



**inpEV**

**Sustainability  
Report  
2019**



Cover photo: farmer from Unaí (MG).

# Introduction

The National Institute for Processing Empty Packages (inpEV) presents its 2019 Sustainability Report, including the main results of the year for the Institute and the Campo Limpo System. Once again, this publication follows the guidelines of the Global Reporting Initiative (GRI), Essential option. The reporting cycle is annual and the previous report was released in May of 2019. This report covers the period from January 1st to December 31st of 2019.

GRI 102-50, 102-52 & 102-54

The legal reporting presented in this report is structured based upon eight material topics identified as the most relevant in the last materiality matrix done by inpEV, which was concluded in 2017 and counted with the participation of internal and external stakeholders and was validated by the Executive Board (see *more starting on page 24*). The indicators consider the matrix and the central stations under inpEV management – exceptions are always duly noted. With the ongoing process of the Institute incorporating some central stations, some indicators could not be updated for this new scope, which is duly indicated under each indicator. GRI 102-49

The financial statements, presented in the last section of this publication, were externally verified by PwC.

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# Message from the president

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GRI 102-14

In 2019, the Campo Limpo System faced great challenges, which were overcome thanks to the efforts of all links of the agricultural productive chain, which includes farmers, wholesalers/cooperatives and manufacturers, with the support of the government. We finished the year with impressive results!

For three years in a row, the volumes of disposed packaging material remained close to 43,000 tons. However, due to the increase in farmed areas, the use of technology and the presence of pests and diseases, the use of crop protection products rose in 2019 and, consequently, the return of post-consumption packages by producers also increased. Management of such growth required great effort on behalf of operations in receiving, logistics and eco-friendly final disposal. Of the initially expected 43,500 tons, the volume was revised and reached 45,300 tons by the end of 2019.

This was also a year in which the discussions around legislation required lots of effort, mainly in the fiscal and tax areas. The search for a new model to move packages more quickly and with less bureaucracy involved our entire team, and was supported by several external tax consultants. The result was very positive and we practically reached a new model that will be implemented in the future, thus bringing benefits to the System and consisting of a shift in paradigm. Still in the tax area, we presented a study to the Secretary of Finance and Planning of the State of São Paulo, demonstrating the need for incentive mechanisms for the recycling chain based on reverse logistics. Taking advantage of the discussion on Tax Reform taking place in the

Federal Congress, we acted to raise awareness of congressmen regarding the incentives already provided by the National Policy on Solid Waste (PNRS – *Política Nacional de Resíduos Sólidos*). We believe they should be covered by the reform.

Also in the legislation area, the impact of the Shipping Rates Price List increased the costs of reverse logistics, the so-called “return shipment”. In order to find a solution, we met with the directors of the National Terrestrial Transportation Agency (ANTT – *Agência Nacional de Transportes Terrestres*) and participated in various forums and meetings promoted by the organization.

Seeking to optimize the management of the Campo Limpo System as well as gain efficiency, productivity and reduce costs, the Board of Directors attempted, within a systemic vision, to assess a model of centralized management of the central receiving units. After four years of analyses, counting with the participation of members of the Board and its associates – manufacturers and entities that represent all links of the agricultural chain, such as the Brazilian Agribusiness Association (Abag – *Associação Brasileira do Agronegócio*), the Brazilian Association of Generic Crop Protection (Aenda – *Associação Brasileira dos Defensivos Genéricos*), the National Association of Plant Protection – (Andef – *Associação Nacional de Defesa Vegetal*), the National Association of Veterinary and Agricultural Input Distributors (Andav – *Associação Nacional dos Distribuidores de Insumos Agrícolas e Veterinários*), the Organization of Brazilian Cooperatives (OCB – *Organização das Cooperativas Brasileiras*) and the



“A global reference in reverse logistics, the Campo Limpo System, besides its environmental benefits, boosts the economy and contributes in generating jobs and income.”

National Union of the Industry of Crop Protection Products (SINDIVEG – *Sindicato Nacional da Indústria de Produtos para Defesa Vegetal*) – we arrived at the conclusion that inpEV should establish a plan to take on management of these units. The benefits of integrated management became evident to all. Besides optimizing and leveraging productivity, integrated management with standardized procedures would offer more safety, mitigate risks and allow distributors to focus more on their business, besides significantly reducing participation costs. All other actions in the areas of education, communication, support to receiving outposts and itinerant collection stations continue being done in a joint fashion.

In the pursuit of the challenge set forth in our vision of having a System that is self-sufficient, in 2019 we generated resources that correspond to more than 60% of the Campo Limpo System cost. Our objective is to eliminate the costs of all involved actors.

The Campo Limpo System – inpEV is an example of circular economy. We can assure that the System, based on all investments made in its operations, the value generated by recyclers, the jobs created and the involvement of third parties generated around R\$ 450 million in 2019. Besides this, in environmental terms, it contributed to avoid the emission of greenhouse effect gases.

We also celebrated recognition from society. The Environmental Educational Program of Campo Limpo (PEA) was acknowledged by the United Nations Department of Economic and Social Affairs

(UN DESA) as a good practice in disseminating the Sustainable Development Objectives (SDO) for the 240,000 children that participated in the program in 2019. A PEA milestone was the beginning of its implementation in municipal schools in the city of São Paulo. Besides this, we became part of the Rede Brasil of the Global Compact, an important global agenda for sustainable development, and the State Program for Climate Changes of the State of São Paulo (Proclima), in which the Campo Limpo System was highlighted as a successful example to face climate changes.

The Campo Limpo System – a Brazilian program of reverse logistics of empty packages or those containing post-consumption crop protection products – continues to be a global reference. We have received visits from various countries to learn about our program. Besides going to China to share the experience of Brazil, we have received a Chinese mission at inpEV in December. The interest in our System is great, and they have already shown interest in learning with us.

I finish this message as I have started it, by congratulating all links that have contributed to continuously improve the Campo Limpo System: a reason of pride for society and, especially, for Brazilian agriculture.

**João Cesar M. Rando**  
inpEV CEO



# Highlights of the year



## RECORD VOLUME

**550,000 tons**  
disposed since 2002  
**45,563** in 2019 alone



## MANAGEMENT OF THE RECEIVING STATIONS

**29 receiving  
stations** under inpEV  
management

## CIRCULAR MODEL

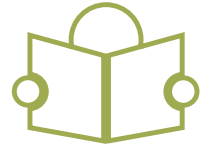
**For every 100 empty crop  
protection packages** received  
by the System, **94 are recycled**  
and 6 are incinerated

**94% of primary packages**  
placed in the market are disposed in an  
eco-friendly manner, either by recycling  
or incineration



**ACKNOWLEDGED BY THE UN**

The Environmental Educational Program (PEA) acknowledged by the United Nations Department of Economic and Social Affairs (UN DESA) as a good practice in disseminating the Sustainable Development Objectives (SDO)



**PEA has reached 2,571 schools** in 324 cities **and more than 240,000 students** of the 4<sup>th</sup> and 5<sup>th</sup> grades of Elementary School

**CELEBRATION IN THE FIELD**

The **National Clean Field Day (DNCL)** has completed 15 years and gathered **78,000 people** in 22 states

**NEW COMMITMENTS****Global Pact**

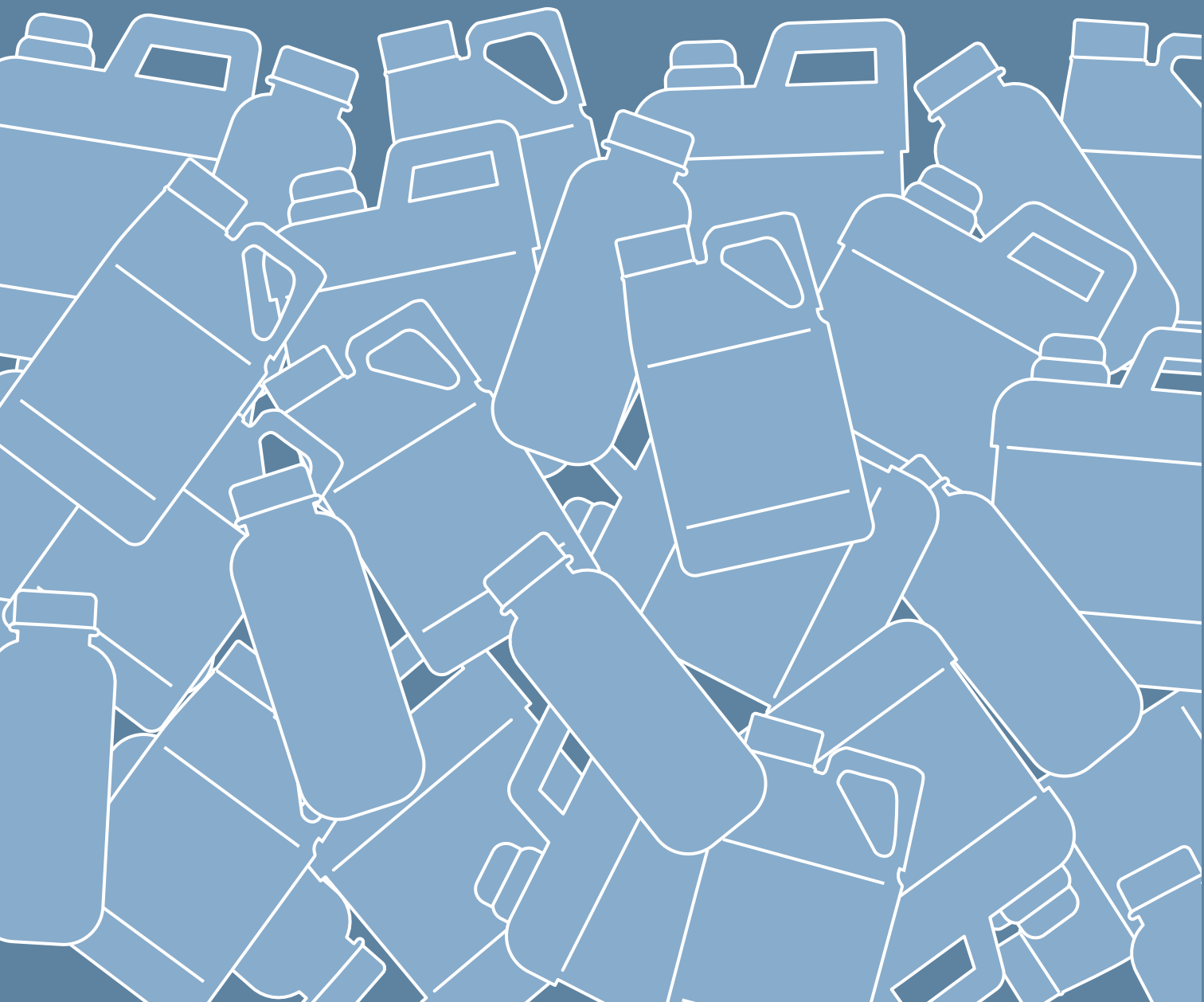
inpEV joined Rede Brasil of the Global Compact and participates in the Food and Agriculture Thematic Group, which discusses food safety, sustainable production practices and new forms of work, among other topics

**Proclima**

The Institute has partnered with the initiative of the São Paulo State government, which mobilizes companies and organizations to manage and reduce the emissions of greenhouse gases (GHG)

# About the Campo Limpo System

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Receiving station of the Campo Limpo System in Contenda (PR), managed by inpEV.

**T**he Campo Limpo System is a Brazilian reverse logistics program for empty crop protection packages or those containing post-consumption crop protection leftover products. It includes the manufacturing industry of these products, the distribution channel, farmers and government, each with its own role and responsibilities defined by legislation, to promote reverse logistics and provide adequate eco-friendly disposal to these packages. The National Institute for Processing Empty Packages (inpEV) is the entity that manages the System and the entire process is regulated by Law 9.074/00 and its regulatory decree 4.074/02.

This systemic work is responsible for correctly disposing of 94% of all primary crop protection plastic packaging<sup>1</sup> sold in the market and has transformed the Campo Limpo System into an efficiency and circular economy reference (read more on this below). Of the total disposed, 94% re-enters the productive process by means of recycling, being transformed into new packages and lids for crop protection products or into other artifacts for the civil construction, automotive and energy industries, among other sectors. The 6% of material that cannot be recycled is sent to incineration.

Present in all states of Brazil and in its Federal District, the Campo Limpo System relies on more than 400 fixed units (outposts and receiving stations), besides conducting around 4,500 itinerant collection stations in 2019.

<sup>1</sup> Primary packages are those that are in contact with the product.



**107**  
Receiving central  
offices

**304**  
Outposts

**4,500**  
Itinerant collection  
stations

# Campo Limpo System

The Campo Limpo System is a Brazilian reverse logistics program for empty packaging or post consumption leftovers of crop protection products. It consists of different links of the agricultural chain which jointly perform the shared responsibilities defined by Law 9.074/00 and its regulatory decree 4.074/02.

**+ 100**  
manufacturers and registrants associated to inpEV.

**4,500**  
points of sale.

**inpEV**

The National Institute for Processing Empty Packages (inpEV) is the industry representative of the Campo Limpo System and disseminates environmental awareness and educational concepts to all of society.

The System ensures the correct disposal of 94% of all primary plastic packages of crop protection products sold in the country.

This means:

**+ 550,000 t**  
of empty packages (2002–2019)

**+ 300 t**  
of packaging with leftovers (2015–2019)

**1** The industry manufactures and registers the crop protection products, which are sold by retail stores or cooperatives.

2

Farmers return the empty packaging or the post-consumption leftovers to **central receiving stations** and **outposts** or during **itinerant receiving events**.



**1.8 million** agricultural properties<sup>1</sup> serviced by the System.



**4,500** itinerant collection stations/year.



The System is present in all 26 states and in the Federal District.

+ **400** fixed receiving units.



**70 trucks = 945 t** of packaging transported each day between the receiving units and their final destination.

3

**CIRCULAR ECONOMY**

Besides being a global reference in **reverse logistics**, the System is also an example of circular economy. This term is opposite to linear processes of extraction > production > consumption > disposal, and is applied to systems that allow materials to **return to the productive cycle**.



At **recyclers that partner with the System**, the packages become inputs for producing various artifacts such as cardboard drums, electrical conduits and lubricant oil packaging.

inpEV, responsible for the packaging reverse logistics, carries out eco-friendly disposal by means of partnerships with recycling companies and incinerators.

**94% of packaging is recycled.**

What cannot be recycled is incinerated.

The **Ecoplástica®** packaging and the **Ecocap®** sealing system, also produced from recycling, stand out due to their innovative nature. These were the first in the world to use post-consumption resin from crop protection packaging to supply the same sector, in a circular process that prevents waste and saves non-renewable natural resources.



<sup>1</sup> IBGE: 2017 Agribusiness Census.

## CIRCULAR ECONOMY

A circular economy seeks new ways of designing, producing and consuming, by respecting the limits of the planet and generating value. This is a systemic change, including concerns with the product life-cycle since its development and guaranteed return of these materials to the productive process, thus increasing the usage and re-usage capacity of goods and natural resources to maximum productivity, by keeping them in the economy and generating value. These residues become once again raw material for their own production (also known as closed cycle) or their components are sent to other industrial segments (the so-called second life of an input). This is the model that inspires the Campo Limpo System.

### A reference in the circular process

Conceived by inpEV, the Campo Limpo Plastic Transformation and Recycling S.A. is responsible for an important technological evolution: the first primary packaging of crop protection products manufactured using resin recycled from post-consumption packaging of this same product. The only one of its kind in the world, Ecoplástica® offers high performance and safety. Campo Limpo Tampas e Resinas Plásticas Ltda. produces a high performance sealing system known as Ecocap®. Together, Ecoplástica® and Ecocap® offer a complete solution and allow the packaging management cycle to be closed within the chain itself. The profit from these companies is reinvested to cover the System costs.

The resins from empty crop protection packaging are also sent to other recycling partners, responsible for inserting this material into artifacts used by the civil construction, automotive and energy industries, among other sectors. Corrugated ducts, sewage pipes, construction blocks, signposts and drums are some of the artifacts produced in a process designed to reduce the demand for new natural resources.



Produced using recycled high density polyethylene, it consists of three layers, the first inner one of new resin and the others of recycled material. It offers high performance and safety with UN certification (group II, density 1.4 g/cm<sup>3</sup>) for land and sea transportation of hazardous products. Produced using polypropylene and polyethylene, Ecocap® is 100% recycled, easy to handle and offers high safety performance.



Rural producer from Unai (MG).

## SHARED RESPONSIBILITY



**DISTRIBUTION CHANNELS (WHOLESALEERS AND COOPERATIVES):** they must indicate the proper return locations to receive and store the empty packaging and indicate them on the bill of sale, as well as supply proof of return to the farmer upon packaging receipt; together with the other links, they must educate farmers and develop their awareness on the importance of following the correct procedures and participate in reverse logistics.



**FARMERS:** after consumption, they must wash, void and temporarily store the packages, by following technical guidelines; return them to the receiving unit indicated on the bill of sale and store the proof of return.

