Financial statements at December 31, 2016 and independent auditor's report

Independent auditor's report

To the Associates and Managers
Instituto Nacional de Processamento de
Embalagens Vazias - inpEV

Opinion
We have audited the accompanying financial statements of Instituto Nacional de Processamento de Embalagens Vazias - inpEV (the "Institute"), which comprise the balance sheet as at December 31, 2016 and the statements of surplus, changes in net worth and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Instituto Nacional de Processamento de Embalagens Vazias - inpEV as at December 31, 2016, and its financial performance and cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

Basis for opinion
We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Institute in accordance with the ethical requirements established in the Code of Professional Ethics and Professional Standards issued by the Brazilian Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other information accompanying the financial statements and the independent auditor's report
The Institution's management is responsible for the other information that comprises the Sustainability Report for 2016.

Our opinion on the financial statements does not cover the Sustainability Report for 2016, and we do not express any form of audit conclusion thereon.

In connection with the audit of the financial statements, our responsibility is to read the Sustainability Report for 2016 and, in doing so, consider whether this report is materially inconsistent with the financial statements or with our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the Sustainability Report for 2016, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting practices adopted in Brazil and for such internal control as management determines is necessary to enable

the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Institute's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Institute to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Institute to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

São Paulo, February 20, 2017

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Renato Barbosa Postal
Contador CRC 1SP187382/O-0

Balance sheet at December 31

All amounts in thousands of reais

ASSETS	2016	2015
Current assets		
Cash and cash equivalents (Note 6)	34,012	38,912
Trade receivables (Note 7)	5,814	5,067
Advances granted (Note 8)	8,924	6,321
Prepaid expenses	86	177
	48,836	50,477
Non-current assets		
Long-term receivables		
Security deposit for rent (Note 9)	137	61
Property and equipment (Note 10)	46,646	50,707
Intangible assets (Note 11)	407	315
	47,190	51,083
Total assets	**96,026**	**101,560**

LIABILITIES AND EQUITY	2016	2015
Current liabilities		
Accounts payable	1,133	1,227
Payables to centers and stations (Note 12)	6,591	4,030
Centers surplus (Note 13)	2,292	1,923
Salaries and social charges	2,481	2,414
Taxes payable	331	294
Provision for contingencies (Note 14)	53	55
Advances from associates (Note 15)	4,402	13,943
	17,283	23,886
Non-current liabilities		
Provision for contingencies (Note 14)	158	529
Total liabilities	**17,441**	**24,415**
Equity (Note 16)		
Net worth	78,585	77,145
Total liabilities and equity	**96,026**	**101,560**

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

Statement of surplus – Years ended December 31

All amounts in thousands of reais

	2016	2015
Net revenue from activities (Note 17)	**115,976**	**115,602**
Expenses with activities		
General and administrative (Note 22)	(118,521)	(117,015)
Other gains (losses), net	(36)	95
Provision for impairment of accounts receivable, net of reversals (Note 7 and Note 22)	98	88
	(118,459)	(116,832)
Operating deficit	(2,483)	(1,230)
Finance costs (Note 23)	(1,019)	(405)
Finance income (Note 23)	4,090	3,212
Finance income, net	3,071	2,807
Surplus for the year	**588**	**1,577**

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

Statement of changes in net worth

All amounts in thousands of reais

	Net worth	Reserve for new associates	Accumulated surplus	Total
At January 1, 2015	**75,568**			**75,568**
Surplus for the year			1,577	1,577
Allocation of surplus for the year	1,577		(1,577)	
At December 31, 2015	77,145			77,145
Surplus for the year			588	588
Affiliations of new associates (Note 16)		852		852
Allocation of surplus for the year	588		(588)	
At December 31, 2016	**77,733**	**852**		**78,585**

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

Statement of cash flows – Years ended December 31

All amounts in thousands of reais

	2016	2015
Cash flows from operating activities		
Surplus for the year	588	1,577
Adjustments		
Depreciation and amortization	6,943	6,737
Net book value of property and equipment and intangible assets disposals	163	709
Provision for net contingencies	1,822	1,894
Reversal of provision for impairment of accounts receivable	(98)	(88)
	9,418	10,829
Changes in assets and liabilities		
Trade receivables	(650)	(690)
Advances granted	(2,603)	37
Prepaid expenses	90	9
Judicial deposits	(2,196)	(1,811)
Security deposit for rent	(76)	-
Accounts payable	(94)	916
Accounts payable to centers and stations	2,563	1,038
Centers surplus	369	(147)
Salaries and social charges	66	(194)
Taxes payable	37	45
Advances from associates	(9,541)	2,815
Net cash (used in) provided by operating activities	(2,617)	12,847
Cash flows from investing activities		
Purchases of property and equipment and additions to intangible assets	(3,135)	(3,047)
Net cash used in investing activities	(3,135)	(3,047)
Cash flows from financing activities		
Contributions from new affiliations	852	
Net cash provided by in financing activities	852	
Net increase (decrease) in cash and cash equivalents	(4,900)	9,800
Cash and cash equivalents at the beginning of the year	38,912	29,112
Cash and cash equivalents at the end of the year	**34,012**	**38,912**

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

1 General information

Instituto Nacional de Processamento de Embalagens Vazias ("inPEV" or "Institute") (National Institute for Processing Empty Containers), headquartered in São Paulo, was founded on December 14, 2001, for an indefinite period. The Institute is a private non-profit organization whose objective is to manage the disposal of empty agrochemical and similar containers in Brazil, provide manufacturers, distributors and farmers with support and guidance in the fulfillment of their legal responsibilities, promote education and awareness about the protection of the environment and human health and support the technological development of agrochemical and similar containers.

In order to achieve those objectives, the Institute fundamentally depends on the contributions made by the associates.

In accordance with current legislation, the Institute benefits from certain federal tax exemptions because it is an association-type entity.

Law 9,718 of December 1998 established the rules for those entities which are exempt from the payment of income tax (such as the Institute) and social contribution. According to this law, in order to maintain the tax exemption, the Institute cannot have a surplus for the year, or if there is a surplus, it must be fully allocated to the maintenance and development of the Institute's social purposes.

In December 2016, 103 agrochemicals manufacturers in Brazil were associates of the Institute (2015 - 99 associated companies).

