important topics for the sector
- Selection of topics and/or issues that need answers

Preparation of interview script/questionnaire

- Preparation of interview script and the questionnaire

Conducting the listening process

- 25 in-depth interviews - with BASF executives, customers, painters, suppliers, press, consumers, architects and store clerks
- Quantitative interviews, through online questionnaires for internal and external public (BASF employees and community, in addition to the public described above)

Analysis of results

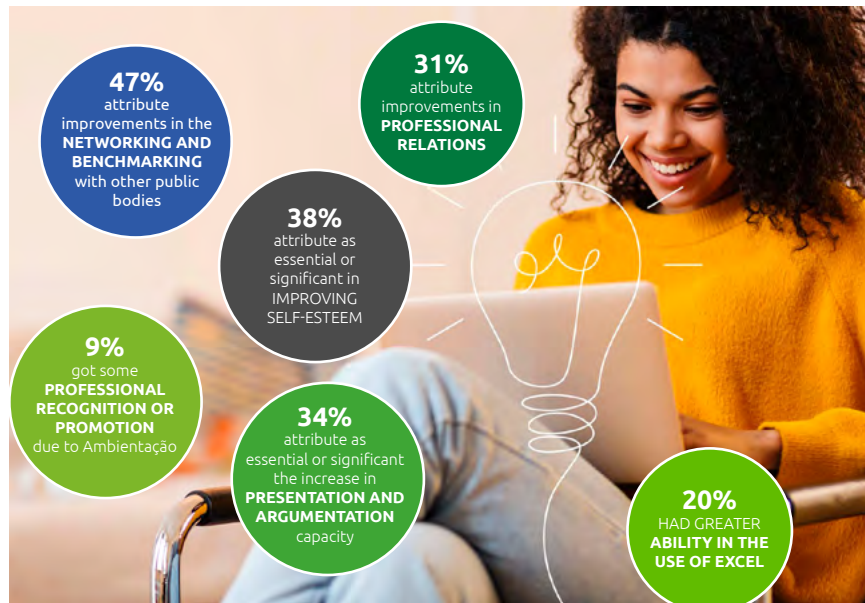
- The final step consists of compilation, coding/tabulation, and data analysis. Results are presented by grouping categories of responses and/or graphs with the frequency with which topics are reported

THE TOYOTA FOUNDATION EXPERIENCE

Toyota do Brasil Foundation had the support of the Foundation to measure the positive impacts – environmental and economic – of the Ambiência Project*, implemented in the cities Arthur Nogueira, Campinas, Sorocaba and Vinhedo. In a second step, we measured these impacts and analyzed the reach and transformation provided for the lives of the people who volunteered to participate.

Participants were heard through interviews and questionnaires.

Respondents gave their impressions of the impact, in its multiple variants:

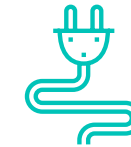


* In operation since 2008, the Ambiência Project disseminates an exclusive methodology (Toyota Business Practices – TBP), focused on the reduction, analysis, and troubleshooting - in this case, the consumption of natural resources and waste management.

Considering the scope in Sorocaba (SP, Brazil) and its surroundings, we can highlight some results of the project:



1,2
MILLION LITERS OF WATER SAVED
(200 PEOPLE SHOWERING FOR 10 MINUTES, FOR 1 YEAR)



5,7
GJ OF ENERGY NOT CONSUMED (ANNUAL CONSUMPTION OF 827 RESIDENCES)



344
TONS OF CO2EQ AVOIDED
(2 HOURS OF ROAD TRANSPORT OF CAMPINAS SP, BRAZIL)



R\$ 3,7
MILLIONS SAVED

In 2020, we designed an [exclusive material](#) to clarify the importance of Social Impact measurement. To discuss the topic with society, we developed a podcast that talks on the reflections of [Theory of Change in Organizations](#), and on how this can help them to measure their impacts.