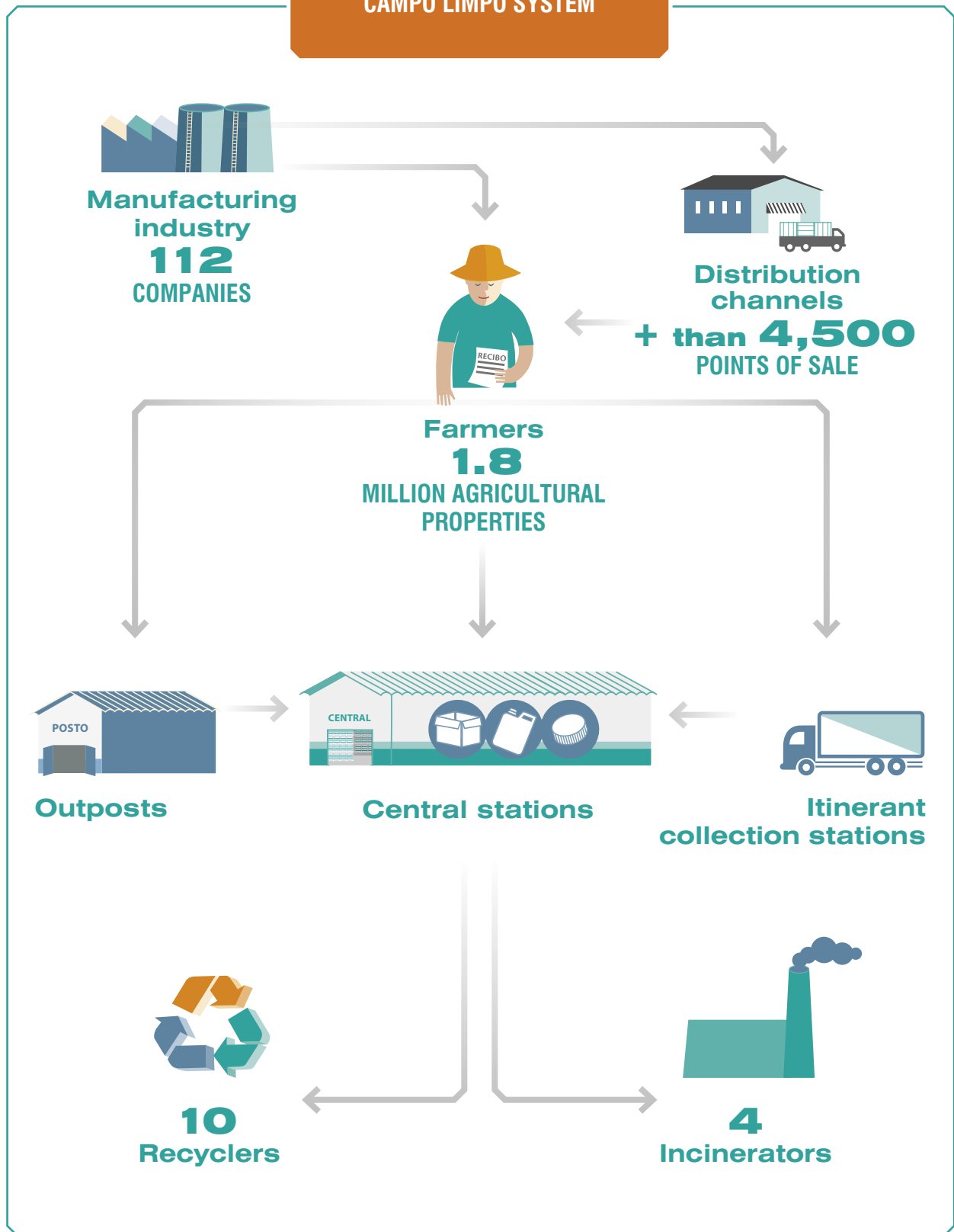


**MANUFACTURING INDUSTRY (REPRESENTED BY INPEV):** it is responsible for transporting the packaging received at the units and guarantee the most adequate environmental disposal; in conjunction with the other links, it must educate farmers and develop their awareness on the importance of following the correct procedures and participate in reverse logistics.



**GOVERNMENT:** it is responsible for licensing the receiving units and ensuring fulfillment of the legal attributions of different agents; in conjunction with the other links, it must educate farmers and develop their awareness on the importance of following the correct procedures and participate in reverse logistics.

# FLOW OF THE CAMPO LIMPO SYSTEM



## MANAGEMENT OF THE RECEIVING UNITS

The empty packaging receiving system has 411 units throughout the country. The structure consists of 304 outposts and 107 central stations that receive, segregate and prepare (compression, bailing and bagging) the materials for the most adequate final disposal - recycling or incineration. Itinerant collection stations increase the capillarity of the System, offering alternatives for farmers to return their empty packaging. The fixed receiving stations are managed by the distribution channel, which can be a sales association or an agricultural cooperative, or by inpEV, which had 29 central stations under its management by the end of 2019.

Besides its scope and guaranteeing different forms of receiving, the Campo Limpo System is constantly evolving to stay in pace with the dynamics of Brazilian agribusiness and ensure proper waste management. Part of this process consists of inpEV incorporating the management of receiving stations. This topic was discussed by the Board of Directors with the participation of all links of the agricultural chain which, under a system view, seeks a centralized management model for these units.

As the managing entity of the System, inpEV has the knowledge of the entire packaging disposal process and disseminates good practices on topics such as environmental management, promotion of a safe and efficient working environment at the central stations. This experience, coupled with the management the Institute already conducted of six central stations until 2018, demonstrated the gain opportunities of more integrated management. The purpose is for this measure to bring benefits to the entire Campo Limpo System, including advances in efficiency with process standardization and a consequent cost reduction for all links of the chain.

In 2019, 23 central stations were incorporated under the Institute's management in a transition process that sought to enhance dialog and articulation. As a principle, the workers of these stations became inpEV employees, thus leveraging the technical know-how already incorporated at these units. Along the year, training sessions and meetings sought to align the practices of the units and promote integration among inpEV professionals and the recently-incorporated central stations (*read more on page 36*).

Central station management transfer to the Institute should continue over the next years in a gradual fashion.

### Central stations

units that receive, separate and process the empty packages to be sent to a proper destination.

### Outposts

these are smaller structures than the central stations, capable of receiving the empty packages and separating them, then sending them to the central stations.

### Itinerant collection stations

moving units for the temporary receipt of empty containers in more distant regions from the fixed receiving units.

### Scheduled return of empty packages (adEV)

an electronic system that allows farmers to schedule the return of empty packages or those containing leftovers.



## EXPANSION

In August, with the participation of governmental representatives, the manufacturing industry and distribution channel, the new facilities of the Campo Limpo Tampas e Resinas Plásticas Ltda. were inaugurated in Taubaté (SP). This industrial complex was expanded, gaining over 4,500 m<sup>2</sup> to manufacture Ecocap®, produced from post consumption lids received by the Campo Limpo System. In September, Campo Limpo Plastic Transformation and Recycling S.A., which produces Ecoplástica® (crop protection packaging manufactured using post-consumption packaging originating from the System), inaugurated its new factory in Ribeirão Preto (SP).

## DISPOSED PACKAGING GRI 301-3 & 306-2

The year was marked by a record disposal of empty packages, totaling 45,563 tons. This volume represents a 3% increase when compared to 2018 and demonstrates the System's capacity to keep pace with the agricultural sector growth in the country and the efficiency of this operation. The material was destined in the following fashion: 94% was sent to recycling and 6% to incineration. For 2020, the goal is to handle 46,000 tons of empty packaging.

The System performs the correct disposal of all types of crop protection packaging regularly sold in the market. This includes plastic or metal packaging, its lids and the cardboard boxes used for transportation.

Crop protection post-consumption leftovers that farmers have not completely used are also received. Leftovers can be of two types: expired products or those with damaged packaging that prevent their use; or products no longer used, which registry has been canceled, though not prohibited, and are no longer recommended for use. In 2019, 131 tons of these packages were received and destined by the Campo Limpo System. In this case, this material is exclusively sent to incineration.



**TOTAL WEIGHT OF RESIDUES, BY TYPE AND METHOD OF DISPOSAL GRI 306-2**

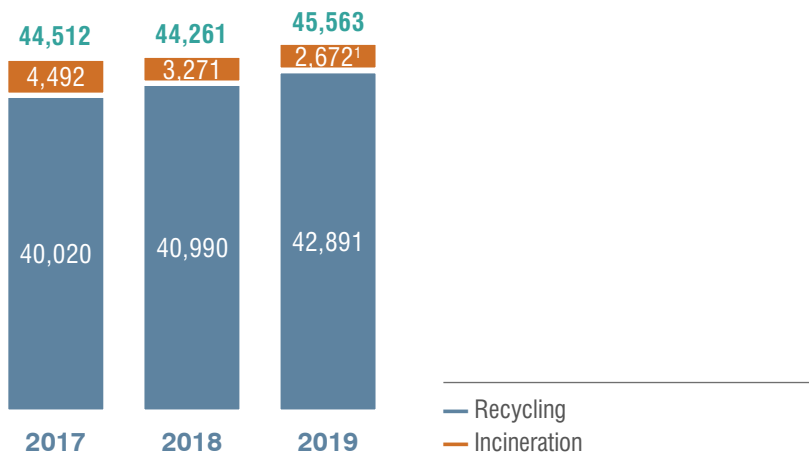
<b>Non-hazardous residue (in tons)</b>		<b>2019</b>
Recycling <sup>1</sup>		42,528.2
<b>Subtotal of non-hazardous residue</b>		<b>42,528.2</b>
<b>Hazardous residue (in tons)</b>		<b>2019</b>
Recycling <sup>1</sup>		362.7
Incineration (mass burning) <sup>2</sup>		2,803.0
<b>Subtotal of hazardous residue</b>		<b>3,165.7</b>
<b>Total</b>		<b>45,693.9</b>

1 Steel, aluminum (packaging and IBC reservoir grating), coextruded polyethylene washed plastic packaging (COEX) and high density polyethylene (HDPE), cardboard and lids, besides rigid unwashed packaging.  
2 Flexible unwashed plastic packaging, IBC reservoir bubble, aluminum hydroxide, glass packaging and packaging with solid and liquid post-consumption leftovers.

**VOLUME DESTINED BY STATE (KG)**

<b>Mato Grosso</b>	11,183,362	25%	<b>Minas Gerais</b>	3,441,204	8%
<b>Paraná</b>	5,949,245	13%	<b>Bahia</b>	3,375,985	7%
<b>São Paulo</b>	5,026,544	11%	<b>Santa Catarina</b>	801,735	2%
<b>Rio Grande do Sul</b>	4,826,639	11%	<b>Maranhão</b>	779,621	2%
<b>Goiás</b>	3,856,349	8%	<b>Others</b>	2,856,195	5%
<b>Mato Grosso do Sul</b>	3,466,210	8%	<b>Overall total</b>	<b>45,563,089</b>	<b>100%</b>

**Disposed packaging, according to destination (in tons)**



Record volume: **45,563 tons** of empty packaging disposed in 2019. The goal is to dispose **46,000 tons** in 2020.

1 Besides these packages, 131 tons of packaging containing liquid and solid post-consumption leftovers were incinerated.

inpEV





The crop protection packaging lids also receive proper destination in the Campo Limpo System.

GRI 102-1, 102-2 & 102-7

A non-profit organization, inpEV (National Institute for Processing Empty Packages) represents the industry<sup>1</sup> and, in 2019, had 112 crop protection manufacturers and registrants that act in Brazil. Its mission is to contribute towards conservation of the environment and the Campo Limpo System by means of self-sustainable management of the final disposal of empty packages of plant health products and by providing services in the solid waste area, with the involvement and integration of all links of the agricultural productive chain.

inpEV works to ensure the efficiency of the process, besides investing in research, development, awareness and environmental education. This integrated management vision also facilitates capturing improvement opportunities of the System itself, such as the application of the circular economy concept for the production of new crop protection packaging from resin recycled from the received packaging or by expanding the System's scope to receive post-consumption leftovers. Another example is the development of solutions to expand even more the universe of recyclable packaging materials. Currently, 94% of the entire received volume is recycled.

With its head office in São Paulo, the Institute also manages 29 of the 411 packaging receiving units across Brazil. The central stations under inpEV's management are distributed across 11 states (Bahia, Espírito Santo, Goiás, Maranhão, Mato Grosso, Mato Grosso do Sul, Minas Gerais, Paraná, Piauí, Rio Grande do Sul and São Paulo). The Institute employs 185 professionals in total.

112 companies are associated to inpEV, responsible for managing the Campo Limpo System.

<sup>1</sup> Federal Law nr. 9.974/00 modified Law nr. 7.802/89 and defined the management principles and environmentally correct disposal of empty crop protection packaging. With its regulatory decree 4.074/02, the shared responsibility among all agents of agricultural production was defined: farmers, distribution channels and cooperatives, industry and the public power.

## MISSION

Contribute towards conservation of the environment and the Campo Limpo System by means of self-sustainable management of the final disposal of empty packages of plant health products and by providing services in the solid waste area, with the involvement and integration of all links of the agricultural productive chain.

## VISION

Be acknowledged worldwide as a center of excellence in the final disposal of empty plant health packages, as a reference in providing services in the solid waste area and becoming self-sustainable in Brazil.

## VALUES

- › **Integrating attitude:** this is the leadership characteristic of the Institute, by valuing team work, integrating the links in the chain and disseminating knowledge.
- › **Innovation:** it is our dynamics, entrepreneurship, creativity and ability to overcome challenges that position inpEV as a global reference in the reverse logistics of empty crop protection packaging.
- › **Integrity:** this means behavior based on ethics, respect for differences, transparency in all actions performed and providing accurate information.
- › **Social and environmental responsibility:** it is the raison d'être of the Institute, which acts as the intelligence center of the Campo Limpo System.
- › **Safety:** it is the care for the well-being and physical integrity of our employees and all those involved in the Campo Limpo System, as well as the protection of information and assets.

## COMMITMENT TO THE GLOBAL AGENDA

The contribution to conserve the environment, present in inpEV's mission, is also materialized in the environmental awareness and educational initiatives for farmers and society at large, held throughout Brazil. The Institute understands that the capillarity of the Campo Limpo System, present in all states of the country with a total of more than 400 receiving units, is what allows it to enhance the benefits of its business.

In this way, by 2019, inpEV disseminated the Sustainable Development Goals (SDGs) among 240,600 junior high school students who participated in the Environmental Education Program (PEA). The initiative has been acknowledged by the United Nations Department of Economics and Social Affairs UN – DESA), as a good practice.

### LEARN MORE

Eco-efficiency of the Campo Limpo System

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Environmental education

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### PEA HELPS DISSEMINATE THE SUSTAINABLE DEVELOPMENT GOALS





## Supply chain GRI 102-9

The inpEV supply chain consisted of 1,275 suppliers in 2019. These include 41 direct suppliers, responsible for inputs and productive equipment and logistical services, transportation and final disposal, and 1,234 indirect suppliers, such as equipment and machinery companies, information technology and support to communication and engagement activities. Of the total procurement volume in the year, the most significant categories were transportation and logistical services (26.7% of the total).

# Corporate governance GRI 102-18

inpEV's administrative and management structure is in line with the best practices in the market and reflects the principles agreed upon in its by-laws: legality, impersonality, morality and equality. The Members General Assembly, the Board of Directors, the Board of Auditors and Executive Board are part of its governance. The importance of the Campo Limpo System, of which inpEV is the managing entity, is also reflected in its structure, with representatives from various decision-making bodies.

The highest body of decision, the General Assembly integrates the Institute's members, crop protection manufacturers and entities that represent the various links of the agricultural chain. Two annual assemblies are held each year to validate inpEV's strategy and assess its performance.

The Board of Directors consists of five representatives from contributing associate companies (elected during the General Assembly), eight representatives of associated entities (other links of the agricultural chain) and by the Institute's CEO. Its responsibility, among other attributions, is to ensure fulfillment of the by-laws and guarantee asset protection, based on commitment with the laws in effect and a close relationship among the links of the chain. The entities that represent the distribution channel and rural producers on the Board of Directors participate in the decisions and are responsible for replicating the information and deliberations within the Campo Limpo System.



A farmer returning the packaging at the Unaí (MG) receiving station.

inpEV's Executive Board is responsible for the management and implementation of the Institute's strategy and its results. It is chaired by the CEO, an independent hired professional (with no bond to the member companies), appointed by the Board of Directors.

### **Commitment towards transparency**

The role of the Board of Auditors is to support and oversee the decision-making process of inpEV, which members are also elected during the General Assembly, with 1 year terms. In 2019 it was formed by representatives from the companies Sipcam, Arysta and Du Pont.

The Institute's management model is structured based on rigid audit and control norms. Annually, inpEV reports the results of its activities and its financial performance according to the Brazilian accounting standards, under the guidance of external auditors and the opinion of the Board of Auditors.

inpEV adopts the best governance and transparency practices.



Packages are pressed and organized on pallets at the receiving stations.

### Support structure

Thematic groups that bring together inpEV specialists and professionals add knowledge and support decisions made by leadership:

- › **Tax Committee:** with the assistance of external consultants, this group facilitates compliance of participants of the Campo Limpo System regarding tax, fiscal and corporate issues.
- › **Logistics Committee:** discusses measures to improve reverse logistics processes and technologies under the scope of the Campo Limpo System.
- › **Labor Committee:** it debates issues relative to the inpEV professionals. The committee also supports the other receiving units of the Campo Limpo System.
- › **National Central Stations Council:** this cross-functional group is formed by managers of the receiving stations and its functions include general demands of the System and disseminating the best practices to the regional councils, acting to support inpEV's administration.
- › **Artifact Approval Committee Work Group (WG):** assesses, controls and approves the manufacturing of artifacts using empty packages from the Campo Limpo System.
- › **Packaging Committee WG:** evaluates new trends, packaging life-cycle and sector innovations.



**Board Of Directors – Companies****Basf S.A.**

Paulo Celso Mathias  
Maurício do Carmo Fernandes

**FMC**

Marcelo Okamura  
Zotico Silva

**Dow AgroSciences Industrial Ltda.**

Adriano Pescarmona  
Felipe Bissoli

**Ihabras S.A. Indústrias Químicas**

Gustavo Urdan  
Juliano Justo

**Syngenta Proteção e Cultivos Ltda.**

Jorge Buzzetto  
José Pelaquim

**Board of Directors – Entities**

- › Abag (*Associação Brasileira do Agronegócio*)
- › Aenda (*Associação Brasileira dos Defensivos Genéricos*)
- › Andav (*Associação Nacional dos Distribuidores de Insumos Agrícolas e Veterinários*)
- › Andef (*Associação Nacional de Defesa Vegetal*)
- › Aprosoja (*Associação Brasileira dos Produtores de Soja*)
- › CNA (*Confederação Nacional da Agricultura e Pecuária do Brasil*)
- › OCB (*Organização das Cooperativas Brasileiras*)
- › Sindiveg (*Sindicato Nacional da Indústria de Produtos para Defesa Vegetal*)

**Board of Auditors****Sipcam**

Luiz José Fraga Moreira  
Traldi  
Adilson da Cruz

**Arysta**

Yuji Hamada  
Monica Vergé Fanucchi

**Du Pont**

Gustavo Queiroz Haddad  
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**CODE OF CONDUCT** GRI 102-16 & 205-2

The inpEV principles, values and mission are set forth in the Code of Conduct, which defines the expected attitude of employees concerning different stakeholders.

