



SUSTAINABILITY
REPORT
—— 2015 ——



OXITENO

Evolution by chemistry

INDEX

- **Message from the Leadership**
 - Thilo Mannhardt, *CEO of Ultra* 04
 - João Benjamin Parolin, *Executive Director of Oxiteno* 05
- **About the report** 09
 - Sustainability pillars 10
- **Profile** 12
- **Our management** 18
- **Innovation in products and services** 24
 - Agrochemicals 32
 - Personal care, Home Care and I&I 34
 - Oil & gas 36
 - Paints & coatings 38
 - Performance products 40
- **People** 42
- **Safety** 52
- **The Environment** 58
- **Value Chain** 66
- **GRI Index** 70



Message from the LEADERSHIP

REINFORCING ULTRA'S IDENTITY

For Ultra, the coming years will be characterized by its proposition to "Be a multi-business global reference", and Oxitenor will play a critical role in achieving this objective. Presented to the leadership in mid-2015, the Group's strategy proposes the use of an advanced management model that will allow us to be protagonists and a reference in our strategic markets.


To allow the multi-business model to gain momentum and achieve continuity, we launched a robust leadership development program in all of Ultra's businesses. The objective is to ensure that the Company has a pool of qualified leaders that possess the traits of flexibility and adaptability. Our objective is to make our professionals better prepared for the challenges that will arise in the future, able to meet demands for new capabilities and take advantage of new business opportunities. We also intend to reinforce Ultra's identity.

Simultaneously, we provide all of the necessary support for each business to operate with autonomy and to exploit its competitive advantages. Oxitenor was presented the challenge of becoming a global reference in surfactants and their applications. This will be achieved through the intensification of its operations throughout the Americas and an increased focus on innovation and application technologies, while expanding its activities in the area of co-creation. To this end, we will invest in key projects in the coming years, including investments of US\$ 113 million through 2017 in our new alkoxylation plant in the United States. This will significantly expand the business' presence and competitiveness in the world's largest surfactants market, while strengthening the Company's position in the NAFTA block.

We believe that we entered 2016 stronger and better prepared to evaluate opportunities for increasing market share that the economic scenario will eventually present to companies managed with an appropriate balance between prudence and ambition.


Thilo Mannhardt,
Chief Executive Officer of Ultra




 Valuing the workforce



 Innovation

 Eco-efficient products



 Health and safety

"The Group's strategy proposes the use of an advanced management model that will allow us to be protagonists and a reference in our strategic markets"



FOCUS ON INNOVATION AND CO-CREATION **G4-1**

In this, our second Sustainability Report, innovation is highlighted as being among the most important factors in our journey to achieving Oxitenor's Vision of "being a global reference in surfactants and their applications". Beyond developing new products and maintaining a consistent portfolio across the different segments in which we operate, our objective is to generate value we can share with our clients and their customers. We seek to maintain a special relationship with our clients, allowing us to become partners in the creation of solutions that help them overcome their challenges. There is a significant amount of evidence that these efforts are working, including new product launches in 2015 and top supplier awards received from important business partners.

Our understanding of innovation is that it goes beyond product development. We continue to make significant improvements in our processes; increasing efficiency, reducing waste and further strengthening our results. We have focused on driving a culture of innovation in every area of the Company and on developing a new set of business practices; one that is capable of transforming our capacity to generate new ideas into a variety of different daily activities.

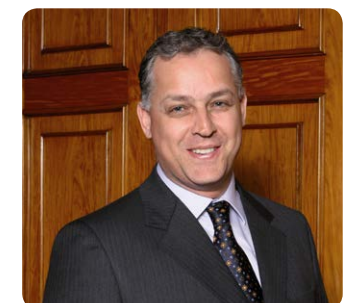
We also continue to further establish ourselves as a global enterprise. Last year, we inaugurated one of the most modern ethoxylation plants in the world in Coatzacoalcas, Mexico. We also initiated another critical project when it comes to our strategy for the future; construction of an alkoxylation plant in Pasadena, Texas (USA), which will begin operating in 2017. Together, these investments will allow Oxitenor to significantly expand its presence and competitiveness in the largest surfactants market in the world and to strengthen its position in the NAFTA block, where it can take advantage of competitive raw materials and efficient logistics processes. These advances place us in a privileged position, with wide geographic coverage, allowing us to provide the best possible service to our clients in the Americas.