1.1 Business model description

The Institute, which represents the agrochemicals industry, has the legal responsibility to carry out the proper disposal of empty agrochemical containers.

In order to achieve this, units for the receipt of empty containers were created to collect containers coming from rural areas, which the Institute subsequently disposes of in the proper environmental manner.

After being delivered to the Empty Container Receiving Units (UREs) (units or centers managed by dealer associations), the Institute becomes responsible for the final disposal of these empty containers, which may be recycled or incinerated, depending on their technical characteristics.

The Institute enters into agreements with recycling companies for the purposes of technical and operational cooperation regarding the recycling of materials from empty containers of phytosanitary products received at the UREs, whenever recycling is possible.

The containers are sent for recycling by the Centers, under the responsibility of the Institute, through a simple shipping operation performed by the receiving center to the recycling company.

(a) Accreditation fee for recycling companies

The Institute receives an accreditation fee from recycling companies, which corresponds to (i) the transfer of know-how to the recycling companies regarding the utilization of empty containers from agrochemical industries in the development of new products; and (ii) training sessions offered to employees of recycling companies concerning the proper handling of empty phytosanitary containers.

(b) Contributions to the costing of UREs

In addition, the recycling companies make payments to the Institute for the containers received as contributions to the costing of UREs. The contributions to the costing of UREs are used as a reimbursement for the costs incurred by collection centers and units when receiving empty containers and preparing them for final disposal.

This contribution made to the Institute by the recycling companies is transferred to dealer associations (responsible for the management of UREs) as reimbursement for expenses and costs incurred when preparing empty containers for final disposal, through a strict periodic accounting process.

Management carried out, together with its lawyers, an in-depth analysis of the Institute's business model and, as from December 2009, made changes in its processes, one of which consisting of the dealer associations delivering empty containers to recycling companies for just a symbolic amount and with the issue of a simple shipping invoice.

The accreditation fees and contributions to the costing of UREs are calculated based on the product weight delivered to the recycling companies and represent, respectively, about 30% to 40% and 60% to 70% of the volume of processed products.

(c) Allocation of resources

While the contributions to the costing of UREs are periodically transferred to dealer associations for the maintenance of URE operations, the resources obtained as accreditation fees from recycling companies were allocated to the expansion of assets owned by the Institute and leased to Campo Limpo - Reciclagem e Transformação de Plásticos S.A. ("Campo Limpo"), whose stockholders are associates of the Institute (Note 10), in the city of Taubaté, state of São Paulo. From 2013, when the investments in Taubaté were concluded, the accreditation fee started to be fully allocated to the reduction of the associate contribution.

(d) Centers surplus

The finance result from the shipment of empty containers made by the receipt centers to the recycling companies, excluding the costs shared between the Institute and the dealer associations are, in general, deficits. However, due to the improvements in the operating processes and growth in the volume of empty containers, it is possible that in certain months the centers have a surplus which might offset a deficit of prior months. After the deficit amounts are offset, in cases where the final result is a surplus, the Institute accounts for it as "Centers surplus". Since the Institute is responsible for managing the financial resources, the balances from the "Centers surplus" are controlled in a specific current account and identified individually per the related centers.

The agreements the Institute enters with the dealer associations establish that the centers with surplus will have the right to use it, upon mutual consent with the Institute, in the following order:

1st Improvements (expansion, renovation, and necessary equipment) in the Receiving Unit;

2nd Construction of stations and improvements (expansion, renovation, and necessary equipment) in the stations managed by the association of dealers;

3rd Improvements in the Receiving Units (Centers) which comprise the package destination system in the same State;

4th Improvements in the Empty Container Receiving units in the same State;

5th Improvements in the Receiving Units and Rural Stations according to the aforementioned sequence.

(e) Evaluation of taxes levied on the Institute's operations

Together with the analysis of the new business model and, for the purposes of mitigating the risks arising from possible different interpretations about the taxes levied on the operations carried out by the Institute, management requested from its lawyers a detailed study on the taxation of its operations. This study includes the matter related to the revenue from the operation of the new shipping model, which is not subject to any taxes or contributions.

1.2 Management of the business units

The management of the Institute is divided into three segments, as follows:

(a) Basic processes - This comprises the construction, maintenance and granting of subsidies to the UREs; the transportation of empty containers from the stations to the centers and then to the final destination (to be recycled or incinerated); and the costs regarding the final destination of containers for incineration (Note 22).

(b) Support processes - This comprises the communication and publicity regarding the Institute's operations; the education, training and awareness of interested parties and stakeholders; legal support; and projects for the system self-sustainability (Note 22).

(c) Administrative process - this segment includes the maintenance of the Institute's administrative area, including all personnel.

1.3 Business unit - recycling

With the purpose of providing self-sustainability to the Institute's business model, a recycling unit was constructed to receive parts of the containers sent to the UREs. These parts are used for the manufacture of new plastic containers. In 2008, this group of assets was leased to Campo Limpo Reciclagem e Transformação de Plásticos S.A - "Campo Limpo S.A.". The Institute's investments in the construction, assembly, and expansion of the factory currently amount to R$ 62,510 (2015 - R$ 61,555) (Note 10).

1.4 Campo Limpo - Reciclagem e Transformação de Plásticos S.A.

One of the Institute's objectives is to obtain the economic self-sustainability for the reverse logistics program of agrochemicals empty containers. This will be made through the verticalization of the container receipt and destination process. To achieve this, an investment plan has been established as initially structured in the following four stages: 1st - rigid plastic recycling; 2nd - turning rigid plastic into containers; 3rd - recycling of flexible plastic; and 4th - flexible plastic transformation.

In 2006, the Institute's associates approved the implementation of stages 1 and 2, which led to the construction and structuring of Campo Limpo - Reciclagem e Transformação de Plásticos S.A. ("Campo Limpo S.A."), whose purpose is to recycle empty containers and manufacture containers with the quality required by the associates, which are manufacturers of phytosanitary products.

At the Annual General Meeting held on April 18, 2011, the associates decided to cancel stages 3 and 4 and to expand stages 1 and 2, making investments in the purchase of blow molding equipment (manufacture of containers).

The expansion of stages 1 and 2 required the purchase of four new blow molding machines, totaling an investment of R$ 20,000 (unaudited). All of these machines were installed up to December 2013, when the project investments were completed.