This material was revised in 2017 and deals with topics such as conflict of interest, respect towards differences, information security, relationship with the public sector and emphasizes inpEV's and its employees' commitment towards social-environmental accountability. The code also defines principles focusing on disseminating knowledge and sponsoring cooperation among all links of the agricultural chain that comprise the Campo Limpo System. The code also discloses the Anti-corruption and Fair Trade policies.

All employees and third-party professionals are informed of the Code of Conduct during the orientation process, which also includes the topic of the fight against corruption. In 2019, 100% of new hires underwent this process. There are also periodic training sessions on the topic and the next one is scheduled to take place in 2020.



The inpEV Code of Conduct is public and can be accessed at the Institute's website: [www.inpev.org.br](http://www.inpev.org.br).

# Material topics



GRI 102-40, 102-42 & 102-43

The definition of inpEV's main activity topics is done based on a materiality process which takes into account the perception of stakeholders with whom the Institute maintains relationships and the day-by-day reality. In the most recent analysis, done in 2017, these issues were grouped into eight topics that summarize the key areas in which the Institute creates an impact and has the potential to expand its positive influence.

## PROCESS

# 1

### IDENTIFICATION

Relevant topics are listed based on document analysis (internal guidelines, sector studies and prior materiality) and a revision, by the management team, is conducted of the main impacts, involved parties, and areas.

# 2

### PRIORITIZATION

External and internal interviews and online consultation with managers, employees and associates helped prioritize the topics.

# 3

### STRATEGIC VALIDATION

inpEV's board of directors performs the strategic validation of the material topics list.



Below is a detailed description of each material topic, its relevance to inpEV, and an indication of where each impact occurs and where to find more information.

## INPEV MATERIAL TOPICS

GRI 102-44, 102-46, 102-47 & 103-1

### OPERATIONAL EXPANSION

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#### Why is it material

To keep in pace with the expansion of agricultural frontiers and production growth of the sector is fundamental for the effectiveness of the Campo Limpo System.

The disposal structure may allow for the future incorporation of waste management from other sectors and contribute towards achieving inpEV's vision of reaching financial self-sufficiency.

#### Aspects considered

Geographic expansion; processing of other crop protection packaging materials.

#### Impact extent

Outside inpEV.

#### Read more

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### LOGISTICS

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#### Why is it material

A complex logistics operation allows for the disposal of empty packages across the entire Brazilian territory. inpEV is responsible for transporting packaging from the receiving units until its final destination, which is done thanks to planning, technology, systems and traceability of the entire chain. Shipping costs management is an ongoing point of attention.

#### Aspects considered

Reverse logistics; safe routes; logistical infrastructure; packaging return facility and transportation conditions.

#### Impact extent

Outside inpEV.

#### Read more

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### OPERATIONAL ECO-EFFICIENCY

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#### Why is it material

The search for more sustainable processes and more efficient facilities are also a constant. And impact assessment studies calculate the environmental benefits of the System, which avoids greenhouse gas emissions as well as the use of natural resources.

#### Aspects considered

Natural resource management; use of materials, water and energy; reduction and recycling of materials arising from operations; sustainable facilities and emissions.

#### Impact extent

Outside inpEV.

#### Read more

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### INNOVATION & TECHNOLOGY

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#### Why is it material

The Institute is always seeking more efficient ways of doing more in a better fashion, either by means of process innovation (e.g., unwashed packaging compacting, receipt of post-consumption leftovers or the change in the empty packaging washing procedure), or with regard to products (new technologies for the Ecoplástica® and Ecocap® packaging). This systemic vision has made the Campo Limpo System become a reference in circular economy.

#### Aspects considered

Innovation and technology in operations.

#### Impact extent

Inside and outside of inpEV.

#### Read more

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## HUMAN DEVELOPMENT

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### Why is it material

The Institute develops competencies to stimulate continuous evolution and innovation, besides technical specialization in packaging reverse logistics and circular economy.

### Aspects considered

Career management; employee training and development; internal career planning; talent attraction and retention.

### Impact extent

Inside inpEV.

### Read more

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## EDUCATION AND AWARENESS

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### Why is it material

inpEV seeks to go beyond raising farmer awareness and uses the capillarity of the Campo Limpo System to promote environmental education to students and communities regarding topics such as mindful consumption and shared responsibility in various contexts. To promote education and awareness is a determination set forth by legislation for manufacturers, distribution channels and the public power.

### Aspects considered

Education and awareness of communities close to the receiving units or regions considered critical for the correct disposal of packaging material; environmental education for students; actions aimed at farmers.

### Impact extent

Inside and outside of inpEV.

### Read more

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## MULTI-STAKEHOLDER DIALOG AND COOPERATION

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### Why is it material

Valuing dialog and cooperation is part of inpEV's essence. One of its values is an integrating spirit, which reflects the Institute's leadership characteristic, teamwork, integration among chain links and knowledge dissemination.

### Aspects considered

Multi-stakeholder engagement processes; dialog and partnerships; interaction with government and influence upon the public power; sector articulation with a positive influence upon the regulatory environment.

### Impact extent

Outside inpEV.

### Read more

Page 45

## ECONOMIC FEASIBILITY

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### Why is it material

As a non-profit organization, inpEV's activities are for the most part funded by its members and, to a lesser extent, by revenue generated by the System itself. The Institute is committed to pursue economic self-sufficiency. For this, it focuses on cost reductions, gains in efficiency and productivity, increase in recycling and it assesses revenue generating opportunities arising from residue management from other agricultural sectors as well as consultancy.

### Aspects considered

Economic and financial performance; growth; new businesses; shared value generation.

### Impact extent

Inside and outside of inpEV.

### Read more

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# Operational expansion

GRI 102-10, 103-2 & 103-3

The opening of the first receiving station in Amapá guaranteed the fixed presence of the Campo Limpo System in the entire country.

inpEV monitors the expansion of the agricultural frontiers in Brazil and identifies the need to open new receiving units. In 2019, two outposts and one central station were opened - the outposts are managed by wholesale associations; the new central station is under inpEV's management.

In February, the first receiving outpost in Macapá, capital of Amapá, was inaugurated, which guaranteed the fixed presence of the Campo Limpo System in all states of the country. In April, the Bahia city of Barreiras gained its second receiving station, in Placas, with a capacity to receive 1,000 tons of material per year. It is worth highlighting that Bahia comprises the region known as Matopiba, together with Maranhão, Tocantins and Piauí, which has experienced growth in agricultural production in recent years. In July, the Abaiara outpost was inaugurated in Ceará. Previously, the Cariri region was serviced using itinerant collection stations, but the increase in production, especially of fruits in the region, justified opening the outpost, the third in Ceará.

The Campo Limpo System ended 2019 with 411 receiving stations, consisting of 107 central stations and 304 outposts. In 2018, there were 110 central stations and 301 outposts. Along the year, four central stations with small receiving volumes were converted into outposts. In December, inpEV was responsible for managing 29 central stations (see the location of the 29 stations on the map on the opposite page).

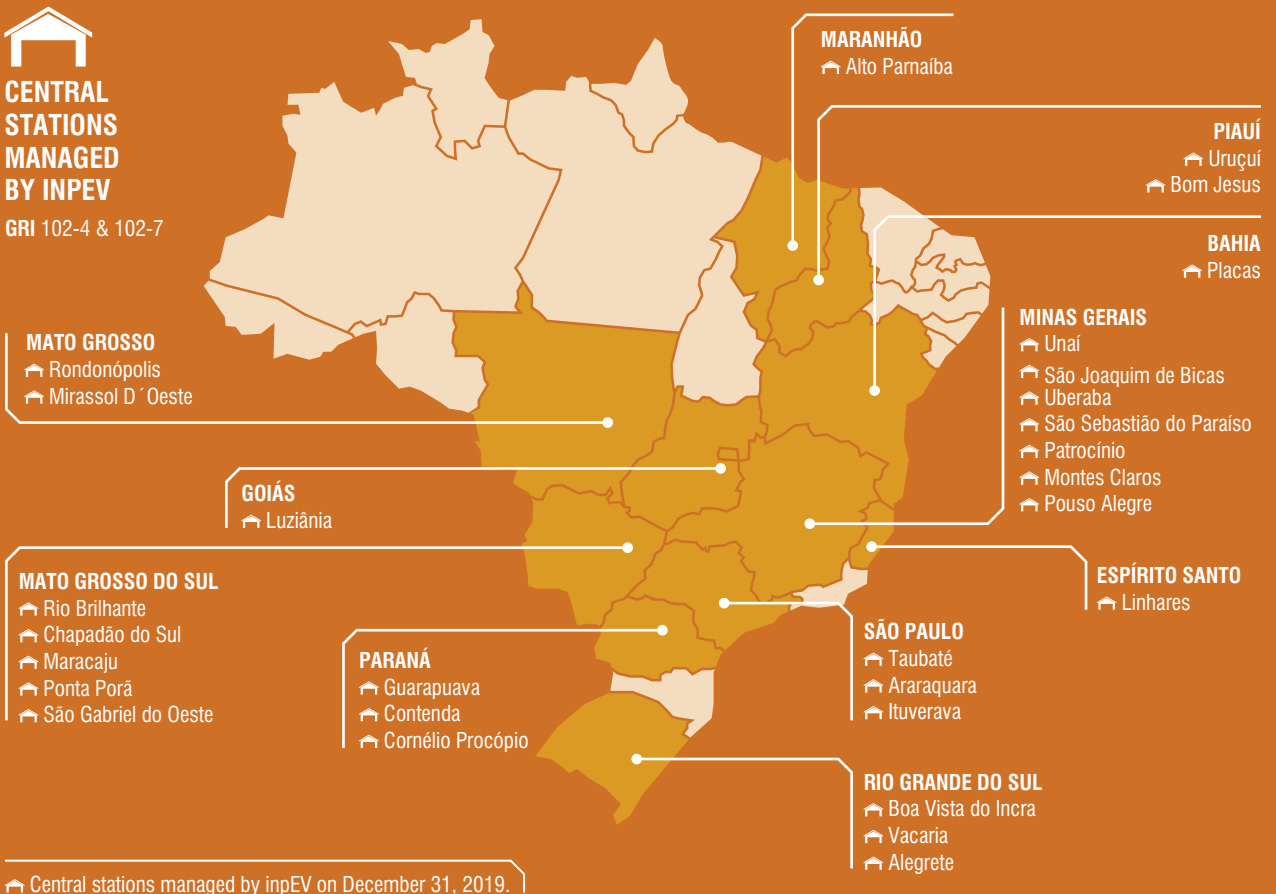
## CLOSE TO FARMERS

With the itinerant collection stations, the Campo Limpo System gains even more capillarity and expands access to small farmers who live in locations far from the fixed receiving units. In 2019, 4,500 itinerant collection stations were held.

## POST-CONSUMPTION LEFTOVERS

The receipt of packages containing leftover crop protection products manufactured and sold on a regular basis requires specific care and, after the publication of Conama Resolution nr. 465/2014, the Campo Limpo System adjusted its units, trained its professionals and obtained new operational licenses from the environmental authorities. In 2019, of the 411 units, 103 central stations and 101 outposts were fit to receive such material. During the year, 131 tons of post-consumption residue were disposed of.

inpEV also supports the legal authorities in specific actions, focusing on disposing obsolete crop protection and/or improper products (products prohibited by law since 1985, according to Ordinance nr. 329 of the Ministry of Agriculture and that may still be in the field). In these cases, agreements are made in which inpEV collaborates with the public power based on its knowledge in managing such residue and its disposal structure. In 2019, the Institute signed a new agreement with the Paraná government to dispose of illegal products seized by the environmental agency of that state.





# Logistics

GRI 103-2, 103-3 & 306-4

Fundamental to the Campo Limpo System, the logistical model adopted for the disposal of empty packaging or that containing post-consumption leftovers is that of return shipment, which optimizes the process and costs of the System. The same vehicle that delivers the crop protection products from the manufacturer to the farmers, wholesalers and cooperatives transports the empty packaging from the receiving units to the recyclers and incinerators. This concept is adopted in more than 98%<sup>1</sup> of the shipments from the central stations to the final destination.

Besides the environmental benefits, this type of shipment reduces costs by around 45%. Additionally, it decreases the number of vehicles in traffic and pollutant emissions. In 2019, the System hauled 12,958 trucks. It is worth pointing out that the transportation of materials considered hazardous waste (unwashed packaging), which have not been submitted to the adequate washing process by farmers and post-consumption leftovers) happens throughout the national territory, in line with the legislation in force. In 2019, 3,165.7 tons of this type of residue were transported.

In terms of safety at the central stations and outposts, all vehicles undergo inspection prior to departure. Vehicle documentation and driver conditions as well as items such as tires, lights, brakes and bail tie-down straps are inspected. The drivers that carry out the hauls are also specialized, thereby increasing the safety of this phase. inpEV also monitors the main carriers that service the System, which contributes to improve the processes and guarantee compliance with the legislation.

Several initiatives seek to optimize the logistics step and make it ever more efficient. One example is the Central Offices Information System (SIC), which allows to manage received packaging volumes and unit inventory and assists in managing the displacement of trucks that service the Campo Limpo System. SIC, which has already been implemented at all central stations, is being extended to the outposts, which will increase the System's traceability (*read more on page 35*). By the end of 2019, more than 150 outposts were already integrated to SIC.

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<sup>1</sup> This considers the transportation from the central stations to the destination units: recyclers or incinerators. The logistics between the outposts and central stations, with smaller distances and specific logistics needs, are not done using the return shipment model.





## COST OF SHIPPING

Along 2019, inpEV participated in public hearings together with the National Confederation of Industries (CNI) to develop awareness among government on the environmental gains generated by the reverse logistics made possible through the Campo Limpo System. The National Policy on Solid Waste (PNRS) itself sets forth the creation of incentives to consolidate reverse logistics systems in the country, with positive impacts to waste management, the environment and public health.

However, the National Agency of Ground Transportation (ANTT) established new rules for charging freight at the start of 2020 and restated the value of the minimum fees per traveled kilometer. Once disregarding the characteristics of the return shipment format when defining such values, the new regulation burdens and penalizes reverse logistics.

**12,958 trucks** hauled and **more than 6 million kilometers** traveled in 2019.

**9,400 vehicles** traveled from the outposts to the central stations; and

**3,558 vehicles** traveled from the central stations to the final destination (recyclers or incinerators).



# Operational eco-efficiency

GRI 103-2, 103-3 & 305-5



**FROM 2002 TO 2019:**  
**752,658**  
**tons of CO<sub>2</sub>eq**  
**avoided**

the equivalent of 14,224  
truck trips around the earth.



**33 billion**  
**mega joules of**  
**energy**

were avoided: enough  
to supply 4.7 million  
households for a full year.

**A**s the managing entity of the Campo Limpo System, inpEV seeks to continuously advance in ensuring ever more sustainable and efficient processes and facilities.

The environmental benefits of the System's activities are assessed annually by means of an eco-efficiency study conducted by the Espaço Eco Foundation, an organization specializing on assessing impacts and life cycles. The study compares the current real scenario with a hypothetical situation in which the reverse logistics program does not exist, as was the case in 2002, year in which it was structured. Between 2002 and 2019, the System's activities avoided emitting 752,658 tons of carbon equivalent (CO<sub>2</sub>eq) into the atmosphere. In case it did not exist and these emissions had occurred, it would be necessary to plant around 5.4 million trees to offset this.

The life cycle study reinforces the role of the System in promoting circular production operations, thus increasing to maximum productivity the usage and reuse capacity of goods and natural resources, keeping them in the economy and generating value, besides reducing the demand for fresh raw materials (*read more on page 10*).

This calculation is updated every year and, every four years, the methodology is revised to maintain it in line with international packaging life cycle assessment standards. The environmental benefits of proper packaging disposal and recycling are considered, besides the calculation of the impact of the System's operations, such as water and energy consumption of the receiving units and the greenhouse gas emissions resulting from the logistics phase.

It is worth pointing out that all receiving units have operational and environmental licenses as well an operational license issued by the Fire Department. By means of the Implantar program, inpEV leverages the adoption of good operational practices, including social and environmental issues at the units. The program considers several



Farmer involvement is essential for the Campo Limpo System effectiveness. In the picture, a farmer from Contenda (PR).

indicators and, every year, acknowledges the 20 top ranked central stations. Among the practices to make the System facilities and processes more efficient, it is also worth highlighting the definition of the sustainable receiving station model. In 2019, the new Placas (BA) central station was built following these guidelines.

### ISO 9001 CERTIFICATION

In 2019, inpEV received NBR ISO 9001:2015 recertification, a standard that deals with quality management in organizations, attesting to the Institute's adherence to best practices that guarantee the safety of processes, especially for employees of the receiving units.

This was the ninth audit cycle, which included for the first time the receiving station of Placas, in Barreiras (BA), inaugurated in 2019, and the receiving station of Uberaba (MG). Besides these two units, the recertification scope covered the central stations of Boa Vista do Incra (RS), Rondonópolis (MT), Taubaté (SP), Unaí (MG) and Uruçuí (PI). The receiving, segregation, processing, storage and packaging shipment to final destination processes were verified. The recertification also considered the inpEV processes for receiving station management, logistics phase and packaging final destination.