BIOECONOMY

BIOECONOMY IS A MODEL OF INDUSTRIAL PRODUCTION BASED ON THE USE OF BIOLOGICAL RESOURCES THROUGH THE MULTIFUNCTIONALITY OF AGRICULTURE - FOR THE PRODUCTION OF FOOD, FIBER, ENERGY, PROVISION OF ENVIRONMENTAL AND ECOSYSTEM SERVICES, GREEN CHEMISTRY AND NEW INPUTS. BECAUSE OF IT, THE DEVELOPMENT OF SOLUTIONS FOR HUMAN HEALTH, WATER, ENERGY AND FOOD SECURITY, DEVELOPMENT OF RENEWABLE CHEMICALS, THE INCREASE OF AGRICULTURAL AND ENERGY PRODUCTIVITY FROM THE LOWEST ENVIRONMENTAL IMPACT ARE POSSIBLE



ABBI DECARBONIZATION PLANNING

In the Brazilian BioInnovation Association (ABBI), bioinnovation is associated with the transition from a traditional economy towards an economy that can also be described as 'low carbon', in which the basis are biological/renewable resources.

We contributed to the structuring of the action front of the Association, regarding decarbonization. It is focused on two main topics: RenovaBio and Bioinnovation. We started from a strategic planning previously defined and we structured two main actions for achieving goals:

- *Hotspot Analysis study* (started in 2020) - to understand which is the best carbon market model to contemplate the benefits of Bioinnovation.
- *Workshops* - We held four online workshops on RenovaBio and RenovaCalc for all members so that, collaboratively, they could contribute with suggestions for improvement of the program. In two of this series of workshops, we have the presence of representatives of GT-ACV RenovaBio (coordinated by Embrapa Meio Ambiente), who are responsible for updating the technical aspects of RenovaCalc. From this, the participants had the technical basis for the elaboration of an institutional positioning to be forwarded to governmental and regulatory bodies.

BIOECONOMY

RENOVABIO: E-LEARNING COURSES

In partnership with the Brazilian Agricultural Research Corporation (Embrapa) - linked to the Ministry of Agriculture, Livestock and Food Supply (MAPA), Unicamp (ExteCamp) and Agroicone, we continue the dissemination of RenovaBio, through training via e-learning.

The course was conducted on an online platform, which helped to increase the coverage of participants and expedited the updating of materials - up to date with the program. Overall, we had 34 participants.

Renovabio is a State public policy that came into force in 2020. The program sets annual decarbonization targets for the transportation sector. Thus, fuel distributors can reduce the total CO₂eq emissions of the fuels they trade through the purchase of CBio's (decarbonization credits), marketed in Brasil Bolsa Balcão (B3).



CARBON MANAGEMENT CALCULATOR: PROTERRA CERTIFICATION

ProTerra *Certification* includes socio-environmental indicators to carry out the certifications of non-GMO segregated materials (free of Genetically Modified Organisms) and food and feed supply chains. From a request from the market, we developed an exclusive calculator to be included in the certification protocol of the institution, which works as a quantitative tool to measure the carbon footprint of certified companies.

Therefore, consumers can be assured that all products with ProTerra labels have been produced in a sustainable and traceable manner and meet non-GMO requirements.



NATURAL CAPITAL

THROUGH NATURAL CAPITAL PROJECTS, WE KNOW, UNDERSTAND AND VALUE THE RELATION BETWEEN BUSINESS AND NATURAL CAPITAL, AIMING AT MITIGATING THE RISKS OF SCARCITY BY STRUCTURING INITIATIVES THAT PROMOTE VALUE TO BRANDS AND RESTORATION OF DEGRADED AREAS, BESIDES CALCULATING AND OFFSETTING THE EMISSIONS OF GREENHOUSE GASES [GHG].

Why Muriqui?

