SUSTAINABILITY
REPORT

2014

OXITENO

Evolution by chemistry

sustainability
REPORT
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OXITENO

Evolution by chemistry

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Presentation 4

PROMOTING TRANSPARENCY

We are pleased to present you with Oxiteno's first Sustainability Report. The purpose of this document is to highlight the Company's efforts to achieve its mission of "developing high-performance, sustainable and innovative chemical products and solutions for use in people's lives".

With a variety of participants, development of the Report required contributions from many of Oxiteno's professionals, all of whom provided content and substance to help improve the quality of the material.

Aspects covered by this publication were also defined during collective and participatory processes, considering a materiality assessment based on the perception of the Company's management, its sustainability guidelines and the vision of its stakeholders (employees, suppliers, distributors, clients, the community and service providers, among others).

The decision to publish a specific report for our Company, on top of the information published by Ultra each year, is part of our commitment to achieving excellence in management and transparency with respect to our partners. This is why we adopted Version G4 of the Global Reporting Initiative (GRI), the most advanced internationally accepted methodology for the preparation of sustainability reports.

This is an exercise in transparency designed to offer accountability to the Company's stakeholders with respect to its strategy and performance in sustainability. In this Report, we present the path chosen by the Company to effectively incorporate sustainability into all of its business segments.

OXITENO
a member of the ULTRA group

VISION
To be a global reference in surfactants and their applications

VALUES
Oxiteno's activities are guided by five values:
Innovation
Relationships
Excellence
Knowledge
Sustainability

Message from the Group CEO

FOCUS ON EFFICIENCY AND PRODUCTIVITY

This Report presents Oxiteno's most important accomplishments in the area of sustainability in 2014. This initiative is a way of reinforcing our commitment to share our projects in this area with our stakeholders.

Last year, Oxiteno intensified its efforts to develop innovative products and services. The Company has a constant awareness of environmental challenges and the demands of its clients, always seeking to optimize its processes and increase efficiency and productivity. These elements take on greater importance because of the increasingly complex socioeconomic environment and are embedded in Ultra's strategy and that of its business segments.

Oxiteno prioritizes the use of renewable resources and the reduction of environmental impacts under a concept we call **Greenformance**. This framework allowed us to develop cleaner and less aggressive products for our business segments in 2014, including paints, solvents, emollients and inputs for the agrochemicals industry.

Committed to rationalizing our use of resources and atmospheric emissions, we continue to work to reduce the energy intensity of our products and services by seeking new ways to reuse water and reduce carbon emissions.

All of Ultra's employees and collaborators are guided by these principles, maintaining our commitment to contribute to the development of the regions in which we operate through innovation, social responsibility and transparency.

Aware of the importance of these factors in the job market, Oxiteno is committed to maintaining the quality of the internal environment and promoting health and safety within the organization. We were proud when these efforts were recognized and the Company was named one of the 30 best companies to start a career in a survey conducted by Você S.A. Magazine.

The following pages will provide you with more information about Oxiteno's main initiatives and indicators.

I hope you enjoy the read!

Thilo Mannhardt
Chief Executive Officer of Ultra

Message from Oxiteno's Executive Director

MORE COMMUNICATION *G4-1*

Our first Sustainability Report highlights the Company's performance during 2014. It details our value proposition, which is guided by innovation and the development of products with less socio-environmental impact, especially oleochemicals, surfactants and green solvents.

Together with the other businesses under the **holding** company, we already provided information about our performance on Oxiteno's website and in Ultra's Sustainability Report.

We decided to prepare our own individual Report based on a desire to provide our stakeholders with additional information about our activities, broadening communication and transparency with our shareholders, clients, employees, suppliers and communities.

We began the process with a materiality assessment – meaning that we listened to many different representatives from Oxiteno's various stakeholder groups (in addition to senior management), to identify the most relevant aspects for our business.

Among the highlights, I can draw your attention to the diversification of our specialty chemicals portfolio, resulting from investments in recent years. We also incorporated new technologies and raw materials derived from renewable sources, supported by a structure that also allows us to achieve scale and obtain competitive costs. These differentials place the Company in a privileged position in the market for renewable and natural ingredients in Latin America.

Our commitment to generating value and reducing socio-environmental impacts (in both our internal processes and products) all comes together under the concept known as **Greenformance**. Created in 2011, Greenformance is a set of guidelines that combines the use of renewable resources and preservation of the environment with the promotion of health and wellness. Through this concept, everyone in the Company is committed to using materials and processes with a smaller footprint and increased safety and quality.

We are also proud to have been recognized as one of the most innovative companies in Brazil, placing in the top ten in a ranking released by INFO Magazine in 2014.

We know that further challenges are coming, and we have an ongoing process of continuous improvement to build our knowledge base and enhance management and communication with respect to our value proposition.

Enjoy the Report,

João Benjamin Parolin
Oxiteno's Executive Director

Profile 7

EVOLUTION BY CHEMISTRY

Oxiteno is structured as a limited society under the Ultrapar holding company. It is the largest manufacturer of surfactants and specialty chemicals in Latin America. Our headquarters is located in the city of São Paulo (SP), and we have 1.8 thousand employees and 12 industrial units located in Brazil, the United States, Mexico, Uruguay and Venezuela, and we have offices in Argentina, Belgium, Brazil, China, Colombia, the United States, Mexico, Uruguay and Venezuela. *G4-3, G4-5, G4-6, G4-7*. Created in the early 1970's, Oxiteno resulted from the merger and partnering of a variety of different chemical companies.

Today, it develops efficient and sustainable solutions for the Agrochemicals, Personal Care, Home Care and I&I, Oil & Gas, Performance Products and Paints & Coatings markets. *G4-4, G4-8*.

Oxiteno treats sustainability as a value. It guides our decisions and helps us improve our policies, processes, products and technologies. Sustainability serves as a compass, allowing us to offer our clients solutions that promote wellness for consumers, inputs for paints that reduce environmental impacts, technologies that support farmers' health and home cleaning solutions that promote economy and convenience, among others.

BUSINESS SEGMENTS
Agrochemicals
Personal Care, Home Care & I&I
Oil & Gas
Performance Products
Paints & Coatings

BRUSSELS

PASADENA

GUADALAJARA
SAN JUAN DEL RIO
MEXICO CITY
COATZACOALCOS

SANTA RITA
CARACAS

BOGOTÁ

CAMAÇARI

TRADER AFRICA

SUZANO
MAUÁ
SÃO PAULO
TREMEMBÉ
TRIUNFO

MONTEVIDEO
BUENOS AIRES

OFFICES

INDUSTRIAL UNITS

R&D CENTERS

GLOBAL MAP

SHANGHAI

IN NUMBERS *G4-6, G4-8, G4-9*

+1.8
thousand employees

1.2
thousand employees in Brazil

600
employees overseas

12
industrial units in five countries: Brazil, Mexico, Venezuela, the United States and Uruguay

PRESENT IN NINE COUNTRIES

US$1.5
billion in net revenue

EBITDA of US$172
million

LARGEST PRODUCER OF SURFACTANTS IN LATIN AMERICA

1.5%
of revenue directed to research and development

20%
of raw material from renewable sources

35%
of products contain ingredients from renewable sources

SUSTAINABILITY PILLARS

Aligned with Grupo Ultra's guidelines, Oxiteno's sustainability management process prioritizes five main topics (see below). These areas drive policies and initiatives and are monitored periodically based on pre-defined indicators.

SAFETY   **PRODUCTS AND SERVICES**   **PEOPLE**   **ENVIRONMENT**   **VALUE CHAIN**

Materiality G4-24, G4-25, G4-26 e G4-27

We performed a materiality assessment to define the content for our Sustainability Report. Based on analysis of the business and consultations with stakeholders, the analysis led to identification of most important issues to the Company.

More than 300 people participated in the process, including employees, suppliers, distributors, clients and other stakeholders. We conducted online surveys and interviewed members of senior management and representatives from clients and the community (see page 38 for more information).

AWARDS AND RECOGNITION

• **Top Supplier Sherwin Williams**, Solvents category – Sherwin Williams.

• **Abflexo Premium Supplier Trophy**, Solvents category – Flexo Prof. Sergio Vay Quality Award.

• **Natura Quality Ensured Program** – the Camaçari unit passed Natura's quality audit in relation to ALKONAT 1618 C30P, and the product ALKEST CSO 400H was audited in the unit in Mauá. Natura qualifies suppliers to reduce the level of control necessary when it receives shipments.

• **ABIHPEC Qualified Supplier,** Ingredients category.

• **Most Innovative Companies in Brazil** – Info Magazine ranking of the 10 most innovative companies in Brazil.

• **Paint & Pintura Best Supplier Award**, Oxygenated Solvents category – *Paint & Pintura* Magazine.

• **Best Companies to Work For** – *Você S/A* Ranking

• **Best Companies for Starting a Career** – *Você S/A* Magazine

• **Top Employers Brazil** – Oxiteno was among the winners.

SUSTAINABILITY PILLAR	MATERIAL TOPIC
PRODUCTS AND SERVICES	Innovation
	Eco-efficient products
	Product safety
PEOPLE	Valuing the workforce
SAFETY	Health and safety
ENVIRONMENT	Use of natural resources
VALUE CHAIN	Supplier management
	Local development and development of other organizations
A COMPONENT OF ALL OF THE PILLARS	Communication

IMPORTANCE OF THE TOPIC	MORE INFORMATION (PAGE)
This is at the center of Oxiteno's strategy and involves the research and development of new products, analysis of macro-trends and the provision of solutions to help our clients overcome their challenges, with less impact on the environment.	16-21
One of Oxiteno's differentials is the development of products with socio-environmental benefits. The challenge here is to launch eco-efficient products that cost the same as products that use traditional materials.	16-21
Chemical products are critical in a variety of different sectors and help promote quality of life. But many of these products present risks during their manufacture or use. Oxiteno works to ensure the safety of its industrial processes and that its products are correctly handled by employees, clients and the final consumers.	19
The chemical industry requires highly qualified professionals, so we must invest in professional development and career management, employee attraction and retention, and benefits.	22-27
One of our main commitments is to provide a safe work environment. We invest in risk management and behavioral training, while promoting responsible conduct and ensuring the health and safety of our employees.	28-29
As a chemical company, Oxiteno's activities result in emissions of CO_2 and the use of water and energy. As part of our environmental management process, we seek to reduce these effects and promote reuse. The Company also prioritizes the use of materials from renewable and biodegradable sources.	30-33
Oxiteno develops tools to ensure that suppliers meet legal requirements and have practices that ensure the protection of human and labor rights, ethical behavior, health and safety, among others.	34-35
The chemical sector is present in almost every other industrial segment, leveraging the capabilities of these other industries.	16, 20 and 21
Communication is a tool that supports all of the other pillars. Dissemination of our initiatives and dialogue with our employees, suppliers, clients and other stakeholders promotes transparency with respect to our products, impacts, benefits and challenges.	Linked to all of the pillars

Management 12

CORPORATE GOVERNANCE *G4-34*

We are a member of Ultrapar holding, a multi-business company with dedicated management for each unit and the group as a whole. Ultra has an Executive Board comprised of the Group CEO and each business units' Executive Director, including Oxiteno.