Our sustainability strategy continues to be guided by the Greenformance concept, which encourages us to use raw materials from renewable sources, preserve the environment and to promote health and wellness in the development of new products.

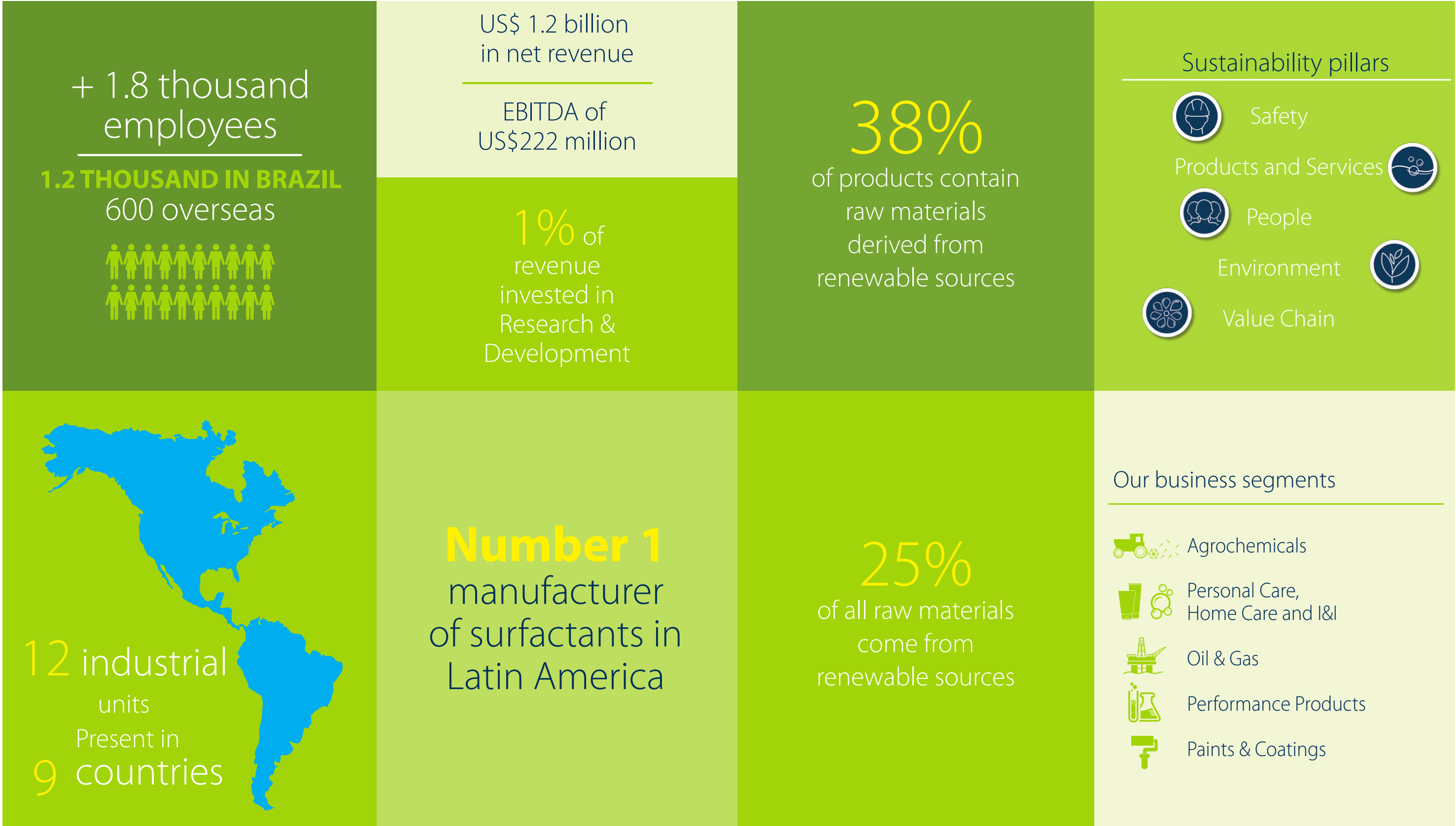
We were also once again recognized by *Você S/A* magazine as one of the Best Companies to Work for and to Begin a Career, in addition to receiving the Top Employers Brazil certification as one of the companies with the best HR practices. Health and safety are core values and priorities for the Company, mobilizing a significant amount of resources for initiatives involving risk mitigation and management. These results and a number of other activities performed by Oxitenor are summarized in this Report, which follows the guidelines of the Global Reporting Initiative (GRI).