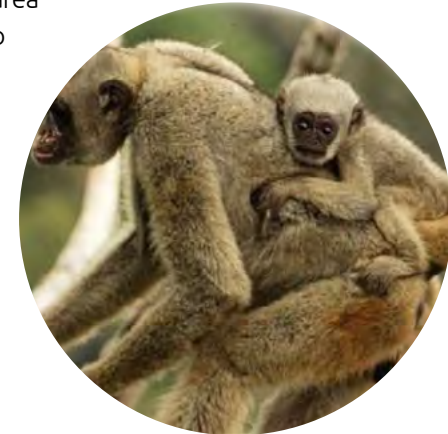
Muriqui is on the International Union for Conservation of Nature (IUCN) Red List of Threatened Species. One of the main reasons for the decreasing of animals of this species is the destruction of their habitat (mountainous regions of Atlantic Forest) and hunting.

Considered the largest monkey in the Americas, an adult male weighs up to 15 kilograms and measures 1.5 meters. It is estimated that only 2,000 Southern Muriqui monkeys remain free in nature.

EMISSION OFFSET PROGRAM MATA VIVA® SUPPORTS RESTORATION OF MURIQUI'S HOME

In 2020, we identified a potential area for restoration, in the Barreiro Rico Forest, located in the municipality of Anhembi (SP, Brazil).

It is the habitat of one of the last populations of Muriqui monkey. We then decided to allocate the resources we raise through emissions offset (from Mata Viva® program) for the restoration of five hectares of the forest. By this, we reinforce our commitment to biodiversity conservation. We met with the owner of the farm, who committed to the restoration of the region – which suffers from constant fires – from the planting of 8.5 thousand seedlings. It is a first step in a major mobilization that the Foundation intends to carry out in the coming years.




We also invite people to know their carbon footprint and offer stakeholders the opportunity to offset it or donate seedlings to the Emission Offset Program Mata Viva®. Thus, our initiatives help to engage people on topic with global relevance (climate change and biodiversity conservation). Just access SustenBOT (see Page 26) to calculate how to offset your emissions.

CALCULATING OUR CARBON FOOTPRINT

We use innovation and digitalization to offset greenhouse gas (GHG) emissions. We developed a calculator that estimates the amount of CO₂ emissions generated from activities such as electricity consumption, feeding, waste production, transport and travels. The accumulated value per year is converted into the number of trees that need to be planted to offset their emissions.

With the spread of SustenBOT, we enable quick access to information about CO₂ emissions, and we also promote awareness and engagement to reduce the carbon footprint.

Anyone can also calculate their footprint using the Emissions Calculator. [Click here to learn more.](#) 



ZERO CARBON PROGRAM

In a coherent path with our purpose, we operate oriented to mitigate our impacts. We have prepared a study for the calculation, offset analysis, and pricing of carbon emissions of the Foundation. Therefore, we organize consistent criteria and considerations with our audiences of interest, highlighting the importance of offsetting and increasing the credibility of it. For each project carried out by the Foundation we plant the amount of seven trees to offset our emissions.



JOURNEY FOR SUSTAINABILITY

We develop and make available free of charge, to interested companies, [SustainBOT](#): a digital tool that identifies the degree of sustainability of a company, indicating its level of maturity in relation to sustainability. This analysis is done in minutes, through 10 questions answered electronically. The goal is to enable quick access to initial sustainability data, thus promoting more knowledge on the subject and stimulating the development of initiatives and projects in the business sector.

CARBON AND AGRIBUSINESS MARKETS

We held an *online workshop* with the participation of BASF agribusiness teams from South American and other countries, supporting them in identifying business opportunities and sustainability issues.

During the event, we brokered a dynamic for the structuring of business models from the perspective of the carbon issue. Through the Kanvas method, we encouraged participants to reflect from the aspect of emissions: scenario analysis and audiences involved, the definition of objectives and targets, prioritization of actions, and financial estimation to achieve the objectives.

We also carried out a conceptual alignment regarding carbon, from the historical point of view, besides presenting the strategy of BASF (Strategic CO₂ Transparency Tool – SCOTT) and the initiatives carried out by the Foundation concerning the topic. We also discussed how we can support participants to bring information to the farmer on how to produce and, at the same time, reduce their emissions.