Our corporate governance structure is aligned to Ultra's, a company whose shares are traded on the BM&FBovespa and New York Stock Exchange (NYSE). It has a solid organizational structure based on aligning the interests of shareholders and management for the generation of ongoing value.

In Oxiteno, four contracted directors are responsible for management of the business and execution of the Company's strategy. One of them is an Executive Director who reports the performance of the business to Ultra's Board of Directors on a quarterly basis.

Sustainability is also managed by senior management at the corporate level. Ultra's Sustainability Committee is comprised of representatives from each of the Holding's businesses. The committee is responsible for ensuring that all of the group's initiatives are aligned and that there is synergy among all of the businesses.

Many of the Company's activities involve sustainability-related topics. We evaluate indicators every month in the industrial units, and at least once per year, we present them to upper management as part of the OIMS (Oxiteno Integrated Management System) Critical Assessment.

Oxiteno's Executive Committee G4-34

EXECUTIVE DIRECTOR
João Benjamin Parolin

ADMINISTRATION & CONTROL DIRECTOR
Ana Paula Santoro Coria

COMMERCIAL DIRECTOR
Andréa Campos Soares

INDUSTRIAL DIRECTOR
Flávio do Couto Bezerra Cavalcanti

Management policy

Management policy

Our internal relationships and those with all of our stakeholders are based on ethical and responsible behavior.

The values that underlie our management policy are as follows:

- Good governance practices;
- Combating piracy, tax evasion, fraud and corruption;
- Fair competitive practices;
- Combating slave labor;
- Freedom to unionize and the right to collective bargaining;
- Rights of children and adolescents;
- Social inclusion of people with special needs;
- Prohibiting discrimination and harassment.

ORGANIZATIONAL STRUCTURE

SHAREHOLDERS' MEETING

BOARD OF DIRECTORS

CHAIRMAN:
Paulo G. A. Cunha
VICE CHAIRMAN:
Lucio de Castro Andrade Filho

FISCAL COUNCIL

CHIEF EXECUTIVE OFFICER

Thilo Mannhardt

CFO & INVESTOR RELATIONS OFFICER	EXECUTIVE DIRECTOR – OXITENO	EXECUTIVE DIRECTOR – IPIRANGA	EXECUTIVE DIRECTOR – EXTRAFARMA	EXECUTIVE DIRECTOR – ULTRAGAZ	EXECUTIVE DIRECTOR – ULTRACARGO
André Pires de Oliveira Dias	João Benjamin Parolin	Leocadio de Almeida Antunes Filho	André Covre	Pedro Jorge Filho	Ricardo Isaac Catran

Excellence in management

Supporting our commitment to excellence in everything we do, and the sustainable growth of the business, we developed the Oxiteno Integrated Management System (OIMS). Designed to help us meet the requirements of our clients, the market and all of our other stakeholders, the system allows us to improve our processes and incorporate practices and procedures required by international certifications in our business segments.

CERTIFIED SYSTEMS *G4-16*

CERTIFICATION	UNITS
ISO 9001 (Quality Management System) – since 1995	Brazil, Mexico and Uruguay
ISO 14001 (Environmental Management System) – since 2001	Brazil
ISO/TS 16949 (Quality Management System for the Automotive Industry)[1] – since 1998	Tremembé and Mauá Petroquímica
ISO 22716:2007 (Cosmetics – Good Manufacturing Practices (GMP))	Camaçari, Oleoquímica and San Juan del Rio
BRC Global Standard for Food Safety	Guadalajara
OHSAS 18001:2007 – Occupational Health & Safety Management Systems	Triunfo
Kosher and Halal certifications for the sale of ingredients to specific segments of the food industry[2]	Mauá Petroquímica, Oleoquímica, Suzano e Guadalajara (Kosher) - Mauá Petroquímica, Mauá Química, Oleoquímica and Guadalajara (Halal)
Conformity Seal of the Argentine Normalization Institute (IRAM) and the Association for Automotive Engineers & Technicians (AITA) in Argentina's automotive segment	Tremembé and Mauá Petroquímica
Inmetro Brake Fluids Certification	Tremembé and Mauá Petroquímica
Local certifications for a wide range of products (in accordance with a resolution of the ANP)	Camaçari (Butilglicol, DEA, MEA, MEG, TEG, Ultranex NP 100, Ultraoil EM 7000), Mauá Química (Ultranex NP 95) and Tremembé (Ultrawet 30, Ultrawet 70, Ultrawet 90, Ultrawet 110)

1. Substituted the QS 9000 certification beginning in 2005.
2. The Kosher and Halal certifications do not apply to all of the units' products.

CODE OF ETHICS *G4-56*

Ultra implemented its **Ethics & Compliance Program** in 2014, resulting in the release of its new Code of Ethics and Corporate Anticorruption and Relationships with Public Figures policies.

The new version of the Code has a different format: it is based on principles rather than rules. The objective of this is to provoke deep thought about ethical and moral questions involved in the organization's activities and relationships, encouraging autonomy and a sense of responsibility on the part of our employees.

Ultra's Code of Ethics outlines ethical principles to guide the decisions and conduct of the Company's employees and partners. One of the topics contained in the document is ethics in management, relationships and the workplace. It also establishes guidelines with respect to fairness, transparency, responsibility, compliance with laws, sustainable development, information security and conflicts of interest.

For questions or inquiries about ethical dilemmas, Ultra offers the **Ultra Open Hotline**. This is a communications channel that employees can also use to anonymously report violations of the Code of Ethics, laws or internal guidelines and policies. The channel is operated by an independent company, which treats the information carefully and confidentially, ensuring that it is correctly processed. The hotline is supervised by the Conduct Committee, a free and independent forum created by the Board of Directors.

Ultra also has a **Corporate Anticorruption and Relationships with Public Figures policy**, which consolidates its policies for preventing and combating corruption in dealings with civil service agencies and national and foreign governments. The objective of this policy is to preserve the integrity and transparency of Ultra's businesses.

Innovation in products and services

EVOLUTION BY CHEMISTRY *GRI-EN27*

Chemistry is a critical element in the solution of many global challenges. Chemical applications support a wide variety of different segments, including the food, automotive and construction industries. It can also help produce positive impacts by increasing productivity and quality in agriculture, expanding the supply of fuel and medicine, creating new technologies to access cleaner resources and developing ingredients from renewable sources, among others.

Oxiteno anticipates market trends and develops innovative and safe products with less socio-environmental impact in five business segments: Personal Care, Home Care and I&I; Agrochemicals; Oil & Gas; Paints & Coatings; and Performance Products.

The goal in all of the segments is to offer more sustainable alternatives to overcome the challenges we face, especially in the areas of oleochemicals, surfactants and green chemicals. In recent years, we expanded our portfolio of specialty chemicals and incorporated new technologies and raw materials from renewable sources. This places the Company in a privileged position in the market for renewable ingredients in Latin America. Our structure also provides us with advantages: as examples, the Oleochemicals unit provides the Company with sufficient scale to obtain palm kernel oil from Southeast Asia at competitive prices, while the solvents units allow Oxiteno to produce short-chain specialty alcohols from sugarcane.

We have three Research Centers located in Brazil, Mexico and Venezuela, which are responsible for building our technical expertise. Our Research & Development (R&D) teams consist of more than one-hundred professionals, and we encourage a culture of innovation among all of our employees. This involves both corporate initiatives and specific actions within each unit. Each business segment has a technical-commercial discussion forum. The groups meet on a monthly basis to discuss business development and opportunities to attribute additional value to existing products, among other topics. Our annual Technology Board serves as an advisory council. This forum brings together recognized scientific advisors from Brazil and abroad to discuss trends and opportunities, in addition to different areas from within the Company.

Knowledge and co-creation

Partnerships with research institutes also enhance our ability to identify trends and expand our knowledge and capacity for innovation. We participate in the Brazilian Institute for Industrial Research & innovation (Embrapii), the National Association for Research & Development by Innovative Companies (Anpei) and the Brazilian Chemical Industry Association (Abiquim). We also have a partnership with the Senai Innovation Institute (ISI) and obtain incentives from programs that foment business such Finep.

Clients are also important partners when it comes to making advances in research and technology. We work very closely with our clients, co-developing solutions that help them overcome their challenges – from adapting a substance or ingredient for use in Brazil, to substituting ingredients in formulations, or even developing a completely new product. These types of development initiatives resulted in the registration of 19 patents in 2014, three of which were in Brazil, and another five are in the pipeline for 2015.

G4-EC4 - FINANCIAL ASSISTANCE RECEIVED FROM THE GOVERNMENT IN 2014

Amount
(in R$ 000's)

15,644
18,167

BNDES
FINEP
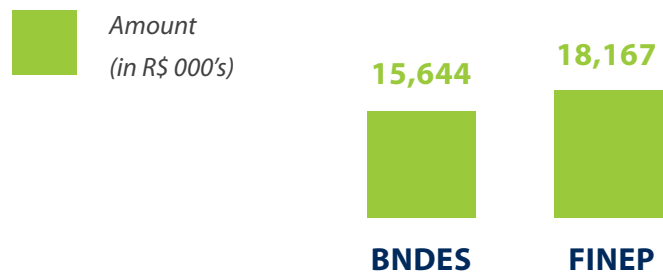
Culture of innovation

In-line with its overall strategy, Oxiteno developed initiatives to involve and engage the entire organization in processes involving innovation, increasing the generation of new ideas and integrating the areas. Created in 2014, one of these initiatives is Innovation Friday, which involves monthly meetings to strengthen the culture of innovation among our employees. The meetings unite multi-disciplinary teams in a broad discussion about innovation. They cover questions such as how to access and disseminate knowledge and how to understand the Company's role in its clients' value chain, in addition to evaluating trends and opportunities, new ways of attributing value and assessing the market, among other activities.