## ENERGY AND WATER GRI 302-1 & 303-1

In 2019, 397 GJ of electric power were consumed at the inpEV headquarters and seven receiving stations under the Institute's management: Taubaté (SP), Unaí (MG), Uruçuí (PI), Alto Parnaíba (MA), Boa Vista do Incra (RS), Rondonópolis (MT) and the Placas receiving station, in Barreiras (BA), inaugurated in the beginning of 2019.

Of the 197 GJ consumed by the seven receiving stations, 169 GJ were purchased via the power concessionaire and 28 GJ generated at the Unaí central station, which has a photovoltaic system since the end of 2018 - roughly 94% of the total consumed at that station in 2019 was generated at the unit itself. With this measure, there was an 86% reduction in electric power expenditure at Unaí.

The energy intensity, which is equivalent to the total electric energy used to dispose of 1 kg of empty packages, corresponded to 63.1 J/kg of disposed packaging.

With regard to water consumption, the inpEV headquarters and the Rondonópolis (MT) central station used water supplied by the city, while all other receiving stations rely on artesian wells. It should be noted that, due to the nature of the activities of the receiving stations, water consumption is low. All effluent discharge consists of domestic sewage and is collected by the public network.

The Rondonópolis station consumed 494 liters in 2019. It is not possible to report the consumption of the other stations since monitoring is still not done, nor consumption at the inpEV office since measurements are not individualized.

# Innovation & technology

GRI 103-2 & 103-3



Innovation and technological development are essential for the continuous improvement of the Campo Limpo System. For this, remember that Ecoplástica®, produced using recycled resin from empty packaging, and Ecocap®, a sealing system produced in the same way from recycling, are the result of technological developments of Campo Limpo Plastic Transformation and Recycling S.A. and of Campo Limpo Tampas e Resinas Plásticas Ltda. Both these recyclers were conceived by inpEV and became partners of the System.

But innovation does not only produce new products, it also improves processes and contributes towards the System becoming more efficient and, in the future, self-sufficient.

After adopting a strategic sourcing platform in 2018, which allowed the inpEV Procurement area to conduct product and services purchases in a more optimized and systematized fashion, in 2019 this department studied the feasibility of implementing a business intelligence tool (BI), which data analysis and collection can make decision-making even more precise. The implementation of this tool, which will be connected to the strategic sourcing platform, is planned for 2020.

Also in 2019, inpEV started a project to improve traceability. The expectation is for the materials processed at the stations to start having a bar code, QR Code or another similar solution, thus allowing information contained in this code to be processed in an automated fashion in the Central Offices Information System (SIC).

A project that improves the Campo Limpo System traceability is an innovative line of work at inpEV.



# Human development

GRI 103-2 & 103-3

The number of employees at inpEV more than doubled between 2018 and 2019.

To boost employee development besides attracting and retaining talents is the main people management strategic goal of inpEV, carried out by the Human Resources area with involvement of all leadership.

In 2019, with the start of the receiving stations incorporation process, the Institute more than doubled the number of employees, from 82 professionals by the end of 2018 to 185 in the following year. Most of the new employees already worked at the units previously managed by wholesale associations and cooperatives, and were kept by inpEV, thus valuing their expertise and ensuring that the knowledge of the Campo Limpo System was not lost. This decision is also in line with inpEV's positioning, which prioritizes the use of internal talents, thus valuing and developing professionals specializing in reverse logistics of empty crop protection packaging.

<b>TOTAL EMPLOYEES</b> GRI 102-8	<b>Permanent contracts</b>	<b>Temporary contracts</b>	<b>Total</b>
<b>By gender</b>			
Males	125	0	125
Females	59	1	60
<b>Per region<sup>1</sup></b>			
South Region	32	0	32
Southeast Region	103	1	104
Center-West Region	34	0	34
Northeast Region	15	0	15
<b>Per type of shift</b>			
Full-time	177	1	178
Part-time	7	0	7
<b>Total<sup>2</sup></b>	<b>184</b>	<b>1</b>	<b>185</b>

<sup>1</sup> There are no employees in the North region of the country.

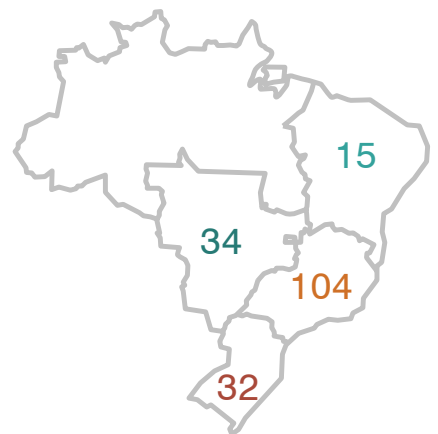
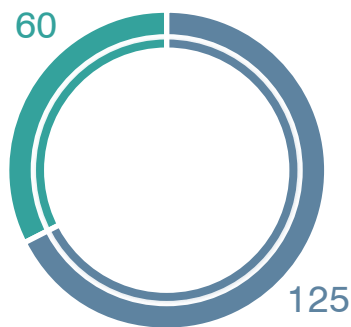
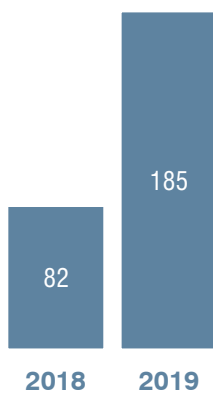
<sup>2</sup> Of the 185 employees, seven are third-party professionals and are located at the Institute's headquarters in São Paulo (SP), and carry out support activities.



A worker at the Contenda (PR) station, one of the units that started being managed by inpEV in 2019.

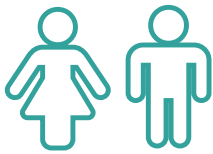
### TEAM PROFILE

GRI 102-8



— female  
— male

— South Region  
— Southeast Region  
— Center-West Region  
— Northeast Region



GRI 102-41

**100%**

covered by  
collective bargaining  
agreements.

## **DEVELOPMENT CYCLE** GRI 404-3 & 404-1

As part of the Contract Results and Performance Assessment (ADCR), every year the employees of the administrative area and those holding supervisory, coordination, managerial and director positions jointly define with their leader the individual goals and carry out a performance assessment, which includes a self-assessment and evaluation by their direct leader. In 2019, all eligible employees (those with the Institute for over a year in assistant, analyst, supervisor, coordinator, manager and director positions) underwent the assessment, which considers nine aspects, among which are technical performance, personal commitment and teamwork.

These processes support the Individual Development Plan (PDI), which establishes the training courses to be attended for each employee. Another assessment process takes place every two years. This is the Potential Assessment Program where all leaders meet with the Executive Board to identify professionals with potential to take on leadership roles in the future and define the development strategy for each one. For 2020, it is expected to structure the Leadership Development Program, in partnership with the International Coaching Institute (ICI).

In 2019, the training courses matrix for the administrative area contained more than 20 competencies (technical and behavioral). The EAD course about the Campo Limpo System, which received a new platform in 2019, also became a part of the training syllabus.

For the operational workforce, the orientation training courses for the central station employees that started being managed by inpEV were prioritized. Training courses on operational procedures and safety were also held.

In 2019, the Institute's 185 employees received 10,595 hours of training, an average of 57.27 hours of training per employee. Among the administrative team, the average reached 35.88 hours of training per employee; for the operational team, which acts at the receiving stations, the average was 49.83 hours of training per professional.

## **SAFETY OF THE CAMPO LIMPO SYSTEM** GRI 403-2

Safety is one of inpEV's values and is one of its management's goals. In line with all safety standards, since 2018 the Institute also has a Safety and Health Management System, which ensures risk identification and monitoring and process standardization in order to prevent accidents and occupational diseases.





Safety is another pillar of the Campo Limpo System, which invests in training and awareness campaigns for the System employees, among other activities.

In order to consolidate this culture among all System professionals, the 1st Internal Labor Accident Prevention Week (Sipat) of the Campo Limpo System was organized. By focusing on self-care and carrying the theme “You are the mostly responsible for your own safety”, lectures and activities were held simultaneously at 100 receiving stations and at the inpEV headquarters.

<b>AVERAGE TRAINING (H) GRI 404-1</b>	<b>Collaborators</b>	<b>Hours</b>	<b>Average</b>
<b>Per functional category</b>			
High governance	0	0	0.00
Directors	1	1.5	1.50
Managers	9	48.5	5.39
Coordinators	19	224	11.79
Receiving station Coordinators/Supervisors	27	947.5	35.09
Administrative	29	1,040.50	35.88
Operational	92	4,584.50	49.83
Apprentices	5	97	19.40
Interns	3	113	37.67
<b>Per gender</b>			
Males	125	8,448.00	67.58
Females	60	2,146.50	35.78
<b>Total</b>	<b>185</b>	<b>10.595</b>	<b>57,27</b>

Besides Sipat, specific training courses were held, besides awareness campaigns, installation of safety warnings and signs, equipment adjustments and standardization of work procedures at the stations managed by inpEV, including those that started being managed by the Institute during 2019. The Health and Safety area was also reinforced by hiring one more specialist dedicated to process safety.

In 2019, the injury rate and severity rate (lost days) increased when compared to the previous year. The absenteeism rate dropped, going from 1.92 in 2018 to 1.16 in 2019. The indicator scope includes employees at the inpEV headquarters and at the six receiving stations already under the Institute's management prior to January 1, 2019, which allowed a 12 month monitoring period along the year. The different results for males and females are due to the fact that most women carry out administrative functions, where exposure to risk is low. The difference in results among regions is explained by the higher volume of packaging collected in the South, Southeast and Center-West regions, which results in a higher number of employees at the stations in these three regions.

HEALTH AND SAFETY PER GENDER <sup>1</sup> GRI 403-2	2017			2018			2019		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Injury rate <sup>2</sup>	22.50	0.00	12.20	15.40	0.00	9.79	21.78	11.42	17.75
Occupational illnesses rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Severity rate <sup>3</sup>	112.50	0.00	61.20	30.81	0.00	19.59	36.3	22.84	31.07
Absenteeism rate <sup>4</sup>	0.00	0.00	0.00	1.21	0.02	1.92	1.52	0.61	1.16
Number of deaths	0	0	0	0	0	0	0	0	0

HEALTH AND SAFETY PER REGION <sup>1</sup> – 2019 GRI 403-2	South	Southeast	Midwest	North	Northeast	Total
	Injury rate <sup>2</sup>	45.91	11.91	51.65	0.00	0.00
Occupational illnesses rate	0.00	0.00	0.00	0.00	0.00	0.00
Severity rate <sup>3</sup>	137.74	11.91	103.3	0.00	0.00	31.07
Absenteeism rate <sup>4</sup>	3.01	0.33	6.28	0	1.17	1.16
Number of deaths	0	0	0	0	0	0

1 The indicator considers employees from the inpEV headquarters and the receiving stations of Taubaté (SP), Rondonópolis (MT), Unaí (MG), Uruçuí (PI), Alto Parnaíba (MA) and Bom Jesus (RS).

2 The injury rate includes low severity incidents, attended with on premise first aid, and is calculated using the following formula: number of accidents/man-hour of risk exposure x 1,000,000. These injuries include concussions, cuts, falls from one's own height, etc.

3 Calculated based on the formula: (lost days + debited days)/ man-hours of risk exposure x 100. Lost days are calculated starting on the day following the accident.

4 It corresponds to the lost hours/ total hours of work x 100. Lost days are calculated starting on the day following the accident.

# Education and awareness

GRI 103-2 & 103-3



npEV goes beyond awareness development actions, which focus on farmers, and its main objective is to stay engaged with this public concerning the correct disposal of empty crop protection packaging. This work extends to other audiences as is the case of communities in which the receiving units operate. The results are systematically monitored by the Communication and Educational area and set the groundwork for future strategies.

## PEA: A UN REFERENCE GRI 413-1

In 2019, the Campo Limpo Environmental Educational Program (PEA) was acknowledged by the United Nations Department of Economic and Social Affairs (UN DESA) as a good practice in disseminating the Sustainable Development Goals (SDGS).

Every year, the PEA distributes educational kits to be used with 4th and 5th grade Elementary School students in communities neighboring the receiving stations of the Campo Limpo System. In 2019, of the 107 stations, 106 (98%) were enrolled in the program. The PEA continued bringing solid waste management as a main topic and included, in 2019, the link with the SDGS which, in an educational and interactive way, sought to raise awareness of students as to the importance of the global agenda and how everyone in society is responsible for preserving quality of life and the environment. The communication materials also provided tips to help students, their families and school and community members to contribute with mindful consumption practices.

With the theme “Solid waste: a shared responsibility”, the program sought to encourage student leadership in 2019. Another innovation was the alignment of the educational content with the Common Base National Syllabus (BNCC).



**106 receiving stations** helped disseminate the PEA to more than **240,000 students** from over **2,500 schools** in 2019.

During the year, 9,000 educational kits were distributed to 240,622 students from 2,571 schools in 324 cities (*the PEA number for the last three years can be found on the following page*). In 2020, the central theme continues to be solid waste management and dissemination of the circular economy concept will be emphasized. The SDGS will also continue to be part of the educational syllabus.

## PEA ARRIVES AT THE SÃO PAULO CAPITAL

Since solid waste management is also a challenge for large cities, in 2019 inpEV took the PEA to more than 70 public schools of the city of São Paulo, the largest metropolis in South America. With this initiative inpEV had the opportunity to demonstrate the effectiveness of the Campo Limpo System and contribute towards sustainable agricultural production, besides setting a successful example of reverse logistics and circular economy to students inserted in a different reality than that of the field. In 2020, the PEA will continue in the city of São Paulo.

## PARTICIPATION IN THE NATIONAL CLEAN FIELD DAY GRI 413-1

The National Clean Field Day (DNCL), celebrated on August 18, is the main mobilization moment of all link representatives of the agricultural chain. In 2019, the 15th anniversary of the event, more than 78,000 people participated, surpassing the number recorded during the preceding year. The official ceremony was organized at the receiving station of Bebedouro (SP), managed by Coopercitrus (Rural Producers' Cooperative).

With the theme "Together, sowing clean fields", 102 receiving stations (94% of the total), located in 22 states of Brazil, celebrated this date, with the completion of 411 activities. Also addressing environmental education and awareness, the event offers activities in specific areas: University DNCL, with actions designed for students; DNCL Field Day, intended for farmers in a commemorative fashion; DNCL Open Doors, which invites the communities near the receiving stations to learn more about how the stations work; DNCL Community Action, which organizes activities such as cleaning and maintaining public squares, cleaning river banks and planting seedling greenhouses, among other actions; and DNCL Ceremonies, which counts on the presence of local public authorities.

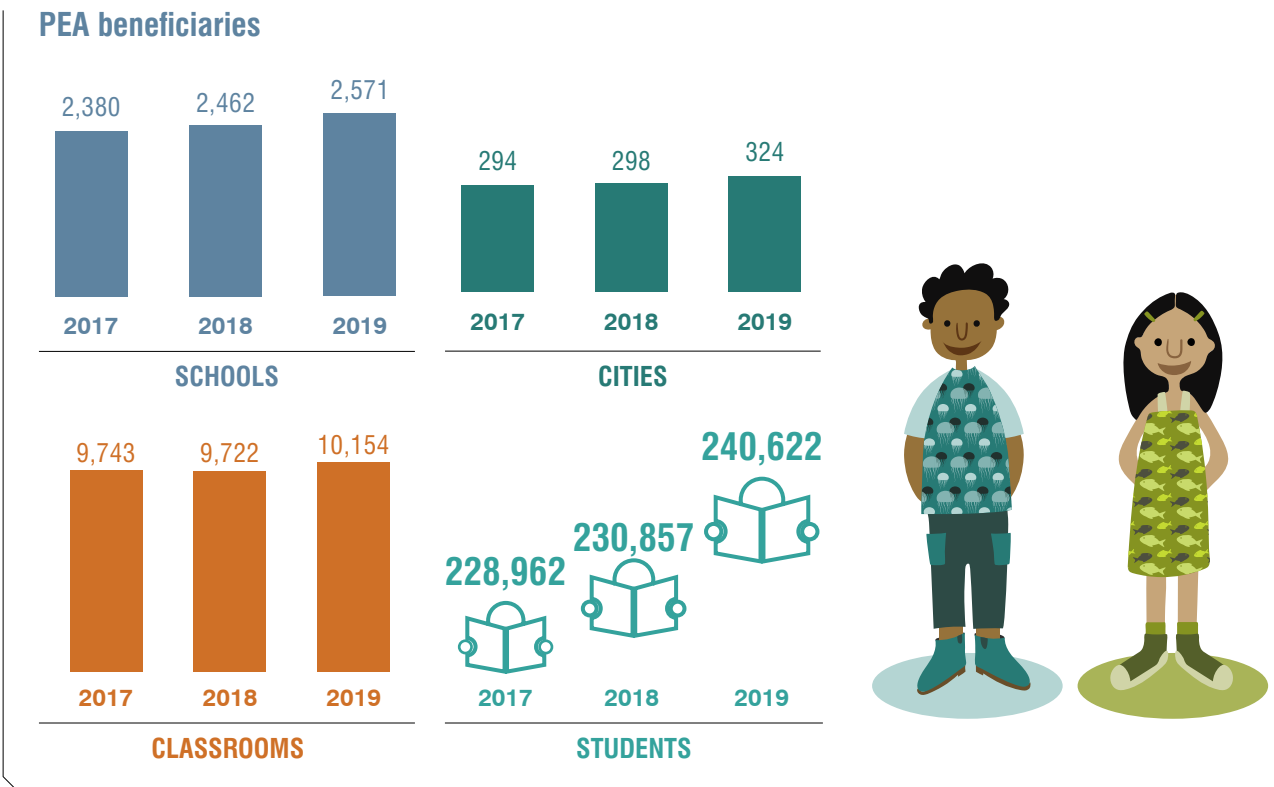


## FARMER AWARENESS

inpEV also promotes periodic campaigns to encourage farmer engagement and advise them on their responsibility in returning the empty packaging and adequate storage procedures. In 2019, two actions set the spotlight on the return of packaging lids. Another campaign reinforced the importance of the triple wash as a procedure prior to returning the packaging.