I hope you enjoy the Report!

João Benjamin Parolin,
Executive Director of Oxitenor



Oxiteno in numbers





About the REPORT

TRANSPARENCY

We improved the process based on what we learned during preparation of our first report: we made improvements in communication of the indicators and reinforced the information gathering process at our international units.

Consistent with our commitment to transparency, we hereby present Oxiten's second Sustainability Report. This publication follows the guidelines established by the Global Reporting Initiative (GRI), a multi-stakeholder organization that provides a model for the disclosure of economic, social and environmental information in a structured and strategic manner. The objective is to allow our stakeholders to learn more about Oxiten and its performance in 2015.

Our Report considers the Company's sustainability pillars and a materiality assessment performed in 2015, which involved a series of analyses and consultations regarding the Company's strategy, market segment and the views of its stakeholders. This process served as a baseline for identification of the organization's critical success factors. The project involved the participation of more than 300 individuals, including employees, suppliers, distributors, clients and members of the community, among others.

We also sought to improve the process based on knowledge acquired during preparation of the Company's first Report, which was released in 2014. As a result, we made improvements in how we communicate the indicators and reinforced the information-gathering process at the Company's international units.

The results of the materiality assessment and reporting process support Oxiten in improving its management practices and contribute to the Company's achievement of its business objectives. **G4-18, G4-24, G4-25, G4-26, G4-27.**

SUSTAINABILITY PILLARS

Aligned with the guidelines provided by Ultra, we follow the Sustainability Model defined by the group, which defines five key areas as managerial priorities: Products and Services; People; Safety; the Environment; and the Value Chain. Matters related to these topics are linked to policies and initiatives periodically monitored through indicators and communicated to Oxitenó's and Ultra's senior management team.

As part of the materiality assessment, we linked our priorities for sustainability management with the topics identified as the most important by Oxitenó's internal and external stakeholders. **G4-19, G4-20, G4-21.**

The table below shows these correlations:



PROFILE

INNOVATION THAT SERVES PEOPLE



Oxiteno is a global company and the largest manufacturer of surfactants and specialty chemicals in South America. Its products are used by manufacturers of solutions that serve people across a variety of different markets, including personal care, cleaning, agriculture, oil & gas and paints & coatings, among others. **G4-3, G4-4.**

We are the only manufacturer of ethylene oxide in Brazil and of fatty alcohols in Latin America, with a production capacity that exceeds domestic demand. Supporting this is an infrastructure that expands across 9 countries in the Americas, Europe and Asia, with 12 industrial units located in Brazil, the United States, Mexico, Uruguay and Venezuela. Our units in Mauá, Suzano and Tremembé are strategically located next to one of the largest consumer markets in Brazil and Latin America. Our unit

in the United States, located in Pasadena (Texas), and three Mexican units in Coatzacoalcos, Guadalajara and San Juan Del Río, are structured to serve the countries' of NAFTA, a free trade agreement entered into by Canada, the United States and Mexico. **G4-5, G4-6, G4-8, G4-9.**