The industrial units also provide incentives for the generation of ideas that benefit the Company. As an example, Camaçari created an Innovation Committee. Another initiative is the Idea System, which encourages employees to brainstorm about ways to improve work, production, maintenance, internal logistics, health, safety, environmental and quality processes, among others.

Any employee can make a suggestion, all of which are considered by the Innovation Committee. Since the program's launch, 359 ideas were presented, 22 were recognized and 10 received awards. These proposals have helped the plant reduce costs, improve safety and diminish its environmental footprint.

REDUCING IMPACT *GRI-EN27*

We established **Greenformance** in 2011 – a set of guidelines for the development of safe products with less environmental impact and the generation of value through sustainability. This concept combines the use of renewable resources and preservation of the environment with the promotion of health and wellness in the development of new technologies and products. Because of this initiative, Oxiteno already uses raw materials from renewable sources in 35% of its products.

Lifecycle assessment G4-EN27

To reinforce our concept of **Greenformance**, we evaluate the environmental performance of our products using the LCA (Lifecycle Assessment) tool. This analysis allows us to determine the best way to obtain raw materials and to deploy processes and technologies. This type of analysis can be performed at different moments: including for new solutions or molecules, the development of strategic solutions or on-demand for specific clients.

One of the projects allowed us to develop a new way of substituting aromatic solvents in automotive paints – Aromatic-Free. The resulting formulation used sugarcane derivatives and was comprised of ingredients with less environmental impact. The LCA methodology allowed us to compare the product's environmental performance with traditional automotive solvents. The test results clearly demonstrated the benefits of Aromatic-Free, since the new products produced less VOC (Volatile Organic Compound) emissions, reduced the potential for formation of oxonium in the atmosphere and were safer for workers, since they increased the exposure limits to the product as measured by TLV (Threshold Limit Value). Furthermore, the new product has a similar cost and uses derivatives from renewable sources.

Another initiative in the Paints & Coatings segment was our study of a high-performance solvent system for flexographic inks, in which we compared environmental performance to a traditional solvent used to dilute the inks. Our solution was shown to provide better performance with less impact to the environment, considering factors such as the depletion of natural resources, global warming, destruction of the ozone layer and toxicity to people. The CNI (National Industry Confederation) published the project in the form of a case study about innovation in the value chain.

In addition to the studies in the paints segment, which have already produced significant results, we also apply the LCA methodology to projects in our other business segments, where we evaluate alternative raw materials and more sustainable processes.

With respect to our raw materials, we also seek to establish alternatives that cause less impact. We are members of the RSPO (Roundtable on Sustainable Palm Oil), a non-profit organization based in Malaysia that promotes the sustainable use of palm oil. One of the main ingredients used by the industry, the cultivation of palm oil is linked to the deforestation of significant areas of tropical forests, especially in Southeast Asia. We expect to conclude a certification process in 2015 to ensure that all of the palm oil we consume is derived from sustainable processes. We are also seeing a multiplying effect from this initiative in our production chain – since our suppliers are modifying their processes so they will be able to continue to supply this ingredient to Oxiteno. **G4-15**.

greenformance
beyond green
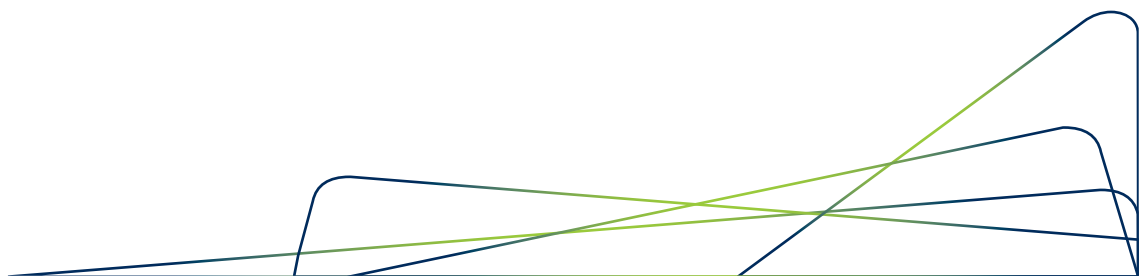
What is it?

A set of guidelines that combines the use of renewable resources and preservation of the environment with the promotion of health and wellness.

How does it work?

All of the processes involved in the development of new products and services are based on this framework. During planning, we evaluate the best ways of making our products better for our clients.

Renewable sources: plant-based raw materials in place of synthetic inputs and petrochemical derivatives.

Preservation of the environment: concentrated and biodegradable products that reduce the use of energy, water and packing materials.

Health and wellness: high-performance, mild and safe formulations.

Results

- **20%** of raw materials derived from renewable sources;
- **35%** of products contain ingredients from renewable sources;
- Optimizing our energy matrix, prioritizing the use of clean technologies;
- Monitoring and reducing greenhouse gas emissions (GHG);
- Using the lifecycle assessment tool (LCA) for our products;
- Developing alternatives to Nonlyphenol Ethoxylates – NPE;
- Creating surfactant solutions that are less irritating to the skin and eyes;
- Replacing pollutants and products that are harmful to the atmosphere.

PRODUCT SAFETY *GRI-PR1*

We constantly evaluate our products, invest in building our knowledge and monitor legal requirements in-force to ensure the safety of our products to clients and final consumers.

From the first stage involved in the development of chemical products, we work to provide safer solutions that comply with all applicable regulatory recommendations. We analyze toxicological requirements to categorize the risks associated with our chemical products. We follow local and international developments to identify issues that could impact our businesses, mainly by participating in industry associations such as the technical commissions of the ABNT (Brazilian Technical Standards Association) focused on Health, Safety and the Environment and the Transport of Hazardous Products.

Our products and raw materials comply with prevailing classification and labeling requirements for chemical products and shipment. We prepare Material Safety Data Sheets (MSDS), Emergency Data Sheets and labels containing information about the composition of the product, safety recommendations, storage, handling and disposal, while also addressing other legal requirements.

We have a corporate project management system that allows us to register and recover information about all of our products. We perform audits and provide information, orientations and alerts to support compliance with laws, resolutions and regulatory standards. This minimizes instances of non-conformity and allows us to continuously improve our operations.
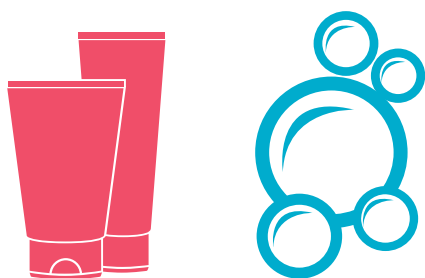
PERSONAL CARE, HOME CARE AND I&I

Our goal is to support the cosmetics industry in promoting wellness and beauty and to facilitate the home care routine by providing more efficient and concentrated cleaning formulations. We also want to meet our clients' demands for alternative sources that are also safe for use in their products, so we incorporate drivers related to renewable sources and health/wellness.

Our value proposition for this segment is based on the use of biodegradable and multi-functional ingredients that improve the attributes of the formulations.

In 2014, we continued work on the development of three new emollient esters based on the Greenformance concept, which are designed to be used in applications for Skin Care and Sun Protection. The products are 100% derived from renewable sources and will meet our clients' demands for natural products with sensorial benefits in creams, lotions and sunscreens. Our clients have already begun application testing and the homologation process for two of the three esters currently available, and we have performed production scale testing with our partners in Brazil.

Main product launches

Oxismooth Line: new emollient ester for use in Skin Care and Sun Protection, derived 100% from renewable sources.

AGROCHEMICALS

We offer innovative technological solutions designed to help make the agricultural industry more productive, while causing less socio-environmental impact. We are also committed to improving people's quality of life and preserving the environment. Our investments in this segment have more than doubled over the past four years. In the area of innovation, we invest in products that increase productivity per unit of planted area, require smaller doses and use less energy in the preparation of the formulations.

In 2014, we developed an adjuvant solution for crop protection products that uses vegetable oils and surfactants. The formulation replaces alkylphenol ethoxylate and mineral oils with ingredients from renewable sources based on sugarcane and vegetable oils. The result is lower toxicity to people and less impact to the environment. The solution provides users with better productivity and technical performance, which includes more effective spreading of the product, increased effects of the agrochemical ingredients on the crops, easier application in the field and better ecotoxicology properties compared to traditional products. We demonstrated these benefits through testing on crops, in addition to the solution's excellent compatibility with the main crop protection products currently in use and its superior biologic efficacy.

Main product launches

Surfom® DRT: developed due to a regulatory restriction, this alternative can reduce the amount of pesticide applied to a crop because of more efficient anti-drift properties.

Surfom CE 8000 Series: a product family designed to optimize the production of agrochemicals formulations by using a mixture of surfactants in the formula in place of a several individual ingredients. Approximately 30% of the content is ethoxylated vegetable oil.

Surfom ADJ Line: an adjuvant used in conjunction with fungicide, approximately 50% of the composition is derived from vegetable oil.

Ultramina TA Line: products for manufacturers of herbicides that use adjuvants with up to 70% of their composition derived from renewable sources.

OIL & GAS

We consolidated our position in this segment to move closer to our clients and to serve them with excellence. The year was marked by the inauguration of our applications laboratory in the Oxiteno Research Center, as well as an intensive campaign to further develop our professionals in the Oil & Gas segment.

The innovation team directed its research towards opportunities linked to pre-salt, mature wells and shale oil and gas. To further invest in leading edge technologies, ensuring high-performance during exploration and production, Oxiteno received an investment of approximately R$ 10 million from Finep. We also entered into a partnership with the widely recognized entity IMP (Mexican Petroleum Institute) to increase cooperation and share solutions between the two organizations.

Also in 2014, our study of advances in CEOR **(Chemical Enhanced Oil Recovery)** was selected for presentation in a special session of the Rio Oil & Gas conference in September. This is one of the most important events in the oil industry and focuses on highlighting innovations in the market.