In order to make the operations of Campo Limpo S.A. feasible, a lease agreement was entered into with the Institute regarding the assets described in Note 10, with a remuneration for the Institute of about 10% of the net billings of Campo Limpo S.A. (Note 21).

At the general meeting of inpEV associates held on September 19, 2016, investments of R$ 41,200, aimed at extending the company's activities, were approved for the period from 2017 to 2019, in order to reduce the total cost of the system through the generation of revenues from the lease of property and equipment and the increase of Campo Limpo S.A. results.

1.5 Campo Limpo Tampas e Resinas Plásticas Ltda.

In order to complete the container's life cycle within its chain, on January 24, 2014, Campo Limpo Tampas e Resinas Plásticas Ltda. ("Campo Limpo Tampas") was established, with 99.99% of its quotas held by Campo Limpo S.A. Its purpose is to produce a high-performing sealing system known as Ecocap. Accordingly, the customer will be offered a complete solution with containers (produced by Campo Limpo S.A.) and caps (produces by Campo Limpo Tampas).

For the performance of the operations in Campo Limpo Tampas, the Institute leased a space within Campo Limpo S.A. with a remuneration of 0.5% of its monthly billing.

In 2016, the Institute obtained lease revenue from the Campo Limpo Tampas operations amounting to R$ 136 (2015 - R$ 82), which is recorded within "Operating lease agreement" in the statement of surplus.

2 Summary of significant accounting policies

The main accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the years presented.

2.1 Basis of preparation

The financial statements have been prepared and are being presented in accordance with accounting practices adopted in Brazil, including the provisions of the Brazilian Federal Accounting Council (CFC) Resolution 1,409/12, which approved the Technical Interpretation ITG 2002 - "Non-profit Entities", and the accounting pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC).

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgment when applying the Institute's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

These financial statements were approved by the Institute's Statutory Audit Board and Management on February 20, 2017.

2.2 Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits and other short-term highly liquid investments with original maturities of three months or less, and with immaterial risk of change in value.

2.3 Financial assets

2.3.1 Classification

The Institute classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets. The Institute's loans and receivables comprise "Cash and cash equivalents", "Accounts receivable", "Security deposit for rent" and "Judicial deposits".

2.3.2 Impairment of financial assets

Assets carried at amortized cost

The Institute assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flow from the financial asset or group of financial assets, and this impact can be reliably estimated.

The criteria used to determine that there is objective evidence of impairment include, among others:

- significant difficulty to receive amounts from the associate;
- default or delinquency in interest or principal payments.

For financial assets recognized at amortized cost, impairment is the difference between the asset's recorded amount and the present value of the estimated future cash flows, discounted at the effective original interest rate of the financial asset. The carrying amount is reduced directly by the impairment loss for all financial assets.

2.4 Accounts receivable

The balances of accounts receivable, represented by the amounts due from associates and relating to the consideration for the services rendered by the Institute in the course of its business, are recognized initially at transaction value and subsequently measured at amortized cost, less the provision for impairment of accounts receivable.

A provision for impairment of accounts receivables is established when there is objective evidence that the Institute will not be able to collect all amounts due according to the original terms of the receivables.

The average receipt term of accounts receivable is 30 days.

2.5 Advances granted

Advances granted are represented by funds transferred in advance to collection centers and units with the purpose of supporting short-term cash needs. They are carried at cost.

2.6 Judicial deposits

Judicial deposits are those amounts in local currency deposited in court in a bank account linked to a lawsuit, whose purpose is to ensure the settlement of a possible future obligation and which can only be used after a judicial order. These deposits are monetarily restated according to legal rules and are presented in the balance sheet as a deduction from the provision for contingencies (Note 14).

2.7 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Institute and the cost of the item can be measured reliably. The carrying amount of the replaced items or parts is derecognized. All other repairs and maintenance are charged to the statement of surplus during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost of the assets less their residual values over their estimated useful lives, as follows:

	Years
Buildings	50 - 60
Equipment and installations	10-15
Vehicles	5
Furniture and fittings	12 - 16
Other	10

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to the recoverable amount if its carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the net book value and are recognized within "Other gains (losses), net" in the statement of surplus.

2.8 Leases
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments (net of all incentives received from the lessor) are charged to the statement of surplus on the straight-line basis over the term of the lease.

2.9 Intangible assets
Computer software licenses acquired are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of three to five years.

2.10 Impairment of non-financial assets
Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash-generating units (CGUs)). Non-financial assets other than goodwill that suffered impairment are subsequently reviewed for possible reversal of the impairment at each reporting date.

2.11 Accounts payable
These refer to obligations payable and are substantially represented by expenses incurred by dealer associations for the maintenance of units responsible for the receipt of containers.

Accounts payable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method. In practice, they are usually recognized at the amount of the related invoice.

2.12 Provisions
The Institute recognizes provisions when: (a) the Institute has a present legal or constructive obligation as a result of past events; (b) it is probable that a transfer of economic benefits will be required to settle the obligation; and (c) the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a rate before tax effects that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the time elapsed is recognized as interest expense.

2.13 Employee benefits - bonus
The Institute recognizes a liability and an expense for payment of bonus based on targets achieved by its employees. The bonus is commonly recognized at the end of the year, when the amount can be accurately calculated by the Institute.

2.14 Revenue recognition and related expenses
Revenue comprises the present value of contributions made by associates, revenue of recycling companies (accreditation fee paid by recycling companies, contributions to the costing of UREs), revenue from operating leases and extraordinary contributions made by associates for the investment in Campo Limpo S.A.

The amounts related to the business unit dealing with the management of the reverse logistics systems for empty containers of agrochemicals are recognized as revenue for the year to the extent the costs and expenses with the management of the system are incurred.

(a) Associate contributions
Considering that the contributions of the associates are made for the costing of all expenses with the container receipt, transportation and incineration processes, among others, the amount considered as associate contribution corresponds to the related costs and expenses incurred. Those contributions in excess of the costs and expenses incurred are accounted for in "Advances from associates" in current liabilities.

(b) Accreditation fee for recycling companies
The amount of the accreditation fee paid by recycling companies is calculated based on the containers received and destined for recycling, and is recognized when the empty containers are effectively delivered to the recycling companies. This amount is equivalent to approximately 30% to 40% of the amount obtained from the containers sent for recycling. The annual contribution of the Institute's associates is reduced by this amount.