PEA 2019 also addressed the 17 Sustainable Development Goals





The event celebrates the National Clean Field Day at the Rondonópolis (MT) receiving station.

### **NEW E-LEARNING PLATFORM (EAD)**

The Campo Limpo System online course, available on the inpEV website, started being hosted on a new platform in 2019 and gained more resources and tools, which made learning even more interactive, user-friendly and attractive. This course, which can also be taken on a smartphone or tablet, includes information about the relevant legislation, the responsibilities of each link in the chain and how the System works.

Since the new platform was launched, more than 2,200 people have already enrolled and around 1,600 have completed the course. In 2019, inpEV presented the online course to the workers of member companies and distributors, seeking to encourage them to become advocates of the concepts involving the Campo Limpo System. This training course can be taken by students and logistics professionals from other sectors and the public at large.

# Multi-stakeholder dialog and cooperation

GRI 102-12, 103-2 & 103-3



When participating in distant initiatives and multilateral groups, inpEV disseminates the already consolidated reverse logistics and circular economy models of the Campo Limpo System and has the opportunity to positively influence other sectors. On the other hand, it follows the main discussions of the global sustainability agenda, which allows it to internally improve its practices and processes.

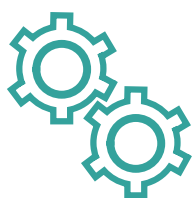
In 2019, two movements reinforced this positioning: affiliation to Rede Brasil of the Global Compact, a United Nations (UN) initiative, and the State Program for Climate Changes of the State of São Paulo (Proclima). The Global Compact, which urges for the adoption of the ten principles related to human rights, labor relations, environment and anti-corruption practices, is formed by 9,900 members, of which 800 are Brazilian. Along the year, the Institute was part of the Thematic Food and Agriculture Group of Rede Brasil. Proclima congregates organizations committed towards reducing greenhouse gas emissions (GHG).

Furthermore, inpEV remains committed to the Terms of Commitment for the Reverse Logistics of Empty Crop Protection Packaging of the states of São Paulo, Paraná and Ceará. Every year, it reports compliance with the disposal and geographical coverage goals of each state.

## OTHER EVENTS

inpEV participates in different events of the agricultural sector of entities engaged with the theme of solid waste management and in sustainability forums. In 2019 it participated, for example, in events of the Brazilian Association of Members of the Ministry of the Environment (Abrampa), such as the XIX Brazilian Congress of the Ministry of the Environment, in Curitiba (PR), and four seminars in Belém (PA), Campo Grande (MS), Goiânia (GO) and Fortaleza (CE). It also participated in events of the National Association of Members of the Public Ministry (Conamp).

In the 2019 edition of the LIDE Agribusiness Award, an initiative of the Grupo de Líderes Empresariais, inpEV was one of the winners in the Sustainability category.



## CONTRIBUTION TO ABNT

In 2019, ABNT (Brazilian Association of Technical Standards) published a new version of the NBR 9843 standard, which deals with proper and safe storage of crop protection products and similar items. This standard has incorporated a fifth section, which specifically addresses the storage of empty packages or those containing post-consumption leftovers at receiving stations and outposts. This was a contribution from inPEV to the ABNT work group responsible for updating the standard.

In December, the Institute's CEO participated in a workshop organized by Croplife China, in Shanghai, to present the Brazilian reverse logistics model for empty crop protection packaging, considered a global reference. Shortly after that, he welcomed a Chinese delegation that came to Brazil to get first-hand knowledge of the Campo Limpo System.

Institute representatives also participated in the following events:

- › **II International Meeting of Contemporary Administrative Law and the Sustainability Challenges: Intelligent, Human, Sustainable Cities and the New Urban Agenda**, in the São Paulo Capital;
- › **Field Day: SP Agro Paths**, of the Secretary of Agriculture and Supply of the State of São Paulo, which took place at the Campinas Agronomic Institute (IAC);
- › **II Paraná State Seminar on Reverse Logistics**, in Curitiba (PR), organized by the Industry Federation of the State of Paraná (Fiep);
- › **21<sup>st</sup> Environmental Week**, in São Paulo (SP), of the Industry Federation of the State of São Paulo (Fiesp) and the Industry Center of the State of São Paulo (Ciesp); and
- › **I Northeast Seminar on Solid Waste**, in Fortaleza (CE).





inpEV CEO, João Cesar Rando, with São Paulo governor, João Doria, and Campinas vice-mayor, Henrique Magalhães Teixeira, at the Field Day: SP Agro Paths event.

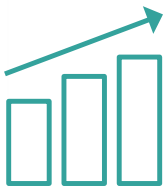


inpEV representatives present the Campo Limpo System during the 21<sup>st</sup> Environmental Week at Fiesp/Ciesp (left), in São Paulo (SP), and Abrampa seminar (right) in Campo Grande (MS).



# Economic feasibility

GRI 103-2, 103-3 & 201-4



**R\$ 1.4 billion**  
invested since  
2002 to fund the  
activities of the  
Campo Limpo  
System<sup>1</sup>.

<sup>1</sup> Refers to investments made by all links of the chain.

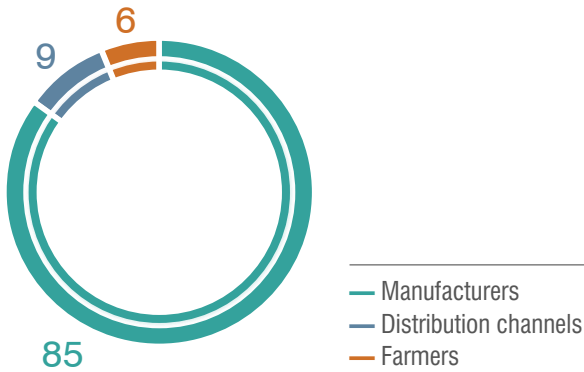
inpEV's revenue comes from the contribution of the crop protection manufacturing industry, from recycler accreditation fees, from fees charged to cover costs of the receiving units and from the lease of the Campo Limpo Plastic Transformation and Recycling S.A.. The Institute does not receive financial support from the government nor funds from credit agencies. The budget is monitored on a monthly basis by managerial meetings as well as by the Institute's Board of Directors.

All management is committed with initiatives of efficiency, productivity gains and cost reductions. In 2019, the project that transfers the phase of removing the label and insert from the empty packaging to recyclers was concluded. Before they were manually removed at the central stations and outposts, but are now removed in an automated fashion at partnering companies. inpEV also developed the project for recycling unwashed rigid packaging. With this initiative, these packages, which previously were incinerated, started being recycled.

The knowledge and experience as the managing entity of the Campo Limpo System also allow inpEV to act in providing services and consultancy by assisting other sectors and companies to structure and manage reverse logistics systems similar to the agricultural chain. The Institute is continuously assessing these opportunities, which can equally contribute towards the self-sufficiency of the entire System.



SYSTEM FUNDING IN 2019 (%)



Read more about inpEV's economic performance in the Financial Statements, on page 57.

**ECONOMIC-FINANCIAL PERFORMANCE**

(R\$ million) GRI 102-7

	2017	2018	2019
<b>Total assets</b>	101.1	108.8	136.7
<b>Total resources that finance the program (inpEV + chain links) accumulated since 2002</b>	1,129	1,253	1,380
<b>Net revenue of activities</b>	126.5	135.4	139.2
<b>Member contributions</b>	67	72	72
<b>Accreditation fee<sup>1</sup></b>	14	15	16
<b>Campo Limpo Property Lease<sup>2</sup></b>	7	8	10
<b>Net equity</b>	84	98	113
<b>Net indebtedness<sup>3</sup></b>	2	2	2

1 Paid by recyclers for shipment of the packaging sent by inpEV and for the Institute's technical cooperation.

2 Rent paid by Campo Limpo Plastic Transformation and Recycling S.A. to inpEV.

3 This only considers obligations with suppliers, excluding obligations with central stations and outposts.

# How to join inpEV

Manufacturing industries or importers that are registrants of crop protection products according to Federal Law nr. 7802/89 can become members of inpEV provided that, at the time of becoming members, they fit into one of the following circumstances: they manufacture (directly or indirectly by means of a “tolling” contract); formulate or import at least one crop protection product already commercialized in the Brazilian market; and are the titleholders of the manufacturing, formulation or import rights relating to the registration of said product before the competent agency.

The company must contact inpEV by e-mail or phone to receive the information necessary to schedule an in-person meeting with its legal representative. During this meeting the inpEV reverse logistics system will be explained, as well as the membership procedures, internal processes and costs. Membership proposals are submitted to the Board of Directors once a month for final approval.

## ASSOCIATED ENTITIES

- ADAMA BRASIL S.A.
- ADM DO BRASIL LTDA.
- AGBITECH CONTROLES BIOLÓGICOS LTDA.
- AGRIVALLE BRASIL INDÚSTRIA E COMÉRCIO DE PRODUTOS AGRÍCOLAS LTDA.
- AGRO IMPORT DO BRASIL LTDA.
- AGROCETE INDÚSTRIA DE FERTILIZANTES LTDA.
- AGROFRESH BRASIL LTDA.
- AGROVANT COMÉRCIO DE PRODUTOS AGRÍCOLAS LTDA.
- ALAMOS DO BRASIL LTDA.
- ALBAUGH AGRO BRASIL LTDA.
- ALLIERBRASIL AGRONOMIA LTDA.
- ALTA - AMÉRICA LATINA TECNOLOGIA AGRÍCOLA LTDA
- AMERIBRÁS INDÚSTRIA E COMÉRCIO LTDA.
- AMVAC DO BRASIL REPRESENTAÇÕES LTDA.
- ANASAC BRASIL COMÉRCIO E LOCAÇÃO DE MÁQUINAS LTDA.
- ANDERMATT DO BRASIL SOLUÇÕES BIOLÓGICAS LTDA.
- ATTA-KILL INDÚSTRIA E COMÉRCIO DE DEFENSIVOS AGRÍCOLAS LTDA.
- AVGUST CROP PROTECTION IMPORTAÇÃO E EXPORTAÇÃO LTDA.
- BALLAGRO AGRO TECNOLOGIA LTDA.
- BASF S.A.
- BAYER S.A.
- BEQUISA INDÚSTRIA QUÍMICA DO BRASIL LTDA.
- BIO CONTROLE MÉTODOS DE CONTROLE DE PRAGAS LTDA.
- BIOCONTROL SISTEMA DE CONTROLE BIOLÓGICO LTDA.
- BIONAT SOLUÇÕES BIOLÓGICAS LTDA.
- BIORISK ASSESSORIA E COMÉRCIO DE PRODUTOS AGRÍCOLAS LTDA.
- BIOVALENS LTDA.
- BRA DEFENSIVOS AGRÍCOLAS LTDA.
- CCAB AGRO S.A.
- CHDS DO BRASIL COMÉRCIO DE INSUMOS AGRÍCOLAS LTDA.
- CHEMITEC AGRO-VETERINÁRIA LTDA.
- COPALLIANCE - COOPERATIVA DE CONSUMO DE PRODUTOS AGROPECUÁRIOS, IMPORTAÇÃO, EXPORTAÇÃO E COMÉRCIO LTDA.
- CROPCHEM LTDA.
- CROSS LINK CONSULTORIA E COMÉRCIO LTDA.
- DALNEEM BRASIL COMÉRCIO DE PRODUTOS AGROPECUÁRIOS LTDA.
- DEGESCH DO BRASIL INDÚSTRIA E COMÉRCIO LTDA.
- DINAGRO AGROPECUÁRIA LTDA.
- DOMINUS QUÍMICA LTDA.
- DOW AGROSCIENCES INDUSTRIAL LTDA.
- DU PONT DO BRASIL S.A.
- ENERGIS 8 AGROQUÍMICA LTDA.
- FÊNIX AGRO PECUS INDUSTRIAL LTDA.
- FMC QUÍMICA DO BRASIL LTDA.
- FORQUÍMICA AGROCIÊNCIA LTDA.
- GREEN PLACE COMÉRCIO E DISTRIBUIÇÃO LTDA.
- HELM DO BRASIL MERCANTIL LTDA.
- IHARABRÁS S.A. INDÚSTRIAS QUÍMICAS
- INDOFIL INDUSTRIES DO BRASIL LTDA.
- INDÚSTRIA QUÍMICA DIPIL LTDA.
- INQUIMA LTDA.
- IRRIGAÇÕES DIAS CRUZ LTDA.
- ISAGRO BRASIL COMÉRCIO DE PRODUTOS AGROQUÍMICOS LTDA.
- ISCA TECNOLOGIAS LTDA.
- KOPPERT DO BRASIL HOLDING LTDA.
- LABORATÓRIO DE BIOCONTROLE FARROUPILHA LTDA.
- LANDEVO QUÍMICA DO BRASIL LTDA.
- LUXEMBOURG BRASIL COMÉRCIO DE PRODUTOS QUÍMICOS LTDA.
- MANEOGENE AGROCIÊNCIAS S.A.
- MASTERBOR INDÚSTRIA E COMÉRCIO DE PRODUTOS QUÍMICOS LTDA.
- MICROSAL INDÚSTRIA E COMÉRCIO LTDA.
- MINERAÇÃO E PESQUISA BRASILEIRA
- MITSUI & CO (BRASIL) S.A.
- MOMENTIVE PERFORMANCE MATERIALS INDÚSTRIA DE SILICONES LTDA.
- MONSANTO DO BRASIL LTDA.
- MORSOLETTO & VICENTE CANO LTDA.

- NICHINO DO BRASIL AGROQUÍMICOS LTDA.
- NORTOX S.A.
- NOVOZYMES BIOAG PRODUTOS PARA AGRICULTURA LTDA.
- NUFARM INDÚSTRIA QUÍMICA E FARMACÊUTICA S.A.
- OLIGOS BIOTECNOLOGIA FABRICAÇÃO DE DEFENSIVOS AGRÍCOLAS LTDA.
- ORO AGRI BRASIL PRODUTOS PARA AGRICULTURA LTDA.
- OURO FINO QUÍMICA LTDA.
- OXIQUEMICA AGROCIÊNCIA LTDA.
- OXON BRASIL DEFENSIVOS AGRÍCOLAS LTDA.
- PB BRASIL INDÚSTRIA E COMÉRCIO DE GELATINAS LTDA.
- PETROBRAS DISTRIBUIDORA S.A.
- PILARQUIM BR COMERCIAL S.A.
- PLATO DO BRASIL COMÉRCIO LTDA.
- PRENTISS QUÍMICA LTDA.
- PROMIP MANEJO INTEGRADO DE PRAGAS LTDA.
- PROPHYTO COMÉRCIO E SERVIÇOS LTDA.
- PROREGISTROS REGISTROS DE PRODUTOS LTDA.
- PROVENTIS LIFESCIENCE DEFENSIVOS AGRÍCOLAS LTDA.
- PRTRADE TECNOLOGIA E INDÚSTRIA QUÍMICA E FARMACÊUTICA LTDA.
- RAINBOW DEFENSIVOS AGRÍCOLAS LTDA.
- RIZOFLORA BIOTECNOLOGIA S.A.
- ROTAM DO BRASIL AGROQUÍMICA E PRODUTOS AGRÍCOLAS LTDA.
- SABERO ORGANICS AMÉRICA S.A.
- SHARDA DO BRASIL COMÉRCIO DE PRODUTOS QUÍMICOS E AGROQUÍMICOS LTDA.
- SIMBIOSE INDÚSTRIA E COMÉRCIO DE FERTILIZANTES E INSUMOS MICROBIOLÓGICOS LTDA.
- SINON DO BRASIL LTDA.
- SIPCAM NICHINO BRASIL S.A.
- SOLUS INDÚSTRIAS QUÍMICAS LTDA.
- STOCKTON - AGRIMOR DO BRASIL
- STOLLER DO BRASIL LTDA.
- SUMITOMO CHEMICAL DO BRASIL REPRESENTAÇÕES LTDA.
- SYNGENTA PROTEÇÃO DE CULTIVOS S.A.
- TAGROS BRASIL COMÉRCIO DE PRODUTOS QUÍMICOS LTDA.
- TAMINCO DO BRASIL PRODUTOS QUÍMICOS LTDA.
- TECNOMYL BRASIL DISTRIBUIDORA DE PRODUTOS AGRÍCOLAS LTDA.
- TIDE DO BRASIL LTDA.
- TOYOBO DO BRASIL PRODUTOS BIOLÓGICOS LTDA.
- TRADECORP DO BRASIL COMÉRCIO DE INSUMOS AGRÍCOLAS LTDA.
- TUNDRA AGROINDUSTRIAL LTDA.
- TZ BIOTEC LTDA. ME
- UNIBRÁS AGROQUÍMICA LTDA.
- UNION AGRO LTDA.
- UPL DO BRASIL INDÚSTRIA E COMÉRCIO DE INSUMOS AGROPECUÁRIOS S.A.
- VECTORCONTROL INDÚSTRIA E COMÉRCIO DE PRODUTOS AGROPECUÁRIOS LTDA.
- VITTIA FERTILIZANTES E BIOLÓGICOS LTDA.
- W. NEUDORFF SERVIÇOS DE AGRICULTURA DO BRASIL LTDA.
- YONON BIOCÊNCIAS E DEFENSIVOS AGRÍCOLAS LTDA.