Reinforcing the **Greenformance** concept, we develop solutions that cause less harm to the environment. Among these solutions are the biodegradable continuous phase for drilling fluid and solvent formulations that are free of aromatics (or have a low content), which are also highly biodegradable, for use in the removal of organic deposits by the oil industry. All of these product launches and projects were supported by investments to expand our R&D laboratories and to increase our productive capacity.

Main product launches

Ultroil EB: line of demulsifier bases.

Development of a biodegradable continuous phase for drilling fluids for use during exploration, providing an alternative with lower toxicity and better biodegradability compared to n-paraffins.

PAINTS & COATINGS

Oxiteno's Paints & Coatings segment has been consolidating its expertise and position in the market to serve its clients with the highest possible standard of excellence. Aligned to the **Greenformance** concept, we promote innovation through the development of greener solvents, which have lower compositions of volatile organic compounds (VOC), are HAP-free and derived from renewable sources.

In 2014, we received the Sherwin-Williams Supplier Performance System Award, which recognizes the quality of our products and processes, as well as our delivery, billing and buyer assistance programs. For the third consecutive year, we were recognized during the 18th edition of **Paint & Pintura** Magazine's awards ceremony as the top oxygenated solvents supplier. In addition to demonstrating excellent **performance**, the award was also evidence of our commitment to offering high-performance and versatile products, with low toxicity and less emissions of pollutants during use, that are safer for the environment and people.

As part of serving such a demanding market in relation to quality and sustainability, Oxiteno launched two new products during the 2014 American Coating Show: a line of surfactants based on renewable sources free of alkylphenol ethoxylate (APE) and a coalescent with low toxicity and odor.

Main product launches

Oximulsion: an APE-free line of surfactants, free of alkylphenol, derived from renewable sources.

Ultrafilm 1000 ECO: a coalescent based on renewable sources that complies with VOC (Volatile Organic Compound) regulations for paint formulations, also offering low toxicity and odor.

Ultrasolve L 795: a solvent for use in diluent formulations for automotive paints, in addition to providing high application performance and high competitiveness within the solvents market, the solution is an alternative for the aromatic solvent toluene, which has toxicological restrictions on its use.

People 22

The chemical industry requires highly qualified professionals who continuously update their knowledge base. To maintain our teams engaged and motivated in the execution of our strategy, we offer them opportunities to apply their knowledge and develop their skills in a healthy environment, where a climate of respect, harmony and ongoing encouragement of individual growth prevails.

Our business segments present us with constant challenges, which also serves as a natural incentive to professional development. Through training and personal development programs, all of our professionals have the opportunity to improve their skills and advance in their careers.

Oxiteno also supports initiatives to ensure the practice of socially responsible labor practices, and 100% of its employees are covered by collective bargaining agreements. Concern for the quality of the work environment and the health and safety of our professionals are all part of this commitment. **G4-11**

In 2014, our people management practices resulted in Oxiteno being named one of the 150 best companies to work for by **Exame** Magazine, and one of the 30 best companies for starting a career by **Você S.A.**

Oxiteno is also certified by the Top Employers Institute, which recognizes organizations for the excellence of their HR management practices.

G4-10 EMPLOYEE PROFILE[1]

HIRED FOR AN INDEFINITE PERIOD

	2012	2013	2014
Women	278	306	318
Men	809	832	854

Women | Men

HIRED TEMPORARILY

	2012	2013	2014
Women	0	0	0
Men	2	0	0

Women | Men
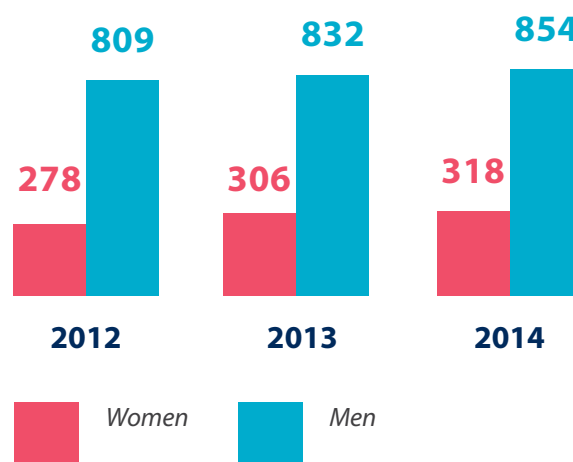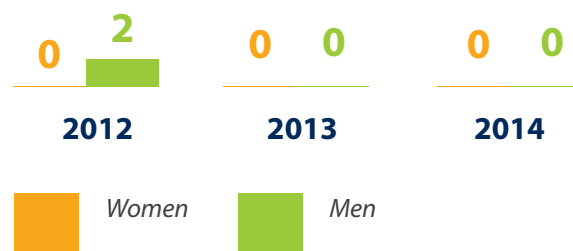
HIRED TEMPORARILY (TRAINEE PROGRAM)

	2012	2013	2014
Women	14	13	17
Men	15	19	15

Women | Men

1. Data from Brazil.

TOTAL EMPLOYEES[1]

854 Men

318 Women
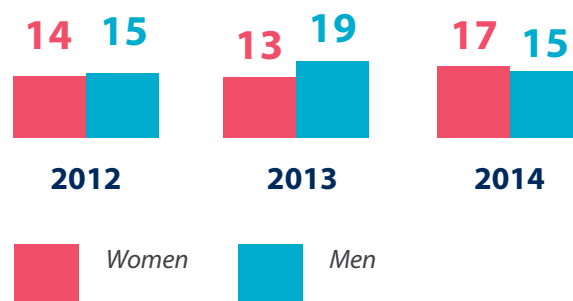
1. Data from Brazil.

TOTAL CONTRACTS

1.118	1.170	1.204
2012	2013	2014

■ *Total*

1. Data refers to the operations in Brazil and does not include approximately 600 employees based in our overseas units.

G4-LA12 COMPOSITION OF THE EXECUTIVE COMMITTEE BY GENDER

2	2
WOMEN	**MEN**

G4-LA12 COMPOSITION OF THE EXECUTIVE COMMITTEE BY AGE

0	2	2
LESS THAN 30	**FROM 30 TO 50**	**OVER 50**

TRAINING MANAGEMENT *G4-LA10*

Our objective is to create and maintain an environment of continuous learning, in which professionals share their experiences, gain perspectives on new ideas and perceptions and take on challenges for self-development and growth. This policy is based on our belief that knowledge gains are more sustainable in the long-term when they are transformed into new behaviors.

Oxiteno's career development and management process is structured around a skills-based approach. The underlying premise is to have the right person in the right position at the right time. The DNA Program – The Key to Our Evolution serves as the foundation for the selection, evaluation, development and succession of our professionals. It helps us determine the skills required for executing our business strategies and facilitates a smooth and effective process. Employees receive performance evaluations every year that consider both collective and individual factors.

Each area determines its training needs on an annual basis to determine the priorities for investment. These investments increase in accordance with the Company's growth plans – and training hours follow these trends for both the leadership and their teams.

At the management level, skills development programs are based on the Company's strategies and include leadership, business management, coaching, mentoring and self-assessments. Another critical aspect of our overall training strategy is safety (see pages 28 and 29 for additional information). In 2014, one of our initiatives focused on development in the

areas of productivity and time management. Through a new methodology and the support of an independent consulting firm, the course focused on improving project management skills and the efficient execution of related tasks. The course also impacted the overall well-being of our professionals by offering them tools to control their activities more efficiently, and the objective is for the leaders to share the knowledge acquired with their teams. Considering the Company's profile, with employees located in various regions throughout the world, another area of focus during the year was cultural diversity.

In Mexico, the Distribution Center and plants in San Juan del Rio, Guadalajara and Coatzacoalcos all implemented the High-Performance Teams project. The objective of the initiative was to increase productivity and profitability and to reinforce the importance of teamwork and integration among the different areas and employees. The project involved the formation of workgroups consisting of employees from different areas. They were then tasked with the challenge of resolving different problems and provided with quarterly goals. As a result of the initiative, the business reduced the number of accidents and non-conforming products and strengthened the employees' engagement and commitment to the Company and the learning process. Production also grew in 2014, achieving record results in some cases.

Employee terminations are analyzed case-by-case and consider criteria such as time with the Company, profile of the employee, performance and organizational changes. Depending on the circumstances, the Company offers job placement services or plans to help prepare for retirement. In the latter case, Oxiteno generally communicates the terminations in advance and prepares a transition plan for the substitution and departure of the professionals.

LA-9 AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE

FUNCTIONAL CATEGORY

253

47
27

145

101

11
20

56
11

179

70

78

| 2012 | 2013 | 2014 |

- Operational
- Administrative & Technical
- Management
- Total

GENDER

104

48

44

52

28

32

20

12

52

| 2012 | 2013 | 2014 |

- Women
- Men
- Total

necessary improvements. More important than the survey itself are the improvements we make as a result of the survey. After completion of the 2012 survey, we developed one-hundred action plans of varied dimensions. Many of them were sector-specific and related to the continuous evolution of our people management processes.

ENCOURAGING DIALOGUE

We constantly encourage open and honest communication throughout the entire organization. Our professionals can access corporate information through one of many communications channels (print, digital or in-person). Oxiteno Dialogue is a direct line of communication between employees and the Company's Executive Director, serving as one of the tools that allows our employees to communicate with senior management. We also hold annual meetings in all of the units to promote further interaction and an executive meeting that brings upper management closer to the most senior managers.

Other communications channels include the intranet, our bimonthly internal magazine, weekly e-mail marketing communications and message boards located in the industrial units. All of these mechanisms are tools that allow us to communicate the Company's strategy and sustainability pillars.
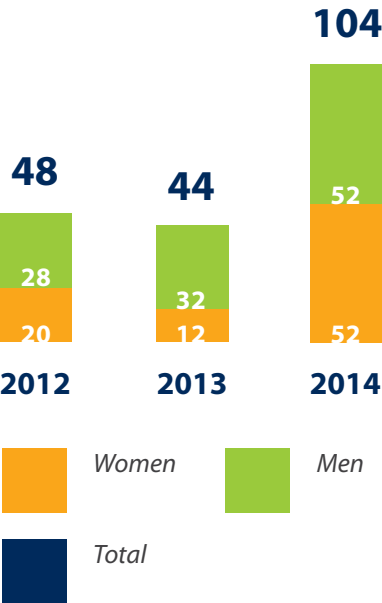
EMPLOYEE SATISFACTION

Since 2000, we have been performing an organizational climate survey every two years. Participation in the process is voluntary, however, the level of employee engagement has increased with each new cycle. The most recent survey was performed in 2012 and resulted in an employee satisfaction index of 86%. The level of participation was also a record, with 91% of employees completing the survey.