(c) Contributions to the costing of UREs
Contributions to the costing of UREs, which correspond to from 60% to 70% of the amount obtained from the containers sent for recycling and applied in the business unit that deals with the management of the reverse logistics systems for empty containers, are recorded when the containers are effectively delivered to the recycling companies and are invested when the UREs (centers and stations) present the costs incurred in the process of preparing the containers to be sent to their final destination.

(d) Operating leases
Operating lease revenue is recorded on the accrual basis based on a percentage of the monthly net revenue of the sales of Campo Limpo S.A. and Campo Limpo Tampas e Resinas Plásticas Ltda. products.

(e) Extraordinary contributions (transfer of dividends of Campo Limpo S.A.'s associates/ stockholders)
These are funds transferred by the Institute's associates (who are also stockholders of Campo Limpo S.A.) arising from dividends paid by Campo Limpo S.A. to the associate-stockholders at the end of each year. Therefore, the Institute recognizes as revenue the amounts approved at the Annual General Meeting of Campo Limpo S.A., which is expected to occur in April of the following year.

The extraordinary contributions are used to reduce the amount of the annual contribution made by the Campo Limpo S.A. associate-stockholders.

3 Critical accounting estimates and judgments

Accounting estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events.

The Institute makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(a) Process of management of the final disposal of empty phytosanitary product containers and taxation of the recycling company accreditation fee

Up to November 2009, dealer associations were selling the empty containers to the recycling companies. The Institute received amounts from the recycling companies as an accreditation fee, which was due for the accreditation of the recycling companies, for the transfer of know-how related to the recycling process of plastic residues, for the manufacture of new products from such material and for the training of employees of the recycling companies regarding the proper handling of empty containers of phytosanitary products.

With the purpose of preventing challenges from tax authorities on the sales of containers by the system participants, and considering that the owners of these containers are the manufacturers of the phytosanitary products, the Institute's management, supported by external lawyers, made changes in its business model (Note 1.1.).

With the implementation of the new business model on December 1, 2009, the sales of empty containers to recycling companies were discontinued, and the amounts that the recycling companies used to pay to dealer associations for the empty containers were incorporated into the amount of contributions to the costing of the UREs and started to be charged directly by the Institute. On the other hand, a portion of such contributions received by the Institute started to be used as a subsidy for some of the costs incurred by those units receiving empty containers, which include dealer associations.

The Institute, based on a study prepared by its external lawyers, understands that no payment of taxes on the container shipping operations is applicable.

(b) Provision for tax and labor contingencies

As described in Note 14, the Institute is challenging in court the Social Contribution on Revenues (COFINS) levied on the accreditation fee, in addition to the payment of termination benefits to former employees. Provisions are established for all contingencies referring to litigation that represents probable losses and can be reliably estimated. The assessment of the likelihood of an unfavorable outcome in these lawsuits and administrative proceedings includes the analysis of the evidence available, the hierarchy of the laws, available former court decisions, the most recent court decisions and their importance in the Brazilian legal system, and the opinion of external legal counsel. Management believes that the provisions for tax and labor risks are fairly presented in the financial statements.

4 Financial risk management

4.1 Financial risk factors

The Institute is exposed to finance risks related to credit and liquidity.

(a) Credit risk

The Institute makes financial investments only with prime financial institutions in order to minimize liquidity risks.

Accounts receivable are associate advances which have not been received yet. When the associate is in default (Note 7), the Institute's management starts an out-of-court collection process to receive the outstanding balance and, if it becomes a problem, the Institute's management may file a judicial collection proceeding.

(b) Liquidity risk

This is the risk of the Institute not having liquid funds sufficient to meet its financial commitments, due to the mismatch of terms or volume in expected receipts and payments.

To manage liquidity of cash in local currency, assumptions for future disbursements and receipts are determined, and these are monitored daily by the finance department.

4.2 Capital management

The Institute's objectives when managing capital are to safeguard its ability to continue as a going concern for reinvestment and to maintain a capital structure which is sufficient to meet its short-term obligations.

5 Financial instruments by category

The Institute's financial assets are represented by cash and cash equivalents (substantially financial investments in investment funds), accounts receivable from associates, security deposit for rent, and judicial deposits. They are all classified in loans and receivables.

Financial liabilities, such as accounts payable, advances from associates and recycling companies and provisions for contingencies, are classified in other financial liabilities.

5.1 Credit quality of financial assets

The Institute's cash and cash equivalents and financial investments are negotiated with financial institutions classified under the following ratings (Ficht):

	2016	2015
Cash and cash equivalents and securities		
Banco do Brasil S.A. - BB	3,949	3,466
Banco Itaú S.A. - AAA	30,053	35,439
	34,002	**38,905**

The credit quality of trade receivables is assessed based on the risk of a customer failing to honor payments at the related maturity dates and on the difficulty to recover this receivable through an out-of-court process.

6 Cash and cash equivalents

	2016	2015
Cash	10	7
Banks - current accounts	310	11,399
Investment funds (*)	33,692	27,506
	34,012	**38,912**

(*) This amount represents applications in financial investment funds remunerated at 102.18% of the Interbank Deposit Certificate (CDI) rate with Banco Itaú S.A. and Banco do Brasil S.A. (2015 - 100%).

7 Accounts receivable

	2016	2015
Associate contributions - Agrochemicals	3,837	3,901
Recycling companies		
Accreditation of recycling companies	946	1,073
Contributions to the costing of UREs	3,387	3,218
Provision for impairment of accounts receivable	(3,873)	(3,971)
Operating lease - Campo Limpo S.A.	548	608
Dividends paid to stockholders - Campo Limpo S.A.	955	
Other accounts receivable	14	238
	5,814	**5,067**

Changes in the Institute's provision for impairment of accounts receivable are as follows:

	2016	2015
At January 1	(3,971)	(4,059)
Additions (i)	(135)	(296)
Reversal due to receipt	233	384
At December 31	**(3,873)**	**(3,971)**

The provision for impairment of accounts receivable was recorded in accordance with the following criteria:

- Outstanding balances of associates overdue for more than 90 days.
- Renegotiated debts overdue.

(i) The Institute, after out-of-court collection attempts, through its lawyers decided to file a lawsuit against the associate in default, Fersol Indústria e Comércio Ltda., whose outstanding balance at December 31, 2016 amounted to R$ 3,667 (2015 - R$ 3,667).