A member of Ultrapar, a multi-business holding company that also includes Ipiranga, Ultragaz, Ultracargo and Extrafarma, Oxiteno is organized as a limited liability company, although the group's shares are listed on the BM&F Bovespa and New York Stock Exchanges (NYSE). **G4-7.**

Innovation and sustainability continue to drive our current initiatives and are an increasingly

greater part of our strategy for the future. We act responsibly and develop guidelines based on the global program for the chemical industry, Responsible Care®, and on the guidelines proposed by the Global Reporting Initiative (GRI). In 2015, we registered our Greenformance trademark and engaged in numerous initiatives involving co-creation with our clients, developing innovative solutions that incorporate sustainable properties. Our portfolio includes a growing number of materials derived from renewable sources.

Thanks to this vision of the future and our 1.8 thousand employees, we have been able to achieve solid results, despite the difficult scenario being experienced in Brazil. From

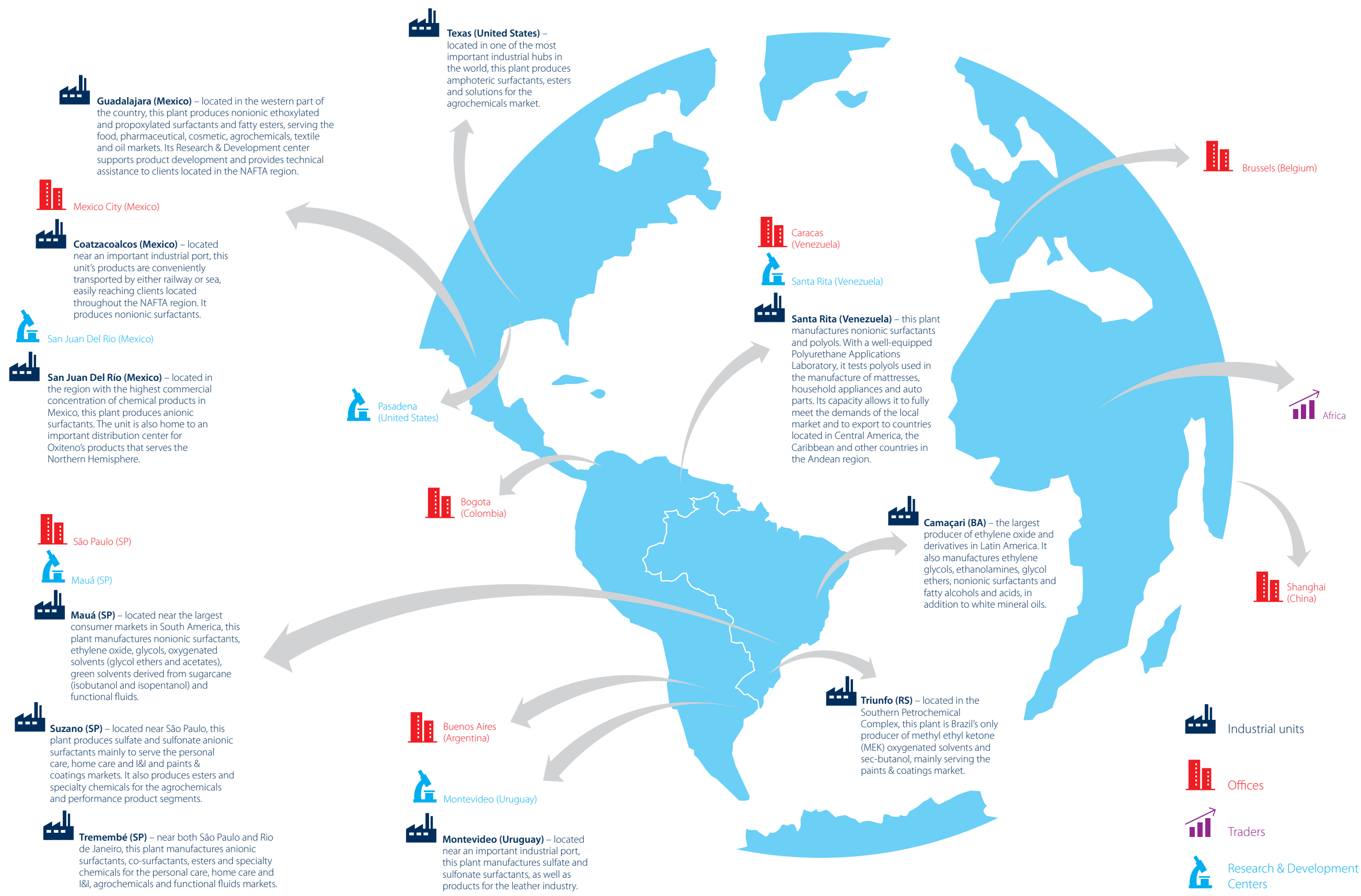
a financial perspective, our net revenue fell by 16%, while EBITDA reached US\$ 222 million, an increase of 29% compared to 2014.