In 2014, we reviewed the survey to better align it with the other group companies and Ultrapar's strategic challenge for 2022. As a result, the process was not performed in 2014 and will resume in 2015.

We disclose the results of the survey, and all of the employees participate in the development of action plans to implement the

OTHER INDICATORS

G4-LA1 - EMPLOYEE TURNOVER BY AGE GROUP AND GENDER

	WOMEN			MEN		
2014	ADM	TERM	TURN(%)	ADM	TERM	TURN(%)
0-29	39	29	27.64	76	47	26.28
30-49	18	11	8.06	44	42	9.29
Over 50	0	1	1.56	1	16	4.94
2013						
0-29	30	20	21.01	58	26	18.92
30-49	25	12	10.76	39	28	7.38
Over 50	2	2	7.14	3	21	6.86
2012						
0-29	40	27	29.65	58	55	25.57
30-49	14	20	11.11	43	50	10.57
Over 50	0	2	3.85	0	29	8.59

ADM. New hires
TERM. Terminations
TURN. Turnover

G4-LA13 - RATIO OF REMUNERATION OF WOMEN TO MEN

	CENTRAL ADM.	MAUÁ	TREMEMBÉ/ SUZANO	CAMAÇARI	TRIUNFO
Management	0.85	1.08	0.69	0.89	0.61
Administrative	1.00	0.89	1.38	1.27	0.73
Operational	-	0.73	0.74	0.97	0.53

Safety 28

A SAFE ENVIRONMENT

Oxiteno has a constantly evolving set of programs and initiatives that help promote a healthy and safe work environment. These tools allow the Company to rigorously manage operational risks.

SIGO SISTEMA INTEGRADO DE GESTÃO OXITENO

The Health and Safety Management guidelines (at both the Occupational and Process-level) are part of the Oxiteno Integrated Management System (OIMS). In addition to identifying long and short-term risks, Oxiteno has methodologies in place to classify, perform impact assessments and to monitor risk, and there is synergy between the entire process and the preventive and mitigating action plans in-progress. An Executive Committee focused on topics related to health, safety, quality, the environment and social responsibility supervises these activities.

We use globally accepted best practices for the area and a risk acceptance matrix in all of Oxiteno's industrial units. The matrix contains criteria related to personal integrity, the environment, corporate image and impacts on the facilities.

In 2014, Oxiteno's unit in Triunfo was the first to obtain the ISO 18001 certification, which recognizes high standards in health and occupational safety systems. The audits performed by multi-disciplinary teams, including professionals from areas such as safety, operations and maintenance, are one of the initiatives worth highlighting in the unit. Oxiteno's other units are currently in the process of obtaining the 18001 certification.

The Company always seeks to strengthen its processes and mitigate risk, however, safety is a constant challenge. Our objective continues to be to reduce the number of accidents to zero. In 2014, we registered a reduction in the rate of accidents, which fell to 8.12 (compared to 11.27 in the prior year). Furthermore, we have not had any occupational disease outbreaks since 2010. *G4-LA7*

Behavioral guidelines

Safety is an obligation for Oxiteno and a responsibility of every employee. We developed our Golden Rules and the Safety Consequences Policy to ensure that everyone is empowered and aware of our policies and procedures, and constantly promoting safe behavior in their work environments. These documents outline behavioral standards that all of our employees must strictly observe. The Golden Rules are designed to instill an attitude of safety among our employees, while the Consequences Policy is disciplinary in nature. It establishes consequences for professionals that break the rules with respect to health, safety or the environment based on the severity of their actions.

Training is provided on a continuous basis. One of the initiatives is for employees from all of the units involved in health and safety to meet each year to discuss challenges and to share best practices.

Layers of protection

We adopted the risk-based process safety model in our facilities promulgated by the CCPS (Center for Chemical Process Safety), together with the good practices prescribed by OSHA (Occupational Safety and Health Administration). These guidelines are recognized as the most advanced in the world for the chemical industry.

We are meticulous about selecting the safest technologies for our productive units, and our results demonstrate a positive relationship between risk

G4-LA6 TYPE AND RATE OF INJURIES, OCCUPATIONAL DISEASES, LOST DAYS, ABSENTEEISM AND NUMBER OF WORK-RELATED FATALITIES[1][2]

FREQUENCY[3]

Legend:
- Central Adm.
- Suzano
- Tremembé
- Triunfo
- Camaçari - all
- Mauá - all
- OXITENO BRASIL

2012
- Central Adm.: 0.0
- Suzano: 9.64
- Tremembé: 51.50
- Triunfo: 39.91
- Camaçari - all: 5.54
- Mauá - all: 6.40
- OXITENO BRASIL: 6.85

2013
- Central Adm.: 0.0
- Suzano: 22.27
- Tremembé: 20.33
- Triunfo: 30.31
- Camaçari - all: 9.91
- Mauá - all: 10.19
- OXITENO BRASIL: 11.27

2014
- Central Adm.: 1.95
- Suzano: 27.24
- Tremembé: 19.70
- Triunfo: 4.51
- Camaçari - all: 5.89
- Mauá - all: 9.23
- OXITENO BRASIL: 8.12

LOST DAYS INDEX[4]

2012
- Central Adm.: 0.0
- Suzano: 24.1
- Tremembé: 0.0
- Triunfo: 95.2
- Camaçari - all: 11.1
- Mauá - all: 22.2
- OXITENO BRASIL: 16.0

2013
- Central Adm.: 0.0
- Suzano: 74.9
- Tremembé: 0.0
- Triunfo: 42.0
- Camaçari - all: 74.4
- Mauá - all: 26.6
- OXITENO BRASIL: 108.2

2014
- Central Adm.: 0.0
- Suzano: 0.0
- Tremembé: 44.3
- Triunfo: 18.1
- Camaçari - all: 140.8
- Mauá - all: 94.0
- OXITENO BRASIL: 92.1

1. Oxiteno does not register absenteeism rates. Injury rates include accidents at work and during commutes by employees, third parties and trainees with and without lost days. Our health and safety system records do not split the data by gender.
2. No deaths were registered between 2012 and 2014.
3. Frequency rate per 1,000,000 of HHT.
4. Days missed rate x 1,000,000.

Attention to change

We revised our Change Management Procedures in 2014 to minimize risks and impacts associated with substituting or moving equipment, or making other modifications to our existing installations. The project included standardization of all of our procedures based on specific criteria and best international practices, and training was provided in all of the industrial units.

reduction and increased process efficiency. Oxiteno uses an Independent Layers of Protection Model to ensure that it meets, maintains and controls these standards (commonly referred to as a "Swiss Cheese Model" or "Onion Model"). The concept is based on "Layers of Protection", which defined as a whole is the set of equipment, accessories, instruments, mechanical devices and control procedures that protect facilities from unwanted events and events that could limit their functioning. These layers are independent of one another, and a failure in one of them should not negatively impact the other layers.
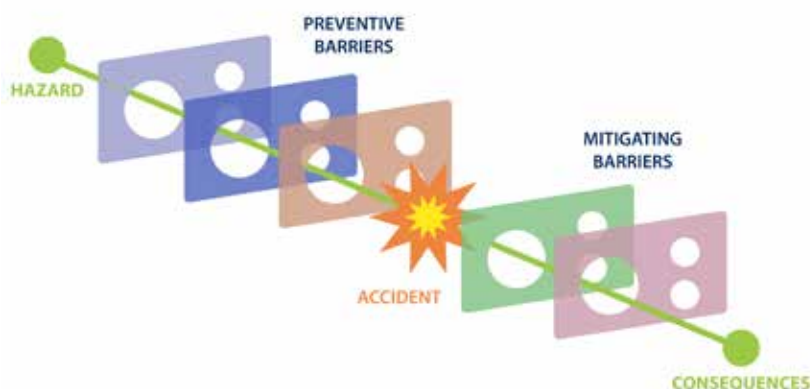
Environment

COMMITTED TO CAUSING LESS IMPACT

We strive to implement new sustainable practices in our day-to-day activities in a strategic and structural manner. We periodically conduct reduction and optimization projects to become more efficient in our use of energy and water and the emission of greenhouse gases (GHG). Our environmental management system is certified under the international standard ISO 14001. In addition, we are signatories to the Responsible Behavior Program developed by the Brazilian Association for the Chemical Industry (Abiquim), which is a voluntary initiative of the chemical industry designed to demonstrate its commitment to continuously improving in the areas of Health, Safety and the Environment. The Responsible Behavior program is recognized by the Responsible Care initiative and complies with all of the key criteria prescribed by the International Council of Chemical Associations (ICCA).

In addition to the environmental management of its operations, Oxiteno's strategy also provides for the development and sale of more sustainable products and services based on the Greenformance concept, which includes use of the LCA (Lifecycle Assessment) tool. This analysis allows us to determine the best possible way of obtaining raw materials (including fossil fuels and renewables, and implementing our processes and technologies – further details on page 18).

ENERGY

Pioneers in the use of natural gas in our boilers, a fuel that provides better performance and safety in our processes, we are committed to seeking alternative fuels with less impact to the environment – one such source is steam generated using residual gases acquired from neighboring companies in the chemical complexes in which we operate (more information below).

Our facilities are equipped with catalysts designed to enhance the selectivity of the processes, improving the performance of the production process and minimizing the use of raw materials, inputs and utilities.

Other initiatives that help increase energy efficiency are the use of high-performance motors, installation of frequency inverters in the motors and the use of LED lighting.

In-line with our objective of finding alternative ways to generate energy, a group of employees in Mauá developed a pilot project to generate wind power and energy using a solar battery. The project was implemented in 2014, and the results will be evaluated in 2015, when we also plan to expand the project. The pilot was implemented in the electrical and instrumentation workshops for the plant's maintenance area.