The amounts receivable by maturity are as follows:

	2016	2015
Not yet due	2,940	5,067
Overdue		
Up to 60 days	2,860	-
From 61 to 90 days	14	-
From 91 to 180 days	63	16
From 181 to 360 days	70	288
Over 360 days	3,740	3,667
	9,687	**9,038**

8 Advances granted

	2016	2015
Advances to centers (i)	7,419	5,179
Advances to units (i)	939	794
Advances to employees	65	63
Payroll advances	136	39
Other advances	365	246
	8,924	**6,321**

(i) According to the agreement entered into with the dealer associations responsible for the management of the collection centers and units dealing with empty containers, effective until November 2009, the Institute assumed a portion of the costs incurred and the related deficit balances. When the new business model became effective in December 2009 (Note 1.1), the Institute became the manager of the funds generated by the shipping of containers to recycling companies and the reimbursement of all costs incurred by the dealer associations.

Depending on the circumstances, the Institute makes advances to collection centers and units, based on the average of total expenses for the last three months presented by the centers. These advances are recognized in the statement of surplus for the year upon presentation of supporting documentation for the incurred expenditures.

Of the balance of R$ 7,419 at December 31, 2016, R$ 1,622 corresponds to amounts prepaid to certain centers, which are in surplus, in accordance with the monthly accountability. However, because these centers are in surplus, they did not use the funds paid in advance for the execution of their activities and, as mentioned in Note 1.1 (d), the Institute has in liabilities, under centers Surplus, balances payable to centers in surplus and which are used according to the previously established hierarchy of us.

9 Security deposit for rent

The balance of R$ 137 (2015 - R$ 61) is represented by the amount of R$ 61 referring to the deposit in savings account, plus interest, regarding the security deposit defined in the lease agreement of the property located at Rua Capitão Antônio Rosa, 376, which is the current headquarters of the Institute, and R$ 76, referring to the security deposit, defined in the rental agreement of the property located at Avenida Roque Petrônio Junior, 850, where the new headquarters of the Institute will be located. This amount will be redeemed at the end of the lease agreements.

10 Property and equipment

	Land	Buildings and improvements	Equipment and installations	Vehicles	Furniture and fittings	Other	Total in operation	Construction and installations in progress	Total property and equipment
At December 31, 2014	431	13,763	39,670	856	340	47	55,107	-	55,107
Acquisition		20	2,602	236	58		2,916		2,916
Disposal			(641)	(66)			(707)		(707)
Depreciation		(743)	(5,465)	(319)	(70)	(12)	(6,609)		(6,609)
At December 31, 2015	431	13,040	36,166	707	328	35	50,707		50,707
Total cost	431	17,538	56,545	1,470	784	114	76,882		76,882
Accumulated depreciation		(4,498)	(20,379)	(763)	(456)	(79)	(26,175)		(26,175)
Net book value	431	13,040	36,166	707	328	35	50,707		50,707
At December 31, 2015	431	13,040	36,166	707	328	35	50,707		50,707
Acquisition		29	2,456	354	61	4	2,904		2,901
Disposal			(27)	(121)	(16)		(164)		(164)
Depreciation		(735)	(5,661)	(329)	(65)	(11)	(6,801)		(6,801)
At December 31, 2016	**431**	**12,334**	**32,934**	**611**	**308**	**28**	**46,646**		**46,646**
Total cost	431	17,567	58,940	1,573	802	118	79,431		79,431
Accumulated depreciation		(5,233)	(26,006)	(962)	(494)	(90)	(32,785)		(32,785)
Net book value	431	12,334	32,934	611	308	28	46,646		46,646

With the purpose of promoting the economic self-sustainability of the system Campo Limpo (reverse logistics for empty containers of plant protection products), thus benefiting all those who are part of the chain, the associates established a separate entity denominated Campo Limpo Reciclagem e Transformação de Plásticos S.A. ("Campo Limpo S.A."). The assets of Campo Limpo S.A. were acquired by the Institute and are recorded in the Institute's property and equipment. The total assets in 2016 amounted to R$ 62,510 (2015 - R$ 61,555).

On May 1, 2008, the Institute entered into an agreement with Campo Limpo S.A. for the lease of property, industrial equipment, electric, hydraulic and gas installations, tools, vehicles, furniture and fittings, computers and peripherals as well as other assets which are already installed and operating, in addition to other spare equipment attached to the property. Should this agreement not be terminated by one of the parties, it will be effective for ten years and automatically renewed for the same period.

The assets leased to Campo Limpo S.A. are the following:

DESCRIPTION	Cost	Accumulated depreciation	Net book value
			2016
Buildings and improvements	16,831	(4,666)	12,165
Equipment and installations	44,763	(19,323)	25,440
Vehicles	401	(284)	117
Furniture and fittings	492	(319)	173
Other	23	(23)	
	62,510	**(24,615)**	**37,895**

DESCRIPTION	Cost	Accumulated depreciation	Net book value
			2015
Buildings and improvements	16,831	(4,002)	12,829
Equipment and installations	43,808	(14,926)	28,882
Vehicles	401	(231)	170
Furniture and fittings	492	(273)	219
Other	23	(23)	
	61,555	**(19,455)**	**42,100**

11 Intangible assets

	Software acquired
At January 1, 2015	314
Acquisition	131
Disposal	(2)
Amortization	(128)
At December 31, 2015	315
Total cost	1,537
Accumulated amortization	(1,222)
Net book value	315
At December 31, 2015	315
Acquisition	235
Disposal	(1)
Amortization	(142)
At December 31, 2016	**407**
Total cost	1,756
Accumulated amortization	(1,349)
Net book value	407

The intangible assets related to Campo Limpo S.A. at December 31, 2016 are as follows:

DESCRIPTION	Cost	Accumulated amortization	Net book value
Hardware and software	549	(328)	221

12 Accounts payable to centers and stations

These amounts refer to accounts payable to the receiving units (UREs), that is, centers and stations, due to the operating maintenance shared costs established in the agreement entered into by the Institute and the managers of such units (dealers), whose balance, at December 31, 2016, amounted to R$ 6,591 (2015 - R$ 4,030).