Our total investments reached US\$ 38.5 million. In order to maintain positive financial results, we continue to increase our investments in processes, infrastructure, people and sustainability.

WHAT ARE SURFACTANTS?

With a variety of applications, surfactants are compounds that reduce surface tension or that can influence the contact surface between two liquids, a liquid and a solid, or a liquid and a gas. It is the power of this ingredient that allows, for example, water and oil to mix and for the cleaning of clothing and other products. Surfactants satisfy a wide range of demands from the market for greater biodegradability, more smoothness to the skin and better foam control, among various other attributes. They can serve as detergents, wetting agents, emulsifiers and foam stimulators or dispersants in a wide range of segments, including cosmetics, crop protection products and paints & coatings.

OUR GLOBAL PRESENCE **G4-5, G4-6**



INTERNATIONALIZATION ADVANCES

Our quest to expand our boundaries and take advantage of new business opportunities will make great strides through the expansion of our Pasadena industrial unit, acquired in 2012 and located in Texas, U.S. Announced last year, the unit, which currently produces amphoteric surfactants, esters and solutions for the agrochemicals market, will also become home to an alkoxylation plant, which will begin operating in late 2017.

With a production capacity of 170 thousand tons/year, the new plant will meet the demands of the U.S. market and is part of a consistent growth strategy for the Americas. This process began with the acquisition of operations in Mexico in 2003 and 2004, and with the opening of Oxiteno's first

commercial office in the USA in 2007, as well as, the industrial units in Venezuela and Uruguay in 2007 and 2012, respectively. The industrial plant in Texas also began operating in 2012. In addition to the new plant in Pasadena, we will also expand our customer service capabilities and construct a research and development laboratory, resulting in a total investment of US\$ 113 million.

In 2015, a different expansion initiative helped reinforce our presence in the region and client service capabilities in Mexico, as well as our ability to export to other countries, mainly the United States. In November, a new ethoxylation line was inaugurated in the unit in

Coatzacoalcos, Mexico. The US\$ 20 million investment expanded our local production capabilities by 30 thousand tons/year. Beyond the capacity expansion, Oxiteno Mexico also invested in its local infrastructure and modernized its process control activities.

These investments expand the reach of our surfactant and specialty chemical portfolios and reinforce our leadership position in the Americas, and as a supplier in the NAFTA region, with wide geographic coverage and a presence in one of the world's largest markets.

THE VALUE OF RELATIONSHIPS

We maintain a worldwide institutional communications strategy to reinforce our brand, ensure open communications channels with our various stakeholders and strengthen our position in the market. To navigate the diversity of the segments in which we operate, we have specific materials and initiatives designed for each one of our markets and for the countries in which we are present.

In addition to daily communication through technical and commercial contacts, we also seek to improve external communication on social networks.

This strategy is designed to engage the entire productive chain, from suppliers to final consumers, and is based on the type of messaging we want to convey.