Through process improvements and energy efficiency projects, including the increased availability of its boilers in the Camaçari unit and the substitution of fossil fuels for alternatives such as tail gas, Oxiteno has been able to gradually reduce its energy intensity. Since 2012, these initiatives have produced an increase in energy efficiency of 5%.

G4-EN5 - ENERGY INTENSITY

Total energy used in processes/production (GJ/t product)

6.5 — 2012
6.4 — 2013
6.2 — 2014
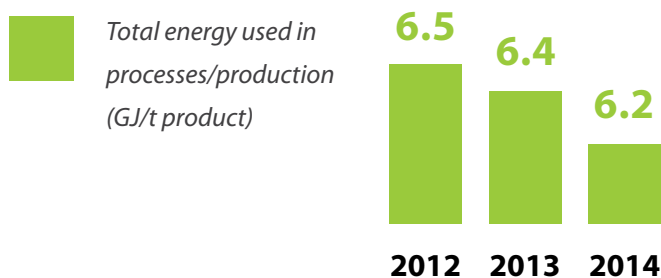
WATER

We rely on underground aquifer resources, directly captured rainwater and water provided by the public system and other water utilities. We expanded our reuse of water in 2014 after a reassessment of the water balance in the industrial units – as a result, our utilization of treated wastewater increased by more than 100 thousand cubic meters in comparison to 2013.

Actions taken to reduce consumption include the capture of rainwater, reuse of discharge from boilers and waste from the demineralizing process, reuse of condensation to clean equipment, shortening the washing cycles and improving the cooling towers' concentration cycles.

In Mauá, 100% of water used for industrial purposes (an average flow of 90 m3/h), comes from the reuse of treated wastewater under the Aquapolo program – a water reuse program for companies operating in that chemical complex. In addition, we reuse approximately 10 m3/h through waste generated by the process of demineralizing water.
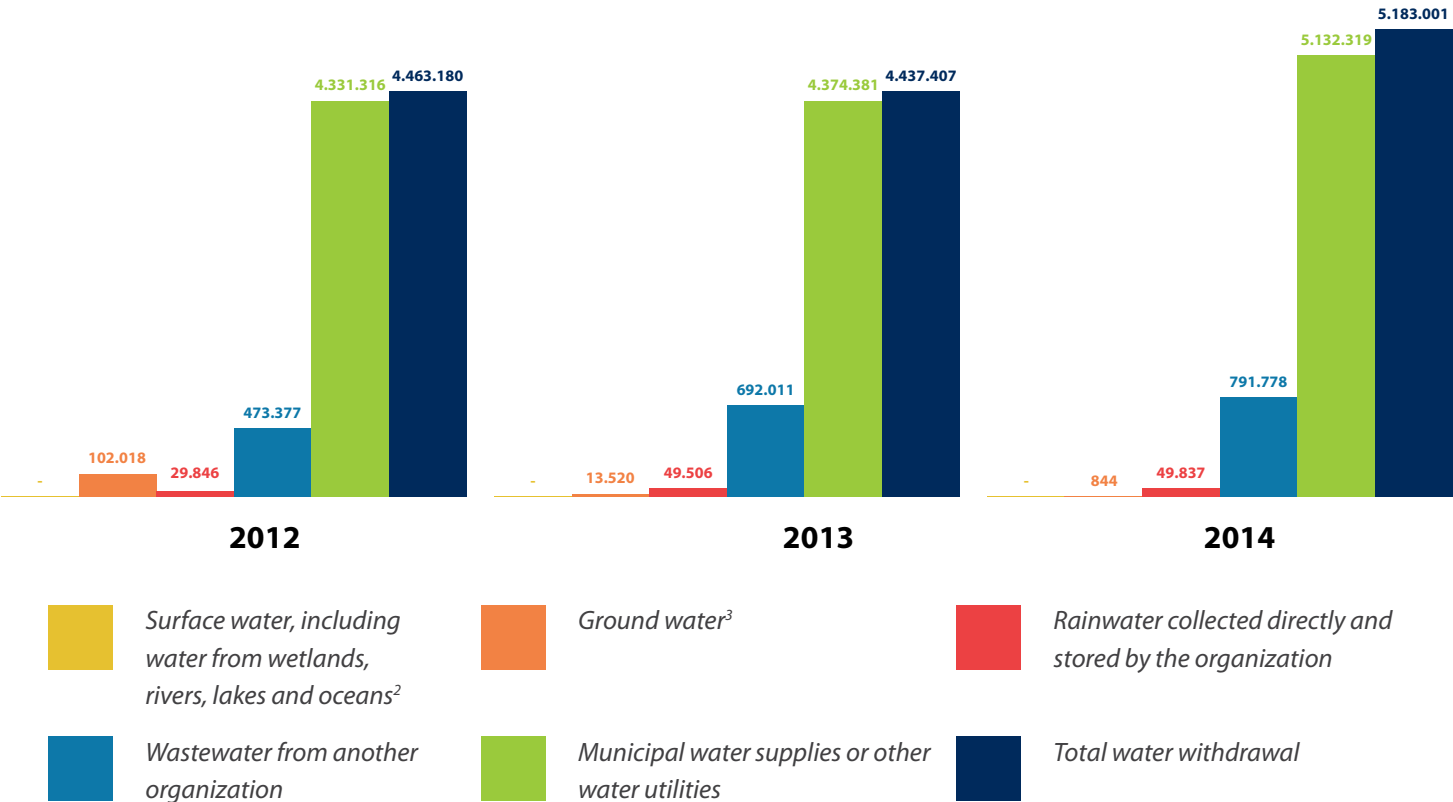
In the Oleochemical plant in Camaçari, rainwater captured on the rooftops is used for repositioning in the cooling towers. The amount of rainwater captured in 2014 corresponded to almost 50 thousand m^3, the equivalent to approximately 20 Olympic-sized swimming pools.

Also in the area of treated wastewater, our unit in Triunfo is participating in a study by Feevale University in Novo Hamburgo (RS) to develop a new form of treating wastewater in the Triunfo Chemical Complex. The objective is to allow wastewater to be reused in different areas of production, and the project involves all of the companies operating in the complex.

As a whole, Oxiteno's percentage of reused water was 16% in 2014, similar to 2013 when the percentage was 17%. However, from 2012 to 2014, the Company made significant progress – since the reuse rate was just 11% in 2012. Total water used also increased over the two-year period, driven by an increase in production, since many of Oxiteno's products are partially comprised of water.

G4-EN8 - TOTAL WATER WITHDRAWAL BY SOURCE (M³)[1]

	2012	2013	2014
Surface water	-	-	-
Ground water[3]	102.018	13.520	844
Rainwater collected directly and stored by the organization	29.846	49.506	49.837
Wastewater from another organization	473.377	692.011	791.778
Municipal water supplies or other water utilities	4.331.316	4.374.381	5.132.319
Total water withdrawal	4.463.180	4.437.407	5.183.001

Surface water, including water from wetlands, rivers, lakes and oceans[2]

Ground water[3]

Rainwater collected directly and stored by the organization

Wastewater from another organization

Municipal water supplies or other water utilities

Total water withdrawal

1. Direct measures from billing statements or measurements taken on hydrometers at the industrial units or through mass balance assessments.
2. Oxiteno does not withdraw surface water.
3. Beginning in 2013, we began reducing the use of groundwater, substituting this source with water from municipal water supplies (mainly in Tremembé) and wastewater from other organizations (Aquapolo program in Mauá).

G4-EN10 - RECYCLED AND REUSED WATER

	2012	2013	2014
Volume of recycled and reused water	503.223	741.517	841.616
Percentage of the total water withdrawal	11%	17%	16%
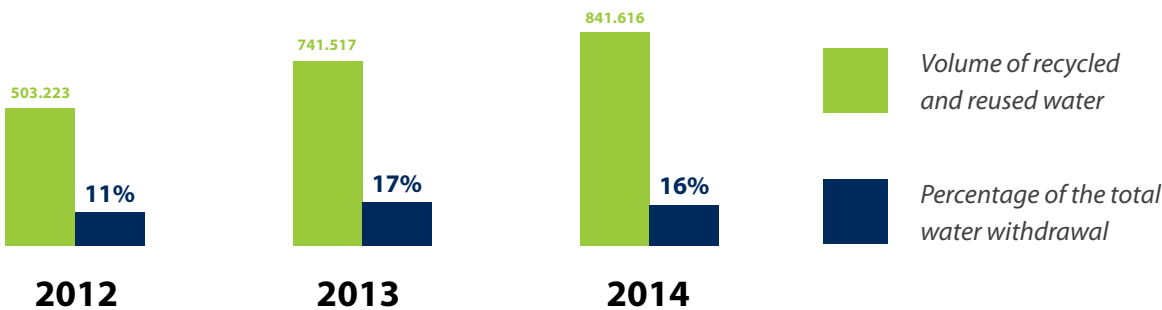
CARBON EMISSIONS

Our Program for the Monitoring and Reduction of Greenhouse Gases (GHG) has been effect since 2009, and we follow the standards of the international Norm NBR ISO 14064. We monitor sources of gas emissions on a monthly basis (CO_2, CH^4, N_2O, HFC's, PFC's, SF_6 and NF_3), as well as the use of fossil fuels and renewables, electricity and steam acquired from other companies, industrial processes and vehicle emissions.

Oxiteno releases information from its GHG Emissions Inventory to stakeholders annually, together with Grupo Ultra's other units. As examples, these releases include the questionnaires and forms related to ICO_2 (Carbon Index) and ISE (Corporate Sustainability Index), both of which are initiatives of the BM&FBovespa, and the

CDP (Carbon Disclosure Project), among others. The inventory allows us to track the amount of our greenhouse gas emissions while simultaneously creating mechanisms to reduce such emissions.
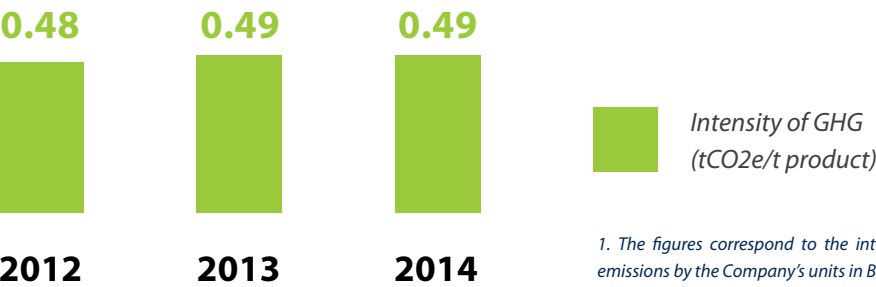
On a monthly basis, the Company monitors the GHG emissions of its processes under scopes 1 and 2. It also performs an annual assessment of emissions under scope 3 based on the transport of its products and employees, trips and waste treatment in countries where it has operational units. Since inception of its Program for the Monitoring and Reduction of Greenhouse Gases, Oxiteno identified 50 projects as potential opportunities for reduction, prioritized the study of 19 of the initiatives and implemented 6 of them. In 2014, these projects enabled the Company to avoid emissions of approximately 70 thousand tons of CO2, corresponding to 12% of the Company's emissions in Brazil.