## PARTNERING RECYCLERS AND INCINERATORS

Name	Location
<b>Recyclers</b>	
CAMPO LIMPO TAMPAS E RESINAS PLÁSTICAS LTDA.	Taubaté (SP)
CAMPO LIMPO RECICLAGEM E TRANSFORMAÇÃO DE PLÁSTICOS S.A.	Taubaté (SP)
CIMFLEX INDÚSTRIA E COMÉRCIO DE PLÁSTICOS LTDA.	Maringá (PR)
DINOPLAST INDÚSTRIA E COMÉRCIO DE PLÁSTICOS LTDA.	Louveira (SP)
PLASTIBRÁS INDÚSTRIA E COMÉRCIO LTDA.	Cuiabá (MT)
ECO PAPER PRODUTOS EM PAPEL LTDA.	Pindamonhangaba (SP)
TUBOLIX EMBALAGENS LTDA.	Tietê (SP)
GLOBAL STEEL TRANSPORTE E COMÉRCIO DE FERRO E AÇO EIRELI	Piracicaba (SP)
VALPASA INDÚSTRIA DE PAPEL LTDA.	Tangará (SC)
VASITEX VASILHAMES LTDA.	Guarulhos (SP)
<b>Incinerators</b>	
CLARIANT S.A./PCN SUZANO SPE S.A.	Suzano (SP)
ESSENCIS SOLUÇÕES AMBIENTAIS S.A.	Taboão da serra (SP)
ECOVITAL CENTRAL DE GERENCIAMENTO AMBIENTAL S.A.	Sarzedo (MG)
NEOTECH SOLUÇÕES AMBIENTAIS LTDA.	Uberaba (MG)



# Summary of the GRI content

## 101 2016 FUNDAMENTALS

### 102 2016 GENERAL CONTENT

### Page/response

### Omission

		Page/response	Omission
	102-1 Name.	17	
	102-2 Activities, brands, products, and services.	The description is on page 17. No services provided by inpEV in a given market are prohibited in other regions of business.	
	102-3 Headquarters location.	São Paulo.	
	102-4 Location of operations.	29	
	102-5 Legal nature and type of property.	Private non-profit organization.	
	102-6 Markets in which it operates.	17	
	102-7 Size.	17, 29 & 49	
	102-8 Employees and other workers.	36	
	102-9 Supply chain.	20	
<b>Profile</b>	102-10 Significant changes in the organization and in its supply chain.	No significant changes occurred in the supply chain, but the operation was expanded as described on pages 28 & 29.	
	102-11 Precautionary principle.	inpEV does not directly adopt the precautionary principle, but does apply risk management when planning and executing its activities with the intent of improving safety and minimizing impacts.	
	102-12 External initiatives.	45	
	102-13 Participation in associations..	inpEV is a member of CropLife Latin America, an international organization that defends agricultural productivity and sustainability, and partakes in the committee of the National Union of Plant Health Products Industry ( <i>Sindicato Nacional da Indústria de Produtos para Defesa Vegetal</i> ).	
<b>Strategy</b>	102-14 Message from the main decision-maker.	2	
<b>Ethics and integrity</b>	102-16 Values, principles, standards and rules of conduct.	18	

## 101 2016 FUNDAMENTALS

102 2016 GENERAL CONTENT		Page/response	Omission
<b>Governance</b>	102-18 Governance structure.	20	
	102-40 List of stakeholder groups.	45	
	102-41 Collective bargaining agreements.	38	
	102-42 Stakeholder identification and selection.	25	
	102-43 Approach to engage stakeholders.	25	
	102-44 Main raised topics and concerns.	26	
	102-45 Entities included in the consolidated financial statements.	This report follows the same scope of the Financial Statements that are an integral part of this publication and cover all entities that constitute inpEV.	
102-46 Definition of content and limits.	Page 26. The reported indicators consider all of inpEV's operations and exceptions are clearly indicated.		
102-47 List of material topics.	26		
102-48 Information restatement.	A mistake was detected in indicator 102-8 regarding the total employees stated in the 2018 Sustainability Report (83), and this edition has informed the correct number (82).		
<b>Reporting practices</b>	102-49 Changes in drawing up the report.	No significant methodological changes occurred, but the scope of coverage followed the operational expansion, with the inclusion of new receiving stations in the monitoring indicators.	
	102-50 Period covered by this report.	From January 1 to December 31 of 2019.	
	102-51 Date of the most recent report.	May of 2019	
	102-52 Publishing cycle.	Annual	
	102-53 Contact information in case of doubts.	e-mail: faleconosco@inpev.org.br or website: <a href="http://inpev.org.br/fale-conosco/">http://inpev.org.br/fale-conosco/</a> .	
	102-54 Declaration of compliance with the GRI Standard.	This report has been prepared in accordance with the GRI Standards, Essential option.	
	102-55 Summary of the GRI content.	52	
	102-56 External verification.	It was limited to the Financial Statements. The independent audit report is on page 57.	

## 103 2016 FORM OF MANAGEMENT (for all instances)

### 2016 THEME-BASED CONTENT (for all instances)

MATERIAL TOPICS		Page/response	Omission
<b>Operational expansion</b>	103-1 Explanation of material topics and their limits.	Page 26. The main impacts are related to the activities managed by inpEV.	
	103-2 Approach by management and its components.	28	
	103-3 Evaluation of the managerial approach.	28	
	Information relevant to performance monitoring.	28	
<b>Operational eco-efficiency</b>	103-1 Explanation of material topics and their limits.	Page 26. The main impacts result from activities managed by inpEV itself. Coverage of the topic suffers limitations regarding water consumption, but this impact is not considered as significant and also there is no monitoring system present.	
	103-2 Approach by management and its components.	32	
	103-3 Evaluation of the managerial approach.	32	
	301-3 Recovered packaging and products.	14	
	302-1 Power consumption within the organization.	34	
	303-1 Total water drawn, per source.	34	
	305-5 Reduction in greenhouse gas emissions.	32	
	306-2 Total weight of residues, per type and method of disposal.	15	
307-1 Non-conformance with laws and/or environmental regulations.	None.		
<b>Innovation &amp; technology</b>	103-1 Explanation of material topics and their limits.	Page 26. The main impacts result from activities managed by inpEV.	
	103-2 Approach by management and its components.	35	
	103-3 Evaluation of the managerial approach.	35	
	Information relevant to performance monitoring	35	



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**103 2016 FORM OF MANAGEMENT (for all instances)**


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**2016 THEME-BASED CONTENT (for all instances)**


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<b>MATERIAL TOPICS</b>		<b>Page/response</b>	<b>Omission</b>
<b>Human development</b>	103-1 Explanation of material topics and their limits.	Page 27. The main impacts are related to the activities managed by inpEV.	
	103-2 Approach by management and its components.	36	
	103-3 Evaluation of the managerial approach.	36	
	403-2 Types and rates of injuries, occupational diseases, lost days, absenteeism and number of deaths.	38	
	404-1 Average training hours per employee.	38 & 39	
	404-3 Performance evaluation.	38	
<b>Multi-stakeholder dialog and cooperation</b>	103-1 Explanation of material topics and their limits.	Page 27. The impacts result from activities managed by inpEV.	
	103-2 Approach by management and its components.	45	
	103-3 Evaluation of the managerial approach.	45	
	205-2 Communication and training on anti-corruption policies and procedures.	100% of the workforce has been informed. No training occurred in 2019.	
413-1 Operations with community engagement programs, impact assessment and/or local development.	All central stations managed by inpEV promote engagement by means of the National Clean Field Day (DNCL) and the Environmental Educational Program (PEA), which are presented in detail on pages 41 and 42.		
<b>Education and awareness</b>	103-1 Explanation of material topics and their limits.	Page 27. The impacts result from activities managed by inpEV.	
	103-2 Approach by management and its components.	41	
	103-3 Evaluation of the managerial approach.	41	
	Information relevant to performance monitoring.	42 & 43	

## 103 2016 FORM OF MANAGEMENT (for all instances)

### 2016 THEME-BASED CONTENT (for all instances)

MATERIAL TOPICS		Page/response	Omission
<b>Logistics</b>	103-1 Explanation of material topics and their limits.	Page 26. The impacts are mainly caused by inpEV's supply chain.	
	103-2 Approach by management and its components.	30	
	103-3 Evaluation of the managerial approach.	30	
	306-4 Hazardous waste transportation.	30	
<b>Economic feasibility</b>	103-1 Explanation of material topics and their limits.	Page 27. The main impacts result from activities managed by inpEV.	
	103-2 Approach by management and its components.	48	
	103-3 Evaluation of the managerial approach.	48	
	201-1 Directly generated and distributed economic value.	49	
	201-4 Financial assistance received from the government.	48	
419-1 Non-compliance with social and economic laws and regulations.	None. The Term of Conduct Adjustment (TAC), signed in 2018 and with actions set forth for the Rondonópolis Receiving Station (MT), was fully completed within the expected time frame, and actions of a continuous nature are ongoing.		

# Financial statements

December 31, 2019 and independent auditor's report



## Independent auditor's report

**To the Members and Management  
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 ("Institute"), which comprise the balance sheet as at December 31, 2019 and the statements of surplus, comprehensive income, 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, 2019, 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.

### 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 operational continuity and using the going concern basis of accounting unless management either intends to liquidate the Institute or to cease its 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 could 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 Institute's ability to continue as a

going concern. If we conclude that a relevant 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 17, 2020

**PricewaterhouseCoopers**  
independent auditor's  
CRC 2SP000160/O-5

**Renato Barbosa Postal**  
Contador CRC 1SP187382/O-o

**BALANCE SHEET AT DECEMBER 31 – All amounts in thousands of reais** GRI 201-1

<b>Assets</b>	<b>2019</b>	<b>2018</b>	<b>Liabilities and net worth</b>	<b>2019</b>	<b>2018</b>
<b>Current assets</b>			<b>Current liabilities</b>		
Cash and cash equivalents (Note 6)	36,169	39,554	Accounts payable	2,021	2,400
Accounts receivable (Note 7)	17,405	11,673	Payables to centers and stations (Note 12)	4,231	2,309
Advances granted (Note 8)	8,709	5,935	Center surplus (Note 13)	2,474	2,483
Prepaid expenses	129	101	Salaries and social charges	3,373	2,988
	<u>62,412</u>	<u>57,263</u>	Taxes payable	326	340
			Provision for contingencies (Note 14)	46	50
			Lease liabilities (Note 10.1)	342	-
			Advances from associates (Note 15)	6,493	2
				<u>19,306</u>	<u>10,572</u>
<b>Non-current assets</b>					
Long-term receivables					
Security deposit for rent (Note 9)	125	119	<b>Non-current assets</b>		
Property and equipment (Note 10)	69,282	51,071	Lease liabilities (Note 10.1)	3,923	-
Right-of-use asset (Note 10.1)	4,163	-	Provision for contingencies (Note 14)	216	22
Intangible assets (Note 11)	700	338	<b>Total liabilities</b>	<u>23,445</u>	<u>10,594</u>
	<u>74,270</u>	<u>51,528</u>			
			Equity (Note 16)		
			Net worth	113,238	98,197
<b>Total do Assets</b>	<u>136,682</u>	<u>108,791</u>	<b>Total liabilities and net worth</b>	<u>136,682</u>	<u>108,791</u>

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

## STATEMENT OF SURPLUS – YEARS ENDED DECEMBER 31

All amounts in thousands of reais unless otherwise stated

	2019	2018
<b>Net revenue from activities (Note 17)</b>	139,222	135,359
<b>Operating expenses</b>		
General and administrative (Note 22)	(131,319)	(128,196)
Other gains, net	735	53
Provision for impairment of accounts receivable, net (Note 7)	(75)	41
	(130,659)	(128,102)
<b>Operating surplus</b>	8,563	7,257
Finance costs (Note 23)	(851)	(687)
Finance income (Note 23)	2,142	2,387
Finance income, net	1,291	1,700
<b>Surplus for the year</b>	9,854	8,957

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

## STATEMENT OF COMPREHENSIVE INCOME – YEARS ENDED DECEMBER 31

All amounts in thousands of reais unless otherwise stated

	2019	2018
<b>Surplus for the year</b>	9,854	8,957
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	9,854	8,957

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

## STATEMENT OF CHANGES IN NET WORTH – YEARS ENDED DECEMBER 31

All amounts in thousands of reais

	Net worth	Reserve for new associates	Accumulated surplus	Net worth Total
<b>At January 1, 2018</b>	82,693	1,765	-	84,458
Surplus for the year			8,957	8,957
Contributions from new affiliations (Note 16)		4,782		4,782
Allocation of surplus for the year	8,957		(8,957)	-
<b>At December 31, 2018</b>	91,650	6,547	-	98,197
Surplus for the year			9,854	9,854
Contributions from new affiliations (Note 16)		5,186		5,186
Allocation of surplus for the year	9,854		(9,854)	-
<b>At December 31, 2019</b>	101,504	11,733	-	113,238

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

## STATEMENTS OF CASH FLOWS – YEARS ENDED DECEMBER 31

All amounts in thousands of reais

	2019	2018
<b>Cash flows from operating activities</b>		
<b>Surplus for the year</b>	9,854	8,957
<b>Adjustments</b>		
Depreciation and amortization	8,390	7,529
Net book value of property and equipment and intangible asset disposals	2,417	349
Provision for contingencies	2,129	1,477
Provision/ reversal of provision for impairment of accounts receivable	75	(41)
Interest on leases	274	-
	<u>23,139</u>	<u>18,271</u>
Changes in assets and liabilities		
Accounts receivable	(5,807)	(3,729)
Advances granted	(2,774)	329
Prepaid expenses	(28)	10
Judicial deposits	(1,939)	(1,739)
Security deposit for rent	(6)	(42)
Accounts payable	(379)	735
Payables to centers and stations	1,922	204
Center surplus	(9)	(117)
Salaries and social charges	385	(29)
Taxes payable	(14)	(4)
Lease liabilities	4,265	-
Leases paid	(506)	-
Advances from associates	6,493	(6,534)
<b>Net cash generated by operating activities</b>	<u>20,475</u>	<u>7,355</u>
<b>Cash flows from investing activities</b>		
Acquisitions of fixed assets and intangible assets	(29,046)	(11,967)
<b>Net cash used in investing activities</b>	<u>(29,046)</u>	<u>(11,967)</u>
<b>Cash flows from financing activities</b>		
Contributions from new affiliations	5,186	4,782
<b>Net cash generated by financing activities</b>	<u>5,186</u>	<u>4,782</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(3,385)</u>	<u>170</u>
<b>Cash and cash equivalents at the beginning of the year</b>	<u>39,554</u>	<u>39,384</u>
<b>Cash and cash equivalents at the end of the year</b>	<u>36,169</u>	<u>39,554</u>
<b>Non-cash transactions</b>		
First time recognition of right-of-use asset	4,497	
First time recognition of lease liabilities (short and long term)	(4,497)	

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

# Notes to the financial statements at December 31, 2019

All amounts in thousands of reais unless  
otherwise stated

## 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, to operate 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 to meet their legal responsibilities, promote education and awareness of protection of the environment and human wellbeing and support the technological development of agrochemicals and similar containers.

In order to achieve those objectives, the Institute depends largely on the contributions of its associates.

Because the Institute is structured as an association, it benefits from certain federal tax exemptions.

Law 9,718 of December 1998 defines conditions for exemption from income tax and social contribution (such as the Institute). To maintain the tax exemption, the Institute cannot present a surplus for the year, or, if a surplus, is generated, it must be fully allocated to the maintenance and development of the Institute’s social purposes.

At December 31, 2019, 112 agrochemicals manufacturers in Brazil were affiliates of the Institute (2018 - 111).

### 1.1 Business model description

The Institute, as a representative of the agrochemicals industry, has the legal responsibility for carrying out the proper disposal of empty agrochemicals containers. Units receive empty containers from rural areas which the Institute 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 technical and operational cooperation agreements with recycling companies to process empty containers containing phytosanitary products received by UREs, when recycling is possible.

The containers are sent for recycling by the Centers, under the responsibility of the Institute, by direct shipping from the receiving center to the recycling company.

#### (a) Accreditation fee for recycling companies

The Institute receives an accreditation fee from the recycling companies, for (i) transfer of know-how to the recycling companies on the utilization of empty containers from agrochemicals industries in the development of new products; and (ii) training for employees of recycling companies on the proper handling of empty phytosanitary containers.



## (b) Contributions to the costing of UREs

The recycling companies pay the Institute for the containers received as contributions to the costing of UREs. Contributions to fund the 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.

The contributions are transferred to dealer associations (responsible for the management of UREs) as reimbursement for expenses and costs incurred when preparing empty containers for final disposal, on an imprest basis.

Under advice of legal counsel, Management carried out an in-depth analysis of the Institute's business model and, from December 2009, has made changes including requiring the dealer associations deliver empty containers to recycling companies with a shipping invoice for a notional monetary amount.

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

## (c) Allocation of resources

The contributions for funding UREs are periodically transferred to dealer associations for the maintenance of URE operations; the accreditation fees from recycling companies are used to acquire assets by the Institute which are leased to Campo Limpo - Reciclagem e Transformação de Plásticos S.A. ("Campo Limpo S.A."), whose stockholders are associates of inpEV (Note 1.4), located in the city of Taubaté, state of São Paulo.

## (d) Center surplus

The financial results from the shipment of empty containers from the receiving centers to the recycling companies, net of costs shared between the Institute and the dealer associations are, in general, loss mak-

ing. However, following improvements in the operating processes and growth in the volume of empty containers, the centers are expected to present, on occasion, surpluses for offset against accumulated deficits. Upon offset, the Institute presents these 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 by centers.

The dealer association agreements establish that the centers with surpluses will have the right to use these, upon mutual consent with the Institute, in the following order:

- 1<sup>st</sup>. Improvements (expansion, renovation and necessary equipment) in the Receiving Unit;
- 2<sup>nd</sup>. Construction of stations and improvements (expansion, renovation and necessary equipment) in the stations managed by the association of dealers;
- 3<sup>rd</sup>. Improvements in the Receiving Units (Centers), which comprise the package destination system in the same State;
- 4<sup>th</sup>. Improvements in the Empty Container Receiving units in the same State;
- 5<sup>th</sup>. Improvements in the Receiving Units and State Stations, according to the aforementioned sequence.