<https://br.linkedin.com/company/oxiteno>



<https://www.facebook.com/oxiteno>



https://twitter.com/oxiteno_brasil



<https://www.youtube.com/user/oxitenobrasil>

More information about Oxiteno: <http://www.oxiteno.com>

More information about Ultra: <http://www.ultra.com.br/>

MAIN AWARDS AND RECOGNITION

- Among the 100 most innovative companies in Brazil according to a ranking by the newspaper *Valor Econômico*.
- Recognized for the second year in a row as one of the Best Companies to Work For in *Você S/A* magazine's 2015 Survey.
- Named one of the Best Companies for Starting a Career by *Você S/A* magazine for the second consecutive year.
- Best performance in total responsibility by Mexico's National Association for the Chemical Industry.
- Top Employers Brazil as one of the companies with the best HR practices.
- IBest Companies in People Management Practices in recognition of our HR practices, awarded by HR Management magazine.
- Recognized as one of the top 10 companies in Latin America in the Management of Climate Change in 2015 according to the CDP (Carbon Disclosure Project) program.

Personal Care Segment

- Abihpec (Brazilian Association of the Cosmetic, Toiletry and Fragrance Industry) Qualified Supplier Seal.
- Natura Quality Assured Award.

Paints & Coatings Segment

- Best Solvents Supplier by Sherwin-Williams' Supplier Performance Evaluation System.
- Best Oxygenated Solvents Supplier by *Paint & Pintura* magazine.
- Finalist for the Suvinil Innovation Award.
- PPG Excellent Supplier Award Seal by PPG's supplier evaluation program.
- Premium supplier in the solvents category by Abflexo.

Our MANAGEMENT

CORPORATE GOVERNANCE G4-34

Oxiteno is a member of the Ultrapar holding company, a multi-business organization and one of Brazil’s largest business conglomerates. With shares listed on the BM&FBovespa and New York Stock Exchanges (NYSE), the Company adopts principles of good corporate governance so that it can continue to generate value for all of its stakeholders. The group’s adoption of best practices can also be seen by the fact that Ultra is part of the Brazilian stock exchange’s New Market segment and Efficient Carbon Index (ICO2).

Ultrapar’s executive committee manages the holding company and each one of the businesses. It is comprised of seven members: a financial officer, a financial and investor relations director and an executive director for each of the five businesses. Four hired directors, one of whom is the executive director, are responsible for executing Oxiteno’s strategy. A performance report is provided to Ultrapar’s Board of Directors on a quarterly basis.

Strategic sustainability management practices also follow corporate guidelines. With representatives from each of the business units, Ultra’s Sustainability Committee is responsible for aligning and ensuring the overall synergy of the Company’s activities.

Renewal of the Board

Four new independent members were appointed to Ultra Group’s Board of Directors in 2015: Alexandre Gonçalves Silva, Carlos Tadeu da Costa, Jorge Marques de Toledo Camargo and José Maurício Pereira Coelho. The new members aggregate experience in areas and companies that are similar to, or complement, Ultra’s. They provide a renewed vision that will help contribute to the Company’s continuous evolution. As a result, 67% of the current Board members are independent, a level well above the 20% required by BM&FBovespa’s New Market segment.

The renewal of the Board was designed to establish an increasingly more diverse and solid Company to face the challenges and evolving scenarios that are sure to come. Changes were also made to the executive committee. After leading the integration of Extrafarma within the holding company for a year and a half, Paulo Lazera will no longer exercise his executive functions. He continues to be a shareholder and consultant for Ultra, sharing his vast knowledge of the sector. To continue execution of the expansion strategy for Extrafarma, the Board of Directors nominated André Covre to the position of Executive Director for Extrafarma. It also decided to hire André Pires de Oliveira Dias to succeed André Covre in the position of Financial and Investor Relations Director.