One of the most important activities for reducing emissions is substituting fossil fuel, including diesel oil and fuel oil, for natural gas to generate steam in our boilers. Another important action is the purchase of tail gas from companies located near our units, allowing us to reuse gas that had been disposed of into the atmosphere to produce heat. Other projects designed to reduce the generation of greenhouse gases include energy efficiency projects and making improvements in our steam distribution network.
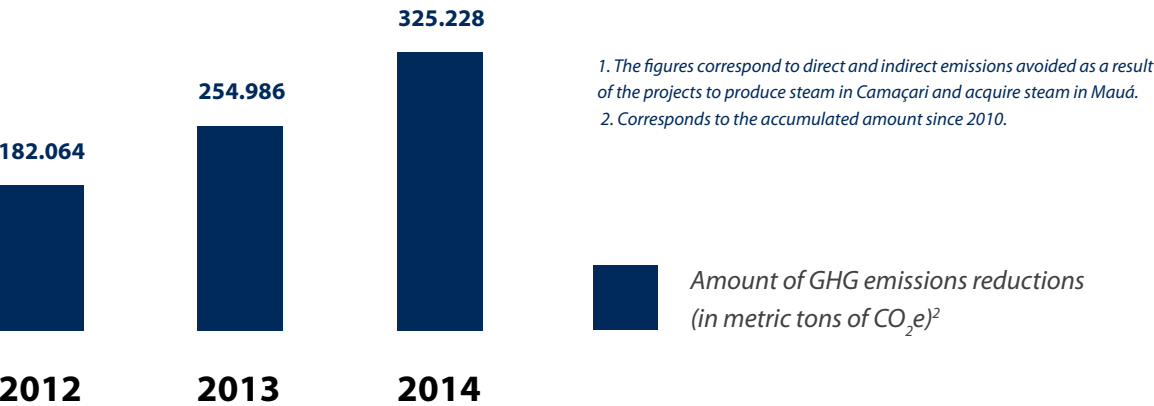
In Camaçari and Mauá, we are replacing the catalysts to increase the selectivity of the ethylene oxide reactions, which will have a positive impact on emissions levels.

As part of these projects, we calculate the amount of emissions avoided using the methodology approved by the U.N. (AMS III-Q – Energy Recovery Projects). Since 2010, 325.228 tons of CO_2 e emissions have been avoided.

G4-EN18 - GREENHOUSE GAS (GHG) EMISSIONS INTENSITY)[1]

0.48   **0.49**   **0.49**

2012   **2013**   **2014**

Intensity of GHG
(tCO2e/t product)

1. The figures correspond to the intensity of GHG emissions by the Company's units in Brazil.

G4-EN19 - REDUCTION OF GREENHOUSE GAS (GHG) EMISSIONS[1]

325.228

254.986

182.064

2012   **2013**   **2014**

1. The figures correspond to direct and indirect emissions avoided as a result of the projects to produce steam in Camaçari and acquire steam in Mauá.
2. Corresponds to the accumulated amount since 2010.

Amount of GHG emissions reductions
(in metric tons of CO_2e)[2]

Value chain

As a B2B company, we are positioned on the value chain as a raw materials supplier for a diverse set of industries. Our clients include companies that manufacture cosmetics, cleaning and hygiene materials, fuel, paint, agriculture and food products, among others. We also have relationships with suppliers that provide us with the raw materials we need for our products.

We focus on serving our clients so they are able to offer the best possible solutions to the end consumer, while promoting the use of products from renewable and plant-based sources. This impels us to work with our supply chain to ensure that they value the same principles, generating a positive multiplying effect in the market. **GRI-EC8**

RELATIONSHIPS WITH SUPPLIERS *G4-12*

Oxiteno uses natural and synthetic raw materials, combined with a unique combination of technologies, to meet the demands of the market and stimulate its activities in the areas of innovation and product development.

In recent years, we have expanded our technology platforms based on renewable sources, prioritizing the use of vegetable oils and sugarcane, and strengthened our sustainability position in the market – this strategy directly impacts our supplier management process, which consists of a group of approximately 400 companies that regularly supply us with raw materials.

Relationships with these business partners are based on evaluation of technical criteria and their compliance with legal and quality norms. We monitor these areas through requests for documentation, self-assessments and our audit process. Oxiteno's supplier management system also allows permits identification

and monitoring from a sustainability perspective. To support this process, we use the ORACLE Quality Module, an electronic system that allows us to develop performance indicators and monitor compliance with our minimum standards. In 2014, we applied these practices in 70% of our new suppliers. **G4-EN32**

We use our Internal Policy for the Qualification of Suppliers to monitor their ability to meet all of our needs and to set goals. When performance levels drop below our minimum standards, we develop action plans to improve the services in partnership with our suppliers. We use a risk matrix to help us classify each company and focus on those considered strategic. The matrix defines parameters such as lead time, safety stocks in the supply chain, financial health, company history and performance indicators.

We evaluate suppliers based on the documentation provided and their internal rating, which allows us to compare companies from the same segment, and we develop action plans as deemed necessary.

We perform an audit at some of our suppliers every year. As part of this process, we assess a variety of different factors, including questions related to sustainable practices.

As part of our continuous improvement process, the Raw Materials Supply area plans reinforce controls over the procurement process. This will keep us from doing business with companies that have not provided us with all required documentation, such as their Environmental Operating License and the IBAMA Conformity Certificate.

It is worth highlighting that a majority of our suppliers (almost 90%) are national companies. **GRI-EC9**

Evaluation

Focused on sustainability practices, Oxiteno requests and controls the following documentation from its most critical suppliers:

- Self-Assessment Questionnaire: a document that requires the supplier to answer a number off different questions, mainly related to sustainability;
- Biome Declaration: required of every supplier of renewable raw materials, in which they declare that they do not acquire, act as an intermediary, transport or sell products or sub-products derived from animal or plant sources produced in restricted areas;
- Social Responsibility Term: a document asking suppliers to comply with the Social Responsibility practices of Norm SA8000;
- Valid Environmental Operating License (national suppliers);
- Ibama Federal Certificate (national suppliers).

Safety in transportation

The process we use with our shipping partners is an example of how we accompany and encourage the development of our suppliers. With an emphasis on safety, whether through the SSASMAQ Certification, the qualification and maintenance program for our logistics suppliers or periodic audits, we continuously seek to improve our relationships and learn more about our partners' values and policies. These efforts produced a direct impact on our results, since the accident rate fell from 29 cases in 2009 to 14 cases in 2014.

We recognize our shipping partners with the best performance and policies every year, demonstrating our commitment to safety and the importance of our supply chain.

Increasing the use of cabotage in our logistics processes also contributed to reducing the risks of long-distance transportation by land and reduced our greenhouse gas (GHG) emissions. We began using ships for a portion of our liquid bulk shipping in 2013, which removed an average of 10 vehicles/month from the roads. In 2014, 15 vehicles per month were no longer needed.

NUMBER OF ACCIDENTS AND AUDITS

Number of accidents

Number of audits
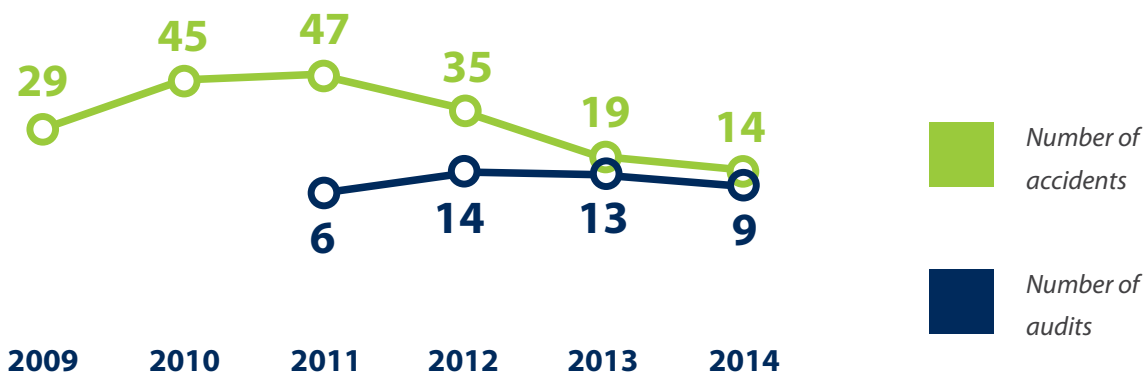
A STRATEGIC PARTNERSHIP WITH OUR CLIENTS

We also obtain certifications to meet our clients' requirements across our different business segments. We make improvements within Oxiteno to increase the quality of these relationships. These efforts include the creation of internal "partnerships" between our quality, commercial and technical areas to generate more value by providing uniformity, quality and flexibility. So far, this process has been implemented for our strategic global clients. These initiatives also include processes that involve Oxiteno's qualification as a supplier, ensuring that we meet all Health,

Safety, Environmental and Quality requirements.

To manage product non-conformities, we monitor quality processes and audit cycles for our product management systems on a global basis. The objective is to communicate with our clients more proactively and to create and strengthen communications channels with areas linked to QHSE, better aligning our activities and business strategies (see pages 20 and 21 for more information about our client solutions).