13 Centers surplus

As described in Note 1.1. (d), the surplus balance of certain centers, amounting to R$ 2,292 (2015 - R$ 1,923), is segregated in a specific bank account controlled by each center, and will only be used upon previous approval of the Institute and provided that the hierarchy of priorities, as established in the agreement entered into by the parties, is respected.

14 Contingencies

The litigations and corresponding judicial deposits are as follows:

	Judicial deposits			Contingency
	2016	2015	2016	2015
Tax - Social Contribution on Revenues (COFINS) (i)	12,980	10,971	13,034	11,026
Labor (ii)	187		344	529
	13,167	10,971	13,378	11,555
Judicial deposits related with litigations	(13,167)	(10,971)	(13,167)	(10,971)
Net amount under litigation			211	584
Less current liabilities			(53)	(55)
Non-current liabilities			158	529

In 2016, the changes in the litigations were as follows:

	Tax	Labor	Total
At January 1, 2015	9,216	445	9,661
Complement/additions (iv)	854	207	1,061
Reversal/write-off (iii)		(68)	(68)
Monetary restatement	901		901
At December 31, 2015	10,971	584	11,555
Complement/additions (iv)	929	20	949
Reversal/write-off (iii)		(260)	(260)
Monetary restatement	1,134		1,134
At December 31, 2016	**13,034**	**344**	**13,378**

(i) Since 2004, the Institute has generated revenue from accreditation fees, according to agreements entered into with recycling companies. Differently from the Brazilian Federal Revenue Service (RFB), the Institute and its tax lawyers consider that the Social Integration Program (PIS) and the Social Contribution on Revenues (COFINS) should not be levied on these revenues. Accordingly, on July 2, 2004, the Institute filed an inquiry with the Regional Superintendency of Federal Revenue of the 8th Tax Region, in São Paulo, in order to clarify the lack of legal definition about the taxation of PIS and COFINS on other types of revenue (revenue from accreditation fee) of not-for-profit entities, which are exempt of income tax.

The Institute received a positive outcome on June 9, 2008 regarding the PIS taxation, with the confirmation that PIS should be levied only on payroll balances, which has been the Institute's practice since the beginning of its operations, in March 2002.

On the other hand, the Regional Superintendency of Federal Revenue stated that COFINS is to be levied on this type of revenue. The Institute, supported by its tax lawyers, maintained its contrary interpretation to the RFB decision and, on February 2009, filed for a writ of mandamus in order to assure its right for the non-payment of COFINS on the accreditation fee. This injunction was denied on May 13, 2009.

The sentence handed down in October 2013 denied the Institute's claim and determined in favor of the payment of COFINS. In November 2013, the Institute lodged an appeal with the Federal Regional Court, which is currently pending judgment.

As a preventive measure, and in order to safeguard the original amount of the tax obligation, the Institute deposited in court the total balance of the provisioned amount plus interest and fines, referring to the period from 2004 to December 2016, totaling R$ 13,034 (2015 - R$ 10,971). The corresponding judicial deposit is presented as a deduction in liabilities.

Other than the COFINS matter referred to above, based on the opinion of the Institute's external lawyers, and because it is related to the transfer of information and technical knowledge regarding the handling of empty containers up to their final disposal, no further taxes are being levied on the Institute's revenues.

In 2014, the Federal Tax Authorities presented their counterarguments in respect of the Appeal on the merits of the case filed by the Institute, and the case records were sent to the Federal Regional Court (TRF) of the 3rd Region. Currently, the Appeal regarding the merits of the case lodged by the Institute is pending judgment.

(ii) In 2016, a supplement of R$ 20 was added to the labor provision regarding the litigation filed by a former employee, for which the lawyers considered the likelihood of loss as probable.

(iii) In 2016, a labor provision of R$ 260 regarding the employee of Associação AEAGRO, with which the Institute collaborates by paying 70% of the association's expenses, and two employees of the Institute, was partially written-off.

(iv) The amount of R$ 929 (2015 - R$ 854) refers to the legal dispute over the levying of COFINS on the accreditation fee.

(a) Possible losses, not provided for in the balance sheet

During 2016, some labor proceedings were filed by former employees of the UREs, for which the Institute, as joint obligor, regularly carries out a follow-up with its legal area.

The purpose of this follow-up is to advise the dealers, which are the actual employers, in the conducting of their processes. At December 31, 2016, the contingency amounted to R$ 1,567 (2015 - R$ 1,985).

In the event of an unfavorable outcome, the Institute will incur the cost in proportion to its contribution in the monthly expenses of these UREs.

Joint obligation for compliance with labor obligations

In 2015, the Federal Labor Prosecution Office (MPT) of Mato Grosso filed a public-interest civil action against the Institute, of approximately R$ 58,000, questioning the labor obligation in the management of the Sapezal Receiving Unit, which is administered exclusively by the Association of Agronomists of Sapezal (AEASA), and the Institute and the other defendants (manufacturers) were included as joint obligors in the fulfillment of labor obligations.

According to its legal advisors, the attribution of labor joint obligation to the Institute is without merit since there is no type of labor responsibility that could be attributed to the Institute and the other defendants, due to the sharing of environmental obligations in the flow of a reverse logistics chain.

The Institute's management, based on the evaluation of its legal advisors, assessed the risk of loss in this process as possible, and accordingly did not establish any provision in the financial statements at December 31, 2016.

15 Advances from associates

Considering that the associated companies contribute for the costing of all expenses with the receipt, transportation and final disposal processes of empty containers, among others, the excess of contributions over costs and expenses incurred is accounted for as advances from associates.

The changes in advances from associates are as follows:

	January 1, 2016	Additions	Reductions	December 31, 2016
Associate contributions (i)	13,941	51,335	(60,877)	4,400
Crop Life Associados - sanitizers	2			2
	13,943	**51,335**	**(60,877)**	**4,402**

	January 1, 2015	Additions	Reductions	December 31, 2015
Associate contributions (i)	10,933	63,775	(60,767)	13,941
Associate advances - seeds	194		(194)	-
Crop Life Associados - sanitizers	1	47	(46)	2
	11,128	**63,734**	**(60,919)**	**13,943**

(i) The Institute's budget for each year sets out the investments required for expansion, maintenance and improvements in centers and units. The remaining balance at the end of each year corresponds to the portion of investments approved for that year but not yet incurred up to the reporting date.