FOREST MASTER PLAN: RECOMPOSITION BASF GUARATINGUETÁ

In 1984, BASF started the Mata Viva® forest restoration program, on the banks of the Paraíba do Sul river, in the municipality of Guaratinguetá (SP, Brazil). The restoration initiatives endure. After 37 years of the beginning of the project, we continue to constantly monitor and care for the forest; therefore, it is currently considered the largest urban forest in the municipality.

In 2012, a carbon inventory was carried out in the Forest, and despite the success to recompose the site, it was observed that some trees of species that are exotic to the Atlantic Forest (which are not native), were causing an imbalance in the site.

For this reason, between 2012 and 2014, we elaborated the Forest Master Plan of Mata Viva®: it is about the control and eradication of these exotic species and the planting of more than 55 thousand seedlings of native trees of the Atlantic Forest.

For the activities of management of Forest Master Plan, we divided the area into five blocks, which received activities of controlling of exotic species, planting of native species, and maintenance of planted trees. In 2020, we completed management actions throughout the area. Due to the success of the initiative and the commitment of the company, BASF, in partnership with the Foundation, provided a planting of 21,178 native trees, **totaling 300 thousand native trees planted** at BASF's site in Guaratinguetá.

Currently, in our studies carried out on-site, we found 142 species of native trees in the forest and 144 hectares of restored forest (along 1.4 km of the Paraíba do Sul River).



FINANCIAL STATEMENTS

INDEPENDENT AUDIT REPORT ON FINANCIAL STATEMENTS

Opinion

We examined the financial statements of Espaço ECO Foundation ("Foundation"), which comprise the balance sheet as of December 31st, 2020 and the respective income statements, comprehensive income, changes in equity and cash flows for the fiscal year ended on that date and the corresponding explanatory notes, including the summary of the main accounting policies.

In our opinion, the aforementioned financial statements adequately present, in all relevant aspects, the equity and financial position of Espaço ECO Foundation on December 31st, 2020, the performance of its operations and its respective cash flows for the fiscal year ended on that date, in accordance with the accounting practices adopted in Brazil for small and medium-sized enterprises - Technical Pronouncement CPC PME - "Accounting for Small and Medium-Sized Enterprises" and for non-profit entities - Technical interpretation ITG 2002 - "Non-profit entity".