About this Report

The basis for preparing the **2014 Sustainability Report** is our commitment to enhancing communication with our employees, shareholders, suppliers, communities, clients and other stakeholders. This is the first time we have prepared a Report of this kind. It is the result of a process of learning and maturity with respect to our sustainability management model. From this point forward, we will prepare the report on an annual basis. ***G4-29, G4-30***

The Report contains key information about the results obtained across our sustainability pillars during the period from January 1st to December 31st, 2014. ***G4-28***

Defining the content of the Report took into consideration a materiality assessment, in which we received inputs from Oxiteno's senior management, employees and other stakeholders. We also cross-referenced the main aspects indicated by these groups to our sustainability pillars (more information available on pages 10 and 11). Our first edition includes 18 indicators of economic, social and environmental performance, in addition to information about the strategies, initiatives, products, services, projects, operations and activities of our units in Brazil. Specific information and limitations with respect to the GRI indicators are noted in the GRI Index (included in the back of the Report) and throughout the Report itself. In the future, we plan to include our overseas operations within the scope of the indicators presented. ***G4-21, G4-22, G4-23***

This Report was prepared in accordance with the standards of the Global Reporting Initiative (GRI). These standards provide a global reference for companies to disclose information about their management models and environmental, social and economic performance, as well as the impacts they cause. We applied the G4 guidelines of the GRI. ***G4-32***

You can send us questions, comments and suggestions about the content of this Report using the following communications channel: *oxiteno@oxiteno.com.* ***G4-31***

CORRELATION BETWEEN THEMES AND THE STAKEHOLDERS IMPACTED *G4-18, G4-19, G4-20, G4-21*

MATERIAL THEME	ASPECT	
Technological innovation	Economic performance	
Eco-efficient products and technological innovation	Products and services	
Local development and development of other organizations	Indirect economic impacts Procurement practices	
Supplier management	Environmental screening of suppliers	
Health and safety	Occupational health and safety	
Product safety and technological innovation	Customer health and safety	
Use of natural resources	Energy Water Water	

INDICATOR	WITHIN THE ORGANIZATION	EXTERNAL STAKEHOLDER
G4-EC4 - Financial assistance received from the government	-	Government
G4-EN27 - Extent of impact mitigation of environmental impacts of products and services	-	Clients, potential clients, final consumers
G4-EC8 - Significant indirect impacts, including the extent of impacts	-	Community
G4-EC9 - Proportion of spending on local suppliers at significant locations of operation	-	Suppliers, community
G4-EN32 - Percentage of new suppliers that were screened using environmental criteria	-	Suppliers
G4-LA6 - Type of injury and rates of injury, occupational diseases, lost days, and absenteeism and total number of work-related fatalities, by region and gender	Employees	Third parties
G4-LA7 - Workers with high incidence or high risk of diseases related to their occupation	Employees	Third parties
G4-PR1 - Percentage of significant products and service categories for which health and safety impacts are assessed for improvement	-	Clients, potential clients, final consumers`
G4-EN5 - Energy intensity	Grupo Ultra, shareholders	Communities, NGOs
G4-EN8 - Total water withdrawal by source	Grupo Ultra, shareholders	Communities, NGOs
G4-EN10 - Percentage and total volume of water recycled and reused	Grupo Ultra, shareholders	Communities, NGOs

MATERIAL THEME	ASPECT
Use of natural resources	Emissions
Valuing the workforce	Organizational profile
	Organizational profile
	Employment
	Training and education
	Training and education
	Diversity and equal opportunity
	Equal remuneration for women and men

INDICATOR	WITHIN THE ORGANIZATION	EXTERNAL STAKEHOLDER
G4-EN18 - Greenhouse gas (GHG) emissions intensity	Grupo Ultra, shareholders	Communities, NGOs, transporters
G4-EN19 - Reduction of greenhouse (GHG) emissions	Grupo Ultra, shareholders	Communities, NGOs, transporters
G4-10 - Total number of employees by employment type, employment contract and region, by gender	Employees	-
G4-11 - Percentage of total employees covered by collective bargaining agreements	Employees	Unions
G4-LA1 - Total number and rates of new employee hires and employee turnover by age group, gender and region	Employees	-
G4-LA9 - Average hours of training per year per employee by gender, and by employee category	Employees	-
G4-LA10 - Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Employees	-
G4-LA12 - Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Employees	-
G4-LA13 - Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	Employees	-

GRI Index 42

GENERAL CONTENT

ASPECT	DESCRIPTION	PAGE/RESPONSE	OMISSION
Strategy and analysis	**G4-1** Message from the CEO	5, 4 and 6	-
Organizational profile	**G4-3** Name of the organization	7	-
	G4-4 Primary brands, products and services	7	-
	G4-5 Location of the organization's headquarters	7	-
	G4-6 Countries where the significant operations are located or that are specifically relevant to the sustainability topics covered in the report	7 and 9	-
	G4-7 Nature of ownership and legal form	7	-
	G4-8 Markets served	7 and 9	-
	G4-9 Scale of the organization	9	-
	G4-10 Profile of the employees	22	
	G4-11 Percentage of employees covered by collective bargaining agreements	22	-
	G4-12 Describe the organization's supply chain	34	-
	G4-13 Significant changes regarding the organization's size, structure, ownership, or its supply chain	-	-
		-	-
	G4-15 Externally developed social charters, principles, or other initiatives	18	-

GENERAL CONTENT

ASPECT	DESCRIPTION	PAGE/ RESPONSE	OMISSION
Organizational profile	**G4-16** Memberships in associations and organizations	14	-
	G4-17 Entities included in the consolidated financial statements and entities not covered by the report	-	-
	G4-18 Process for defining the report content	38	-
Identified material aspects and boundaries	**G4-19** List of material aspects	10, 11 and 38-41	-
	G4-20 For each material aspect, the aspect boundary within the organization	38-41	-
	G4-21 For each material aspect, the aspect boundary outside the organization	38-41	-
	G4-22 Restatements of information provided in previous reports	38-41	-
	G4-23 Significant changes from previous periods in the scope and aspect boundaries	38	-
Stakeholder engagement	**G4-24** List of stakeholder groups engaged by the organization	10	-
	G4-25 Basis for identification and selection of stakeholders with whom to engage	10	-
	G4-26 Approach to stakeholder engagement	10	-
	G4-27 Key topics and concerns that have been raised through engagement, by stakeholder group	10	-
Report profile	**G4-28** Reporting period for information provided	38	-
	G4-29 Date of most recent previous report	38	-
	G4-30 Reporting cycle	38	-

GENERAL CONTENT

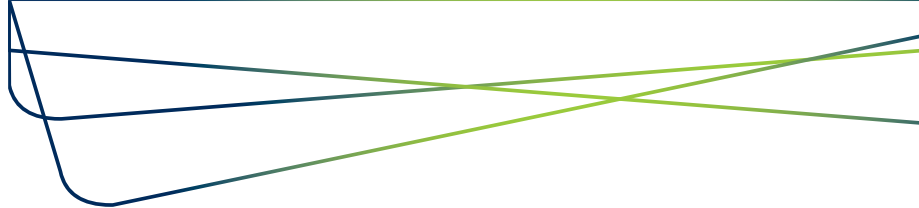| ASPECT		DESCRIPTION	PAGE/RESPONSE		OMISSION
Report profile		**G4-31** Contact point for questions regarding the report or its contents	38		-
		G4-32 'In accordance' option chosen and location of the GRI Content Index	38		-
Governance		**G4-33** Policy and current practice with regard to seeking external assurance for the report	-		-
		G4-34 Governance structure of the organization	12		-
Ethics and integrity		**G4-56** The organization's values, principles, standards and norms of behavior	15		-

SPECIFIC CONTENT

Economic category

ASPECT		DESCRIPTION	PAGE/RESPONSE		OMISSION
Economic performance		**G4-DMA** Management approach	17 and 39		-
		G4-EC4 Significant financial assistance received from the government	17		-
Indirect economic impacts		**G4-DMA** Management approach	34 and 39		-
		G4-EC8 Description of significant indirect economic impacts	34		-
Procurement practices		**G4-DMA** Management approach	35 and 39		-
		G4-EC9 Policies, practices and proportion of spending on local suppliers	35		-

SPECIFIC CONTENT

Environmental category

ASPECT		DESCRIPTION	PAGE/ RESPONSE	OMISSION
Energy		**G4-DMA** Management approach	30 and 39	-
		G4-EN5 Energy intensity	30	-
Water		**G4-DMA** Management approach	32 and 39	-
		G4-EN8 Total water withdrawal by source	32	-
		G4-EN10 Percentage and total volume of water recycled and reused	32	-
Emissions		**G4-DMA** Management approach	33 and 41	-
		G4-EN18 Greenhouse gas (GHG) emissions intensity	33	-
		G4-EN19 Reduction of greenhouse gas (GHG) emissions	33	-
Products and services		**G4-DMA** Management approach	16, 18 and 38	-
		G4-EN27 Initiatives to mitigate environmental impacts	16, 18 and 38	-
Supplier environmental assessment		**G4-DMA** Management approach	35 and 39	-
		G4-EN32 Percentage of new suppliers that were screened using environmental criteria	35	-

SPECIFIC CONTENT

Social category – labor practices and decent work

ASPECT	DESCRIPTION	PAGE/ RESPONSE		OMISSION
Employment	**G4-DMA** Management approach	27 and 41		-
	G4-LA1 Number and rates of new employee hires and employee turnover	27		-
Occupational health and safety	**G4-DMA** Management approach	29 and 39		-
	G4-LA6 Rates of injury, occupational diseases and lost days	29		-
	G4-LA7 Workers with high incidence or high risk of diseases related to their occupation	29		-
Training and education	**G4-DMA** Management approach	23, 26 and 41		-
	G4-LA9 Average hours of training per year	26		-
	G4-LA10 Programs for skills management and lifelong learning	23		-

SPECIFIC CONTENT

Social category – Product responsibility

ASPECT		DESCRIPTION	PAGE/ RESPONSE	OMISSION
Diversity and equal opportunity		**G4-DMA** Management approach	-	-
		G4-LA12 Composition of governance bodies and breakdown of employees per employee category	-	-
Equal remuneration for women and men		**G4-DMA** Management approach		
		G4-LA13 Ratio of basic salary of women to men by employee category, by significant locations of operation		
Customer health and safety		**G4-DMA** Management approach	-	-
		G4-PR1 Assessment of health and safety impacts over the lifecycle of products and services	-	-

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OXITENO

Evolution by chemistry