The associate contribution additions amounting to R$ 51,335 (2015 - R$ 63,775) mainly correspond to estimated associate contributions amounting to R$ 86,888 (2015 - R$ 82,679), net of the contribution reduction plan amounting to R$ 22,800 (2015 - R$ 22,000) and the rebate of the sixth installment of the associate contribution - R$ 12,753. This amount is considered as necessary in order to meet the needs of the Institute's activities during 2016.

The reductions in 2016, representing the revenue recognition of the associate contributions of R$ 60,877 (2015 - R$ 60,767), correspond to the total expenses incurred in 2016, amounting to R$ 118,424 (2015 - R$ 116,927) (Note 22), net of the revenues generated by the system.

The remaining balance at December 31, 2016, of R$ 4,400 (2015 - R$ 13,941), arises from the commitment to the achievement of the activities of the coming years and commitments entered into with third parties, approved in the 2016 budget, which will be incurred in 2017 (Note 24).

16 Net worth

According to the Institute's articles of association, the net worth, revenues, funds and operational surplus should be fully applied in Brazil, involving the maintenance and development of the Institute's social objectives, and the distribution of profits, dividends, share of results or dilution of a portion of net worth is not allowed under any circumstances.

(a) Reserve for new associates
During 2013, the Board of Directors of inpEV, together with the executive board, discussed the need to charge a fee for membership to the new applicants as a reimbursement for all investments already made by current associates throughout the existence of the Institute.

At the 17th General Assembly of Associates, held on April 14, 2014, the associates approved the following main terms for affiliation of new associates:

(i) One-time payment, in the amount of twenty minimum salaries, due as from the granting of the application for membership by the Board of Directors;

(ii) 1.5% (one and a half percent) of the annual net revenue of the new associate computed on the basis of the agricultural pesticides business, paid for three years and calculated each year of the effective payment as from the first year in which the associate informs that it places packaging on the market directly, if it has not done so since the beginning; and

(iii) 1.5 (one and a half) times the value of the average cost/kilo of packaging ascertained in the annual inpEV budget multiplied by the number of containers placed by the associate on the market, directly and/or through third parties, paid for five years, and collected from the first year in which the associate informs that it has placed containers on the market (directly and/or through third parties), if it has not done so since the beginning.

In 2016, the new associates as from January 2014, who began the commercialization of agrochemicals, are now responsible for removing their empty packaging from the environment. Accordingly, they began the process of payment of membership fees, which, in the year ended December 31, 2016, corresponded to the amount of R$ 852. Considering that this is a contribution for the affiliation of a new associate, the amounts received are being recorded in net worth under Reserve of new associates.

(b) Plan to reduce contributions
The original self-sustainability project for the Institute included, in the future, the beginning of the reduction of contributions made by associates due to the generation of revenues, pursuant to its business model (Note 1.1.). According to the 156th minutes of the meeting of the Board of Directors, dated October 24, 2016, in item 3, it was informed that the associates' contributions for the year 2016 decreased by R$ 22,800 (2015 - R$ 21,769) and after a budget review, the executive board defined that the total amount of the reduction of contributions would be increased by not charging the 6th contribution, in the amount of R$ 12,753, totaling the reduction of R$ 35,553 in the year.

17 Net revenue from activities

	2016	2015
Associate contributions - agrochemicals (Note 15(i))	95,463	82,679
Recycling company accreditation fee (Note 18)	12,194	12,698
Contributions to the costing of UREs (Note 19)	35,215	33,084
Extraordinary contributions (transfer of dividends of associates/stockholders of Campo Limpo S.A.) (Note 20)	2,268	3,167
Operating lease (Note 21)	6,837	6,297
Voluntary work (Management and Statutory Audit Board)	578	532
Other	22	224
	152,576	**138,681**
Deductions from revenues		
Reduction in the associate contribution (Note 15(i))	(35,553)	(22,000)
COFINS levied on accreditation fee	(927)	(965)
COFINS levied on lease	(121)	(83)
Service Tax (ISS) and COFINS on consulting services	-	(31)
Net revenue from activities	**115,975**	**115,602**

18 Accreditation fee for recycling companies

In 2004, the Institute entered into agreements with recycling companies regarding services of technical and operational cooperation for the recycling of plastic residues. These services include the development, training and studies for improvements in the stages of the recycling process.

Because of these agreements, the Institute recorded a revenue in 2016 amounting to R$ 12,194 (2015 - R$ 12,698).

19 Contributions to the costing of UREs

As from December 1, 2009, with the application of the new model for container shipping, a new form of revenue generated by the recycling company was created as the "contributions to the costing of UREs". As described in Note 1.1., revenue from these contributions is used to subsidize the costs incurred by the units receiving the empty containers.

In 2016, revenue from contributions to the costing of UREs totaled R$ 35,215 (2015 - R$ 33,084).

20 Extraordinary contributions (transfer of dividends of Campo Limpo S.A. associate/stockholders)

As established in the agreement of Campo Limpo S.A. stockholders, the amounts received as dividends by these stockholders, who are mainly associates of the Institute, should be invested in the constant improvement of the operations, logistics and management of final disposal for empty containers of phytosanitary products, including support and orientation activities for the participants of this system.

The management of the Institute recorded the totality of the dividends received from Campo Limpo S.A. for 2016, amounting to R$ 2,268 (2015 - R$ 3,167), considering that the amount relates to revenue from the recycling business.

21 Operating leases

This lease refers to the agreement for the lease of property, industrial equipment, electric, hydraulic and gas installations, tools, vehicles, furniture and fittings, computer and peripherals and other operating assets attached to the property of Campo Limpo - Reciclagem e Transformação de Plásticos S.A. The lease amounts to R$ 6,837 (2015 - R$ 6,297), corresponds to 10% of the net monthly revenue calculated by the lessee, and the minimum amount is R$ 50 per month.

The operating lease agreement also comprises a package of services that the Institute renders to Campo Limpo S.A., mainly related to information technology, tax advisory and communication.

The minimum future payments of the non-cancellable operating lease of the plant built by Campo Limpo S.A. in Taubaté, in total and for each of the periods presented below, are as follows:

	2016	2015
Up to one year	8,049	6,327
More than one year and less than five years	9,902	12,654
	17,951	**18,981**

Minimum future payments for periods over five years include the receipt of the lease considering ten years (the effective period of the agreement) and the renewal for another ten years, after approval of both parties, totaling 20 years. As established in clause 2.1.1. of the contract, the renewal period shall automatically occur for the same period and under the same conditions, if not challenged by either party, in writing, within 210 (two hundred and ten) days prior to the expiration of the lease, that is, 10 years.