## (e) URE Project

Since 2014, Management has been evaluating a URE Project to integrate the management of the Receiving Centers. This was discussed with and approved by representative bodies, members of the General Meeting and the Managing Board to allow all Receiving Centers to become branches of inpEV.

By integrating management of the Receiving Centers, the aim is to promote improvement and benefits across the operating chain, reducing distributor costs, implementing best operating practices, standardizing procedures, ensuring compliance with safety standards

and, thus, mitigating risks for each participant. Distributors will also benefit by being able to dedicate more time to their own businesses. This will also make it easier for farmers to return containers. Currently, inpEV bears the costs of some 90% of the operation of the Centers.

Actions began to be initiated in 2018 to implement the Project. At 12/31/19, it had already transformed 29 Receiving Centers as branches of inpEV.

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

Management sought from legal counsel a detailed study on the taxation implications of its operations evaluating the new business model to mitigate risks from possible tax interpretations. This covered new the shipping model revenue from the operations, which are not subject to any taxes or contributions.

## 1.2 Management of the business units

The management of the Institute's business units is organized as follows:

- (a) Core processes - construction, maintenance and granting of subsidies to UREs; transportation of empty containers from the stations to the centers and onto the final destination (to be recycled or incinerated); and final destination costs of containers for incineration (Note 22).
- (b) Support processes - communication and marketing of the Institute's operations; education, training and awareness of interested parties and stakeholders; legal support; and self-sustainability projects (Note 22).
- (c) Administrative processes - running the Institute's administrative area, including all personnel (Note 22).

## 1.3 Business unit - recycling

To provide self-sustainability of the Institute's business model, a recycling unit was constructed to receive parts of containers sent to the UREs. These parts are used to manufacture new plastic contain-

ers. 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 accumulated investments in the construction, assembly and expansion was R\$ 91,930 (2018 - R\$ 70,261) (Note 10).

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

One of the Institute's objectives is to achieve economic self-sustainability for the agrochemicals empty containers reverse logistics program through the verticalization of the container receipt and destination process. An investment plan was designed to cover the following stages: 1 - rigid plastic recycling; 2 - turning rigid plastic into containers; 3 - recycling of flexible plastic; and 4 - flexible plastic transformation.

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

At the Annual General Meeting on April 18, 2011, the associates cancelled stages 3 and 4 and agreed to expand stages 1 and 2, by investing in blow molding equipment (manufacture of containers).

The expanded stages 1 and 2 required the purchase of four new blow molding machines, an investment of R\$ 20,000 (unaudited). These machines were installed by December 2013, when the project was concluded.

To make the Campo Limpo S.A. operations feasible, the Institute executed a lease agreement for the assets (Note 10) which provides the Institute a remuneration of some 10% of Campo Limpo S.A.'s the net billings (Note 21).

On December 8, 2015, an amendment to the lease agreement established that, upon mutual consent, Campo Limpo S.A. may install new, or replace, equipment to increase revenue and the quality of products, will affect the lease remuneration due to inpEV.

Clause 1.3.2.1 of the amendment requires Campo Limpo to maintain equipment the expenditure for which will be deducted from subsequent lease payable once approved with proper supporting documentation. Deductions for such expenses have begun to be deducted from lease payments.

The general meeting of inpEV's associates of September 19, 2016, agreed, in order to rationalize these system costs, to make investments to expand activities, thus: approximately R\$ 41,200 for 2017 - 2019 (2017 - R\$ 2,727; 2018 - R\$ 7,455 and 2019 - R\$ 21,925), through revenue generation from leases of fixed assets, and increasing Campo Limpo S.A.'s operating earnings.

A balance of R\$ 9,093 remains at December 31, 2019, due to the postponement of project deadlines, from the 2017– 2019 budget, to be disbursed in the first half of 2020.

#### 1.4.1 Campo Limpo - Reciclagem e Transformação de Plásticos S.A - Ribeirão Preto Branch

To increase its share in the agrochemicals containers market and improve operating earnings, through a reduction in costs of the Campo Limpo System, the recycler Campo Limpo S.A. set up a branch in the city of Ribeirão Preto. Similar to the Taubaté head office arrangement, the branch will transfer 10% of its net revenue to inpEV, beginning on June 27, 2019.

### 1.5 Campo Limpo Tampas e Resinas Plásticas Ltda.

Campo Limpo Tampas e Resinas Plásticas Ltda. ("Campo Limpo Tampas") was incorporated on January 24, 2014, to complete the container's life cycle within its chain. Campo Limpo S.A holds 99.99% of its quotas capital. Its purpose is to produce a high-performing Ecocaps cover sealing system. The customer will then be offered a complete containers solution (produced by Campo Limpo S.A.) with covers (produced by Campo Limpo Tampas).

The Institute leased a space within Campo Limpo S.A. for the Campo Limpo Tampas operations, through a

lease calculated on the basis of 0.5% of its monthly billing.

In 2019, the Institute accrued lease revenue from the Campo Limpo Tampas operations of R\$ 232 (2018 - R\$ 173) recorded in "Operating lease agreement" (Note 21).

## 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 for the years presented.

### 2.1 Basis of presentation

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 requires management to exercise its judgment in the process of applying the 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 17, 2020.

#### 2.1.1. New accounting standards effective January 1, 2019

The following standard was first adopted from January 1, 2019:

- › IFRS 16 / CPC 06 (R2) - Leases: the new standard

requires lessees to recognize the liability for the future payments and the right of use of the leased asset for virtually all lease contracts, including operating leases. Certain short-term and low-value contracts may be out of scope of the standard. The criteria for recognition and measurement of leases in the financial statements of the lessors are substantially unchanged. The effects of the initial adoption of this new standard and the practical expedients used are detailed in Note 10.1.

## 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 thus:

- › Measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

### 2.3.2 Measurement

At initial recognition, the Institute measures a financial asset at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

### 2.3.3 Impairment of financial assets Impairment of financial assets

The following financial assets held by the Institute are subject to the expected credit loss model:

- › accounts receivable

- › financial assets carried at amortized cost

Cash and cash equivalents are also subject to the impairment requirements of IFRS 9 / CPC 48, though no impairment loss was identified.

## 2.4 Accounts receivable

The balances of accounts receivable, representing 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. Expected loss provisions are established whenever there is evidence that it is not probable the Institute will receive amounts due. The amount of expected loss is the difference between carrying amount and recoverable amount. The average receipt term of accounts receivable is 30 days.

The expected loss model, provided for in IFRS 9/CPC 48, has not generated impact on the financial statement of inpEV, since the Institute's accounts receivable basically comprise contributions by associates, linked to the recognition of expenses incurred, as well as amounts receivable from the recycling companies for the supply of containers.

There is no history of default on accounts receivable from contributions. Recycling companies are required under Law 7,802 to implement a reverse logistics program for empty agrochemicals containers in order to be able to conduct their activities in Brazil. Should they fail to pay inpEV, which is the industry representative in Brazil, they will no longer be permitted to operate.

## 2.5 Advances granted

Advances granted are prepayments to collection centers and units covering their short-term cash needs. They are carried at cost.

## 2.6 Judicial deposits

Judicial deposits are in local currency deposited in courts in an escrow bank account linked to a

lawsuit, to ensure the settlement of a possible future obligation and which can only be used after a judicial order. These deposits accrue interest 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, when it is probable that future economic benefits 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:

	<b>Years</b>
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 when it is greater than its estimated recoverable amount.

Gains and losses on asset 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

On January 1, 2019, the Institute changed the accounting policy for leases in which the Institute is the lessee (Note 10.1).

Up to December 31, 2018, leases in which a significant portion of the risks and rewards of ownership were retained by the lessor were classified as operating leases. Operating lease instalments (net of 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 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 are obligations substantially for expenses incurred by dealer associations for the maintenance of units which receive 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) it 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 obligation 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 pre-tax rate 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

Bonuses, based on targets achieved by employees, are usually recognized at the end of the year, when the amount can be accurately calculated.

## 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 investments 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 as costs and expenses with the management of the system are incurred.

### (a) Associate contributions

Associate contribution related costs and expenses incurred for the costing of container receiving, transportation and incineration processes, among others. The contributions are approved by associates when preparing the annual budget, and are submitted monthly for approval in the Institute's meetings with Management.

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 recycling companies' accreditation fee is 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 range 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 for preparing the containers to be sent to their final destination.

### (d) Operating leases

Operating lease revenue is recorded on the accrual basis of accounting at 10% of the monthly net revenue from the sales of Campo Limpo S.A. and Campo Limpo Tampas products, as provided for by the Property Lease Agreement by and between the parties.

### (e) Extraordinary contributions

These are funds transferred by Campo Limpo S.A., on behalf of its stockholders who are also inpEV's associates, as approved in Annual General Meetings, to reduce the amount of annual contributions due to inpEV.

Revenue from extraordinary contributions is recognized after approval by Campo Limpo S.A.'s General Meeting.

The extraordinary contributions are used to reduce the amount of the annual contribution made by associates to inpEV.

## 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 would sell the empty containers to the recycling companies. The Institute received fee from the recycling companies for the accreditation of the recycling companies, for the transfer recycling process of know-how of plastic residues, for the manufacture of new products from such material and for the training of employees of the recycling companies for the proper handling of empty phytosanitary product containers.

To avoid 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. Simultaneously, a portion of contributions received by the Institute started to be used as a subsidy for part of the costs incurred by 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

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 (own employees and URE employees) (Note 14). Provisions are established for all contingencies when these indicate 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 the Brazilian legal system, under advice 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 credit risks.

Accounts receivable are comprised of amounts from associates and recycling companies that have not yet been received. When the associate or recycling company is in default (Note 7), the Institute's management starts an out-of-court collection process to receive the outstanding balance and, if appropriate, Management may file a judicial collection proceeding.

#### (b) Liquidity risk

This is the risk of the Institute not having sufficient liquid funds 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 that 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 the amortized cost category.

Financial liabilities, such as accounts payable, advances from associates and recycling companies and provisions for contingencies, are classified as subsequently measured at amortized cost.

### 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 (FICTH):

	2019	2018
Cash and cash equivalents and securities		
Banco Itaú S.A. - AAA	35,376	39,179
	<u>35,376</u>	<u>39,179</u>

The credit quality of trade receivables is assessed based on the risk of a customer failing to honor amounts due at maturity dates and difficulty recovering receivables through an out-of-court process.

## 6 CASH AND CASH EQUIVALENTS

	2019	2018
Cash	8	15
Banks - current accounts	785	360
Investment funds (*)	35,376	39,179
	<u>36,169</u>	<u>39,554</u>

(\*) Financial investment remunerated at 103% of the Interbank Deposit Certificate (CDI) rate with Banco Itaú S.A. (2018 - Banco Itaú S.A. - 98.2%), being readily redeemable, with no significant discount on redemption.



## 7 ACCOUNTS RECEIVABLE

	2019	2018
Associate contributions - Agrochemicals	5,856	7,664
Recycling companies		
Accreditation of recycling companies	1,653	1,055
Contributions to the costing of UREs (i)	12,070	4,505
Operating lease - Campo Limpo S.A.	1,719	2,286
Other accounts receivable	19	-
Provision for impairment of accounts receivable	(3,912)	(3,837)
	<u>17,405</u>	<u>11,673</u>

(i) Includes R\$ 11,371 for the request for postponement of payment terms of a recycling company undergoing expansion. Up to January 15, 2020, R\$ 5,000 had been received, and the remaining amount renegotiated for settlement by March 31, 2020.

Changes in the provision for impairment of accounts receivable:

	2019	2018
At January 1	(3,837)	(3,878)
Additions	(87)	-
Reversal due to receipt	12	41
At December 31	<u>(3,912)</u>	<u>(3,837)</u>

The Institute, after out-of-court collection attempts, through its lawyers decided to file a lawsuit against an associate in default, Fersol Indústria e Comércio Ltda., whose outstanding balance at December 31, 2019 was R\$ 3,667 (2018 - R\$ 3,667). The remaining balance of R\$ 245 refers to two recycling companies in financial difficulties, for which a provision was made (Tecnicontrol - R\$ 57, Pica Pau - R\$ 59 and Tundra - R\$ 36).

The amounts receivable by maturity are as follows:

	2019	2018
Not yet due	16,324	3,394
Overdue		
Up to 60 days	1,079	7,410
From 61 to 90 days	2	880
From 91 to 180 days	39	4
From 180 to 360 days	9	23
Over 360 days	3,864	3,799
	<u>21,317</u>	<u>15,510</u>

## 8 ADVANCES GRANTED

	2019	2018
Advances to centers (i)	6,149	3,941
Advances to units (i)	1,450	1,033
Advances to employees	80	68
Payroll advances	131	203
Other advances	899	690
	8,709	5,935

(i) Pursuant 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 (Note 1.1.) in December 2009, 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 expenses for the last three months as presented by the centers. These advances are recognized in the statement of surplus for the year, upon presentation of supporting documentation.

Included in balance of R\$ 6,149 at December 31, 2019 (2018 - R\$ 3,941) is R\$ 2,477 for amounts prepaid to certain centers, which are in surplus, in accordance with the monthly accountability process; the remaining balance refers to the advances granted that are still within the period established by the Institute for accountability. However, because these centers are in surplus, they did not use the funds paid in advance for the execution of their activities (Note 1.1 (d)), thus the Institute presents a liability, under Centers Surplus, for payable to centers in surplus as per the established hierarchy.

Up to the date of issuance of these financial statements, post balance sheet payments totaled R\$ 5,420.

## 9 SECURITY DEPOSIT FOR RENT

The balance of R\$ 125 (2018 - R\$ 119) refers to the security deposit defined in the lease agreement of the property located at Avenida Roque Petroni Junior, 850, the Institute's principal offices.

This amount will be redeemed at the end of the agreement.

## 10 PROPERTY AND EQUIPMENT

	Land	Buildings and improvements	Equipment and installations	Vehicles	Furniture and fittings	Other	Total in operation	Construction in progress/ advances	Total property and equipment
At December 31, 2017	431	12,051	29,314	725	443	16	42,980	3,948	46,928
Acquisition	-	231	4,346	999	112	8	5,697	6,172	11,869
Transfers	-	-	-	-	-	-	-	-	-
Disposal	-	-	(180)	(137)	(31)	-	(348)	-	(348)
Depreciation	-	(975)	(5,896)	(415)	(81)	(10)	(7,378)	-	(7,378)
At December 31, 2018	431	11,307	27,584	1,172	443	14	40,951	10,120	51,071
Total cost	431	18,456	64,754	2,246	1,080	126	87,093	10,120	97,213
Accumulated depreciation	-	(7,149)	(37,170)	(1,074)	(637)	(112)	(46,142)	-	(46,142)
Net book value	431	11,307	27,584	1,172	443	14	40,951	10,120	51,071
At December 31, 2018	431	11,307	27,584	1,172	443	14	40,951	10,120	51,071
Acquisition	162	477	5,294	540	230	25	6,728	21,781	28,509
Transfers	-	3,380	15,321	-	110	2	18,813	(18,813)	-
Disposal	-	-	(2,290)	(119)	(11)	-	(2,419)	-	(2,419)
Depreciation	-	(1,144)	(6,190)	(438)	(96)	(10)	(7,879)	-	(7,879)
At December 31, 2019	593	14,020	39,719	1,155	676	31	56,194	13,088	69,282
Total cost	593	22,313	80,387	2,354	1,405	153	107,205	13,088	120,293
Accumulated depreciation	-	(8,293)	(40,668)	(1,199)	(730)	(122)	(51,011)	-	(51,011)
Net book value	593	14,020	39,719	1,155	676	31	56,194	13,088	69,282

The associates established a separate entity, Campo Limpo S.A. (Note 1.3). The assets of Campo Limpo S.A. were acquired by the Institute for its property and equipment, which at December 31, 2019 amounted to R\$ 91,930 (2018 - R\$ 70,261).

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 that are already installed and operating, in addition to other spare equipment attached to the property. This agreement is effective for ten years and automatically renewed for the same period.

The assets leased to Campo Limpo S.A., included in the table above, are the following:

<b>2019</b>			
<b>Description</b>	<b>Cost</b>	<b>Accumulated depreciation</b>	<b>Net book residual</b>
Buildings and improvements	20,571	(6,810)	13,761
Equipment and installations	59,093	(29,962)	29,131
Vehicles	424	(281)	143
Furniture and fittings	730	(452)	278
Construction in progress	11,079	-	11,079
Other	33	(26)	7
	<u>91,930</u>	<u>(37,531)</u>	<u>54,399</u>

<b>2018</b>			
<b>Description</b>	<b>Cost</b>	<b>Accumulated depreciation</b>	<b>Net book value</b>
Buildings and improvements	16,831	(5,987)	10,844
Equipment and installations	46,888	(28,068)	18,820
Vehicles	467	(268)	199
Furniture and fittings	579	(404)	175
Construction in progress	5,466	-	5,466
Other	30	(24)	6
	<u>70,261</u>	<u>(34,751)</u>	<u>35,510</u>

## 10.1 Lease agreements

The Institute reviewed its rental contracts and identified two contracts that are within the scope of IFRS 16/CPC 06 (R2), for the lease of two floors of a commercial building where the Institute's offices are located.

The measurements of the right-of-use asset were made taking into account the following assumptions:

- › Beginning of the lease term: begins on the date the Institute became entitled to use the leased property, being the date of signing the agreements, since from that date it could determine operational aspects of the property such as renovations, and preparation of the physical environment;
- › Lease term: period for which inpEV contracted the lease. The Institute adopted the term of each new contract and assumptions detailed below or, when applicable, added by Law 8,245/91 ("Landlord-Tenant Law"), which grants to lessee (the Company and its subsidiary) the right to enforceable lease renewals (enforceable right) when certain conditions are satisfied.

i) 18th floor - Offices 181 to 184 (4 offices)

Lease amount: R\$ 25 thousand/month indexed annually by reference to the IGPM  
Term: 12/01/2016 to 12/31/2031

ii) 13th floor - Offices 131 and 134 (2 offices)

Valor do aluguel: R\$ 14 mil/mês corrigidos anualmente pelo IGPM  
Term: 11/01/2018 to 12/31/2031

The lease agreement term has renew options.