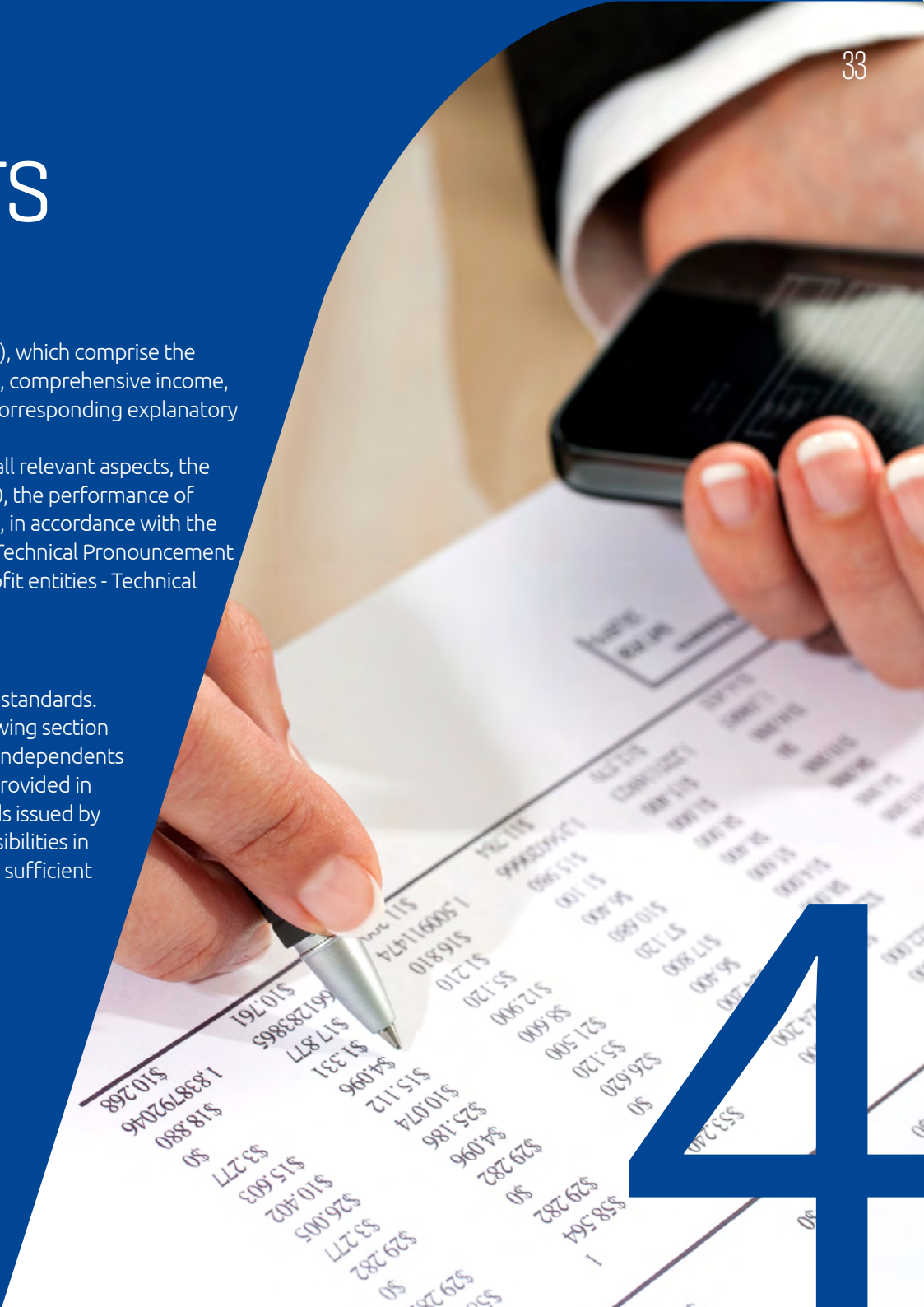
Basis for opinion

Our audit was conducted in accordance with Brazilian and international auditing standards. Our responsibilities in compliance with such standards are described in the following section entitled "Auditor's responsibilities for the audit of financial statements". We are independent in relation to the Foundation, in accordance with the relevant ethical principles provided in the Code of Ethics for Professional Accountants and in the professional standards issued by the Federal Council of Accounting, and we comply with the other ethical responsibilities in accordance with these standards. We believe that the audit evidence obtained is sufficient and appropriate to substantiate our opinion.

ERNST & YOUNG

Auditores Independentes S.S
CRC-2SP034519/O-6

April 30th, 2021



Espaço ECO Foundation

BALANCE SHEETS ON DECEMBER 31, 2020 (IN BRL)

	2020	2019
ASSETS		
CURRENT		
Cash and cash equivalents (Note 5)	1,299,192	2,891,662
Accounts receivable (Note 6)	459,289	421,421
Postponements	24,478	39,347
Taxes recoverable	117,045	186,919
Total Current Assets	1,900,005	3,539,349
NON-CURRENT	3,115	3,505
Fixed Assets	3,115	3,505
Total Assets	1,903,120	3,542,854

	2020	2019
LIABILITY AND EQUITY		
CURRENT		
Accounts payable (Note 7)	809,061	582,655
Tax obligations to be collected (Note 8)	88,503	127,516
Deferred Income	10,484	-
Total current liabilities	908,047	710,171
Owners' equity		
Equity (Note 9a)	300,000	300,000
Surplus (Accumulated (Note 9b))	695,073	2,532,683
	995,073	2,832,683
Total liabilities and equity	1,903,120	3,542,854

The accompanying notes are an integral part of these financial statements.

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ACTIVITY REPORT 2020



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