As described in Note 1.4, in 2016, a plan was approved to expand Campo Limpo S.A.'s activities in the approximate amount of R$ 41,200 to be realized by the Institute, whose objective will be to increase the lease revenue received by the Institute.

22 General and administrative expenses

The Institute's general and administrative expenses are divided into three segments and managed accordingly, as follows:

	2016	2015
Infrastructure	(28,952)	(27,239)
Support process	(6,727)	(6,015)
Basic process	(82,744)	(83,673)
	(118,424)	**(116,927)**

On the financial statements date, the Institute had the following amounts related to general and administrative expenses:

	2016	2015
Infrastructure		
Facilities	(564)	(483)
Personnel, plus social charges	(15,825)	(14,221)
Voluntary work (Management and Statutory Audit Board)	(578)	(532)
General expenditures (i)	(8,722)	(8,350)
Outsourced services (ii)	(1,117)	(1,538)
Information technology	(1,584)	(1,467)
Institutional	(562)	(648)
	(28,952)	**(27,239)**
Support process		
Legal (iii)	(1,027)	(1,257)
Communication, education and campaigns (iv)	(4,658)	(4,238)
Technological development	(284)	(278)
Projects (v)	(758)	(242)
	(6,727)	**(6,015)**
Basic process		
Operations (vi)	(50,157)	(48,604)
Logistics (vii)	(22,952)	(23,927)
Final destination (viii)	(9,635)	(11,142)
	(82,744)	**(83,673)**

(i) Refers mainly to depreciation and amortization expenses totaling R$ 6,943 (2015 - R$ 6,737) and to expenses with maintenance of property and equipment leased to Campo Limpo S.A. totaling R$ 858 (2015 - R$ 635).

(ii) Refers mainly to expenses with the following advisory services:

- Tax - R$ 184 (2015 - R$ 157).
- Human resources- R$ 104 (2015 - R$ 113).
- Internal and external audits - R$ 696 (2015 - R$ 499).
- Administrative - R$ 57 (2015 - R$ 29).

(iii) Refers to support of external legal advisors during the monitoring of lawsuits in progress, of R$ 1,027 (2015 - R$ 1,257).

(iv) Refers to expenditures with communication, publicity and training events. The balance mainly includes:

- Campaign expenditures - R$ 535 (2015 - R$ 512);
- Dia Nacional (National Day) Campo Limpo - R$ 1,770 (2015 - R$ 1,512);
- Communication/institutional material - R$ 439 (2015 - R$ 656);
- Triple rinsing regional campaign - R$ 111 (2015 - R$ 171);
- Outsourced services/communication services - R$ 594 (2015 - R$ 680);
- Institutional events - R$ 526 (2015 - R$ 279).

(v) Refers to the Institute's activities in connection with the management of projects which were previously approved by the Board Members, mainly the removal of obsolete and inadequate products - R$ 653 (2015 - R$ 167).

(vi) Refers mainly to costs incurred by the units receiving the empty containers, which are reimbursed by the Institute and are used for the expansion, renovation and maintenance of collection centers and units, amounting to R$ 42,858 (2015 - R$ 41,892), and those for the construction of collection centers and units, amounting to R$ 3,476 (2015 - R$ 2,929).

(vii) Refers substantially to expenses incurred with freights for the transportation of empty containers rinsed for recycling, amounting to R$ 18,494 (2015 - R$ 19,734), and not rinsed for incineration, amounting to R$ 1,636 (2015 - R$ 1,448).

(viii) Refers to expenses with incineration of containers not rinsed amounting to R$ 9,501 (2015 - R$ 11,058).

23 Finance result

	2016	2015
Revenue from financial investments	3,946	3,161
Other finance income	144	52
	4,090	**3,214**
Corporate Income tax on financial investment	(703)	(405)
Social Contribution on Revenues (COFINS) on financial investment	(236)	-
Other finance costs	(80)	(1)
	(1,018)	**(406)**
	3,072	**2,808**

24 Management remuneration

Management includes the president and seven officers. The remuneration paid or payable to key management personnel for their services is shown below:

	2016	2015
Salaries, vacation pay and 13th month salary	(3,131)	(2,654)
Social charges	(1,086)	(1,050)
Other remuneration (*)	(1,768)	(1,624)
	(5,985)	**(5,328)**

(*) Other remuneration includes annual bonus, defined contribution private pension plan, health care and group life insurance.

25 Commitments

During 2016, the Institute entered into agreements with third parties for the maintenance and implementation of improvements in its business management units which, despite being approved in the 2016 budget, will be performed in 2017. The commitments entered into with third parties at December 31, 2016 and 2015 are as follows:

	2016	2015
Infrastructure process (i)	(511)	(645)
Support process (ii)	(2,244)	(1,811)
Basic process (iii)	(1,645)	(1,365)
	(4,400)	**(3,821)**

(i) Relates to expected IT and administrative expenses, amounting to R$ 421 and R$ 70, respectively.

(ii) Mainly relates to projects for communication and projects regarding obsolescence amounting to R$ 2,064.

(iii) Relates to improvements in the equipment of centers and incineration agreements, amounting to R$ 958 and R$ 672, respectively.

26 Insurance

The Institute is supported by insurance advisors to determine the coverage compatible with its size and operations. The insurance policies at December 31, 2016 indicated the following levels of coverage:

LOCATION	Amount insured
InpEV - office	
Fire damage to property and equipment	5,000
Civil liability	200
InpEV - 111 centers	
Fire damage to property and equipment	4,174
Civil liability	4,800

27 Event after the reporting period

Decrease in the contribution of associates in 2017

As agreed with associates and formalized via mailing about the budget - inpEV 2017, mailed on November 29, 2016, the reduction of associate contributions is expected, totaling R$ 15,000, to be individually distributed among the Institute's associates.
The contribution of the associates who are also stockholders of Campo Limpo S.A. will be reduced by the Campo Limpo's amount of dividends receivable in October 2017.

João Cesar Meneghel Rando
President - inpEV

Regina Marta de Santana Sousa
Accountant inpEV CRC 1SP177254/O-6