- › Payments: as established in the agreement, payments consist of fixed monthly installments indexed to the IGPM annually based on the anniversary date of the agreement.
- › Incremental interest rate of tenant financing: for two contracts, the Institute considered interest rates required to acquire assets under similar conditions to those leased as of the date of lease contract signing. After analyses, the nominal discount rate was 7% p.a. and corresponds to the rate of funding for property financing offered by banks.
- › Depreciation of right-of-use asset: The lease agreements do not purchase options at the end of the lease term. Therefore, the useful life of these assets, in the absence of impairment, is the contractual term, whichever is shorter. The Institute recognizes the depreciation expense of the right-of-use asset in a systematic and linear manner according to the agreement terms. The useful life is periodically reassessed for the rights-of-use whenever there are changes in the strategic business plans and intentions of the lessors in continuing the contract;
- › Interest expenses on lease agreements: Interest expenses are recognized as finance costs and allocated to each period during the lease term.

Em 31 de dezembro de 2019, os impactos decorrentes da adoção do IFRS 16 (CPC 06 R2) estão demonstrados a seguir:

(i) **Balances recognized in the balance**

The balance sheet contains the following balances related to leases:

	<b>2019</b>	
	<b>December 31,</b>	<b>January 1,</b>
Right-of-use assets		
Buildings	4,163	4,343
	<b>4,163</b>	<b>4,343</b>
Lease liabilities		
Current	342	334
Non-current	3,923	4,009
	<b>4,265</b>	<b>4,497</b>

Changes in the right-of-use assets are as follows:

	<b>Commercial property</b>
At January 1	4,343
New agreements	-
Remeasurements	154
Termination of agreements	-
Depreciation	(334)
<b>At December 31</b>	<b>4,163</b>

The changes in lease liabilities are as follows:

	<b>Commercial property</b>
At January 1	4,343
New agreements	-
Remeasurements	154
Termination of agreements	-
Payments	(506)
Remeasurement of lease liabilities	274
<b>At December 31</b>	<b>4,265</b>

(ii) Balances recognized in the statement of surplus

The statement of surplus includes the following amounts related to leases:

	2019
Depreciation charges of right-of-use assets (total depreciation charge - Note 22)	
Buildings	(334)
	(334)
Remeasurement of lease liabilities (finance costs - Note 23)	(274)
	(274)

## 11 INTANGIBLE ASSETS

	Software acquired	License	Total
At December 31, 2017	393	-	393
Acquisition	97	-	97
Amortization	(152)	-	(152)
At December 31, 2018	338	-	338
Total cost	2,000	-	2,000
Accumulated amortization	(1,662)	-	(1,662)
Net book value	338	-	338
At December 31, 2018	338	-	338
Acquisition	479	60	539
Amortization	(172)	(5)	(177)
At December 31, 2019	645	55	700
Total cost	2,480	60	2,540
Accumulated amortization	(1,835)	(5)	(1,840)
At December 31, 2019	645	55	700

Campo Limpo S.A. intangible assets at December 31, 2019 are as follows:

Description	Cost	Accumulated amortization	Net book value
Hardware and software	907	(564)	343

## 12 PAYABLES TO CENTERS AND STATIONS

These refer to accounts payable to the receiving units (UREs), the centers and stations, under the operating maintenance shared cost agreements with the managers of the units (dealers). The balance at December 31, 2019 was R\$ 4,231 (2018 - R\$ 2,309).

## 13 CENTER SURPLUS

The surplus balance of certain centers (Note 1.1. (d)), amounting to R\$ 2,474 (2018 - R\$ 2,483), is segregated in a specific financial investment account controlled by each center, and will only be used upon preapproval of the Institute as per the hierarchy of priorities, as established in the agreements.

## 14 CONTINGENCIES

Provisions and corresponding judicial deposits are as follows:

	Judicial deposits		Contingency	
	2019	2018	2019	2018
Tax - Social Contribution on Revenues (COFINS) (i)	18,656	16,717	18,702	16,767
Labor (ii)			216	22
	<u>18,656</u>	<u>16,717</u>	<u>18,918</u>	<u>16,789</u>
Judicial deposits	<u>(18,656)</u>	<u>(16,717)</u>	<u>(18,656)</u>	<u>(16,717)</u>
Net amount under litigation			262	72
Less current liabilities			(46)	(50)
Non-current liabilities			216	22

Changes in the provisions were as follows:

	Tax	Labor	Total
At January 1, 2018	15,026	287	15,313
Complement/additions (iii)	1,105	16	1,122
Reversal/write-off		(281)	(281)
Accruals	636		636
At December 31, 2018	<u>16,767</u>	<u>22</u>	<u>16,790</u>
Complement/additions (iii)	1,252	216	1,468
Reversal/write-off		(22)	(22)
Accruals	683		683
At December 31, 2019	<u>18,702</u>	<u>216</u>	<u>18,918</u>

- (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 from income tax.

The Institute received a favorable response on June 9, 2008 for the PIS, confirming 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.

However, the Regional Superintendency of Federal Revenue indicated that COFINS should be levied on this type of revenue. The Institute, supported by its tax lawyers, maintained its own interpretation and, in 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 that the payment of COFINS is due. 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, for the period from 2004 to December 2019, totaling R\$ 18,507 (2018 - R\$ 16,767). The corresponding judicial deposit is presented as a deduction in liabilities.

Other than the COFINS matter referred to above, based on the position 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) A labor provision was recorded for claims filed by former employees of UREs. Under advice of its lawyers, the Institute considers the likelihood of loss to be probable.
- (iii) The balance of R\$ 1,252 (2018 - R\$ 1,105) refers to the taxes to be paid in 2019 deposited in court in relation to a judicial discussion for the COFINS levied on the accreditation fee.

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

Some labor claims were filed by former employees of the UREs, for which the Institute, as joint obligor, which are regularly reviewed by the legal area.

The reviews are to advise the dealers, which are the actual employers, to the conducting of their processes. At December 31, 2019, the contingency amounted to R\$ 426 (2018 - R\$ 457).

In the event of an unfavorable outcome, the Institute will incur the cost in proportion to its contribution to 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) who were included as joint obligors in the fulfillment of labor obligations.

According to its legal advisors, the labor joint obligation attributed to the Institute is without merit since there is no labor responsibility that could be attributed to the Institute and the other defendants for the a reverse logistics chain.

In May 2018, the Labor Court of Sapezal - Mato Grosso State rendered a ruling considering the public-interest civil action to be partially substantiated, and ordering AEASA to pay indemnity for collective personal damages of R\$ 30, as well as indemnity for individual damages of R\$ 4 for each employee working at the Receiving Unit. The ruling further acknowledged that both the Institute and the manufacturers were not to be held responsible for any of the facts disputed in the litigation.

MPT filed an appeal, currently pending judgment by the Regional Labor Court of the 23rd Region.

In 2019, the appeal filed by the MPT of Mato Grosso was analyzed by the Regional Labor Court of the 23rd Region, which considered the public civil action partially unsubstantiated, excluding inpEV and the associates (industry) as joint obligors in the fulfillment of labor obligations. The decision became final and unappealable and no further appeal is possible.

## 15 ADVANCES FROM ASSOCIATES

Considering that the associated companies contribute to 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 the advances from associates are as follows:

	January 1, 2019	Additions	Reductions	December 31, 2019
Associate contributions (i)	-	78,577	(72,084)	6,493
Crop Life Associados - sanitizers	2	-	(2)	-
	<u>2</u>	<u>78,577</u>	<u>(72,086)</u>	<u>6,493</u>

- (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 contributions from associates amounted to R\$ 78,577, and substantially correspond to estimated associate contributions of R\$ 90,316, less the contribution reduction plan of R\$ 15,000 and extraordinary contributions of associates that are also stockholders of Campo Limpo S.A. of R\$ 3,261.

Deductions in 2019 represent the net revenue recognition of the associate contributions of R\$ 72,084, resulting from the gross contributions from agrochemicals of R\$ 83,823 (Note 17), less the capital contribution of R\$ 15,000, plus the amount transferred by Campo Limpo S.A. of R\$ 3,261.

The balance of associate advance at December 31, 2019 of R\$ 6,493 refers to the disbursements as per the 2019 budget that will be realized in the subsequent years.

## 16 NET WORTH

According to the Institute's articles of association, the net worth, revenues, funds and operational surplus must be fully applied in Brazil, for the maintenance and development of the Institute's social objectives. 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 the life of the Institute.

At the 17<sup>th</sup> General Meeting of Associates, held on April 14, 2014, the associates approved the following main terms for affiliation of new associates:

- (i) One-time payment, of 20 minimum salaries, from the date of grant of the application for membership by the Board of Directors;
- (ii) 1.5% 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) 150% 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.

The new associates as from January 2014, who began selling agrochemicals, are now responsible for removing the empty packaging from the environment. Accordingly, they began the process of payment of membership fees, which, in the year ended December 31, 2019, corresponded to R\$ 5,186 (2018 - R\$ 4,782).

#### (b) Plan to reduce contributions

The Institute's original self-sustainability project included plans to reduce future contributions from by associates due to the generation of revenues, pursuant to its business model (Note 1.1.). As advised to associates in November 2018, their contributions for 2019 decreased by R\$ 15,000 (2018 - R\$ 20,000).

## 17 NET REVENUE FROM ACTIVITIES

	2019	2018
Associate contributions - agrochemicals (Note 15 (i))	83,878	92,451
Recycling company accreditation fee (Note 18)	16,474	14,544
Contributions to the costing of UREs (Note 19)	41,330	38,328
Extraordinary contributions (Note 20)	3,261	2,722
Operating lease (Note 21)	10,021	7,688
Voluntary work (Management and Statutory Audit Board)	642	611
Other	250	303
	<u>155,856</u>	<u>156,647</u>
Deductions from revenues		
Reduction in the associate contribution (Note 15 (i))	(15,000)	(20,000)
COFINS levied on accreditation fee	(829)	(704)
COFINS levied on lease	(761)	(584)
ISS and COFINS levied on consulting	(44)	-
Net revenue from activities	<u>139,222</u>	<u>135,359</u>

## 18 ACCREDITATION FEE FOR RECYCLING COMPANIES

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

The Institute recorded revenue in 2019 of R\$ 16,474 (2018 - R\$ 14,544).

## 19 CONTRIBUTIONS TO THE COSTING OF URES

As from December 2009, with the new model for container shipping, a new revenue source for recycling companies was created from contributions for costing of UREs. Revenue from these contributions is used to subsidize the costs incurred by the units receiving the empty containers (Note 1.1).

In 2019, revenue from contributions for costing UREs totaled R\$ 41,330 (2018 - R\$ 38,328).

## 20 EXTRAORDINARY ASSOCIATE CONTRIBUTIONS

As authorized by the Annual General Meeting of Campo Limpo S.A., the amounts received from its stockholders, associates of the Institute, should be invested for the 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.

This revenue from the recycling business, allowed Management to recognize R\$ 3,261 (2018 - R\$ 2,722) from Campo Limpo S.A., as an extraordinary contribution.

## 21 OPERATING LEASES

Leases are for 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 S.A. The lease, amounting to R\$ 10,021, of which R\$ 9,790 is related to Campo Limpo S.A. and R\$ 232 to Campo Limpo Tampas (2018 - R\$ 7,515 and R\$ 173, respectively), corresponds to 10% of the net monthly revenue calculated by the lessee, the minimum being 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-cancelable 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:

	2019	2018
Up to one year	12,170	7,076
More than one year less than five years	77,020	69,855
Mais de cinco anos	26,110	26,636
	<u>115,300</u>	<u>103,567</u>

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 automatically occurs for the same period and under the same conditions, if not challenged by either party, in writing, within 210 days prior to the expected expiration of the lease (May 2, 2018), that is, 10 years. As no parties made any pronouncements prior to the 210-day period, the lease renewed on December 31, 2017 as well as the Institute's commitment with future payments.

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, increasing the lease revenue received by the Institute (Note 1.4).

The stockholders' agreement was renewed in 2018 for the same period initially agreed upon, that is, for additional 10 years.

## 22 GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses are divided into three segments and managed accordingly, as follows:

	2019	2018
Infrastructure	(42,525)	(37,164)
Support process	(5,307)	(6,158)
Core process	(83,487)	(84,874)
	<u>(131,319)</u>	<u>(128,196)</u>

General and administrative expenses were:

	2019	2018
Infrastructure		
Facilities	(521)	(523)
Personnel, plus social charges	(23,582)	(19,455)
Voluntary work (Management and Statutory Audit Board)	(642)	(611)
General expenditures (i)	(14,111)	(11,725)
Outsourced services (ii)	(1,257)	(2,591)
Information Technology	(1,979)	(1,689)
Institutional	(432)	(570)
	<u>(42,525)</u>	<u>(37,164)</u>
Support process		
Legal (iii)	(711)	(1,030)
Communication, education and campaigns (iv)	(4,269)	(4,566)
Technological development	(247)	(191)
Projects (v)	(81)	(371)
	<u>(5,307)</u>	<u>(6,158)</u>
Core process		
Operations (vi)	(50,529)	(53,481)
Logistics (vii)	(26,885)	(24,028)
Final destination (viii)	(6,073)	(7,365)
	<u>(83,487)</u>	<u>(84,874)</u>

(i) Refers mainly to depreciation and amortization expenses totaling R\$ 8,055 (2018 - R\$ 7,563) and

to expenses with maintenance of property and equipment leased to Campo Limpo S.A. totaling R\$ 1,304 (2018 - R\$ 1,114).

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

- › Tax - R\$ 261 (2018 - R\$ 119).
- › Human resources - R\$ 199 (2018 - R\$ 118).
- › Internal and external audits - R\$ 419 (2018 - R\$ 448).
- › Administrative - R\$ 378 (2018 - R\$ 1,705).

(iii) Refers to support of external legal advisors during the monitoring of lawsuits, of R\$ 711 (2018 - R\$ 806).

(iv) Refers to expenditures with communication, publicity and training events, comprising:

- › Campaign expenditures - R\$603 (2018 - R\$ 593).
- › Dia Nacional (National Day) Campo Limpo - R\$ 1,314 (2018 - R\$1,635).
- › Communication/institutional material - R\$ 495 (2018 - R\$ 636).
- › Triple rinsing regional campaign - R\$ 144 (2018 - R\$ 177).
- › Outsourced services/communication services - R\$ 1,025 (2018 - R\$ 842).
- › Institutional events - R\$ 687 (2018 - R\$ 367).

(v) Refers to the Institute's activities in connection with the management of projects preapproved by the Board Members, mainly for the removal of obsolete and inadequate products - R\$ 81 (2018 - R\$ 369).

(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 stations, amounting to R\$ 45,488 (2018 - R\$ 51,658), and those for the construction of collection centers and stations, amounting to R\$ 3,520 (2018 - R\$ 993).

(vii) Refers substantially to expenses incurred with freights for the transportation of empty containers rinsed for recycling, amounting to R\$ 20,851 (2018 - R\$ 19,825), and not rinsed for incineration, amounting to R\$ 1,347 (2018 - R\$ 1,200).

(viii) Refers to expenses with incineration of containers not rinsed amounting to R\$ 5,722 (2018 - R\$ 6,999).

## 23 FINANCE INCOME AND COSTS

	2019	2018
Revenue from financial investments	2,123	2,085
Other finance income	19	302
	<u>2,142</u>	<u>2,387</u>
Withholding income tax on financial investment	(462)	(414)
COFINS on financial investment	(86)	(84)
Other finance costs	(303)	(189)
	<u>(851)</u>	<u>(687)</u>
	<u>1,291</u>	<u>1,700</u>

## 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:

	2019	2018
Salaries, vacation pay and 13 <sup>th</sup> month salary	(3,912)	(3,614)
Social charges	(1,731)	(1,327)
Other remuneration (*)	(2,367)	(2,497)
	<u>(8,010)</u>	<u>(7,438)</u>

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

## 25 COMMITMENTS

During 2019, 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 2019 budget, will be performed in 2020. The commitments entered into with third parties at December 31, 2019 and 2018 are as follows:

	2019	2018
Infrastructure process (i)	(1,084)	-
Support process (ii)	(195)	-
Core process (iii)	(5,214)	-
	<u>(6,493)</u>	<u>-</u>

(i) Relates to expected IT and administrative expenses, of R\$ 462 and R\$ 622, respectively.

(ii) Relates to expenses for the preparation of the annual report and the "PEA", amounting to R\$ 119 and R\$ 76, respectively.

(iii) Relates to construction and renovation of centers with exclusive inpEV administration of R\$ 5,018.

## 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, 2019 indicated the following levels of coverage:

<b>Location</b>	<b>Amounts covered</b>
inpEV - office	
Fire damage to property and equipment	5,000
inpEV - 109 centers	
Civil liability	20,000
inpEV - Property and equipment leased to Campo Limpo S.A.	
Clause 065 - Expenses with Coinsured Claims Containment	95,000

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CEO - inpEV

### **Regina Marta de Santana Sousa**

Accountant inpEV CRC 1SP177254/O-6

# Credits

**Creation**  
inpEV

**Coordination**  
Presidency and Sustainability (inpEV)

**GRI technical content, editing and design**  
Conecta Conteúdo e Sustentabilidade

**English translation**  
Milton Roth

**Photos**  
inpEV library

The 2019 Sustainability Report is the responsibility of inpEV.

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In order to make comments, suggestions and criticisms and clarify doubts about the 2019 Sustainability Report, please contact inpEV by means of its website ([www.inpev.org.br/fale-conosco/](http://www.inpev.org.br/fale-conosco/)) or by e-mail [faleconosco@inpev.org.br](mailto:faleconosco@inpev.org.br).

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