Oxiteno’s executive committee



João Benjamin Parolin,
Executive Director



Ana Paula Santoro Coria,
Administration & Control
Director

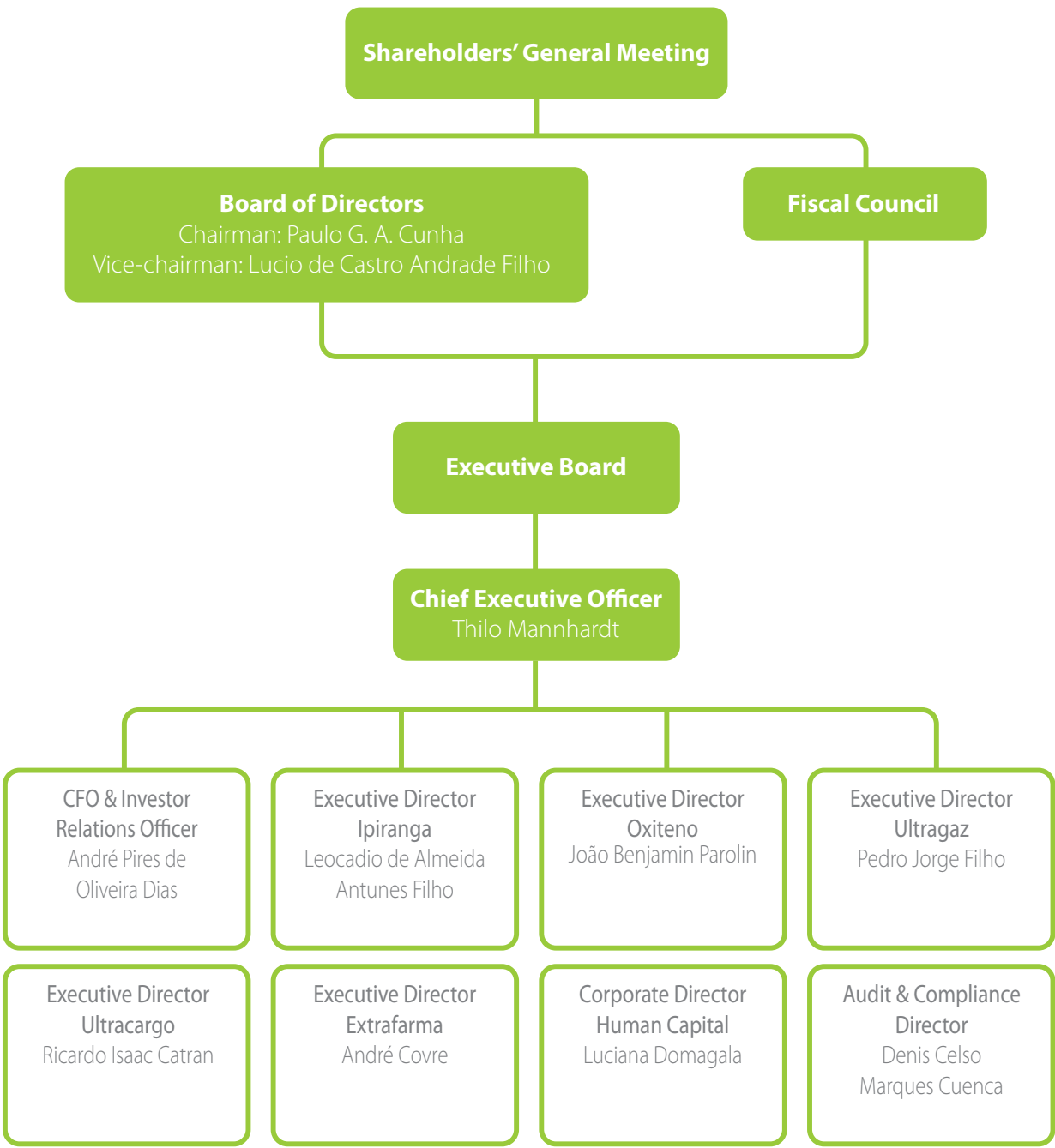


Andréa Campos Soares,
Commercial Director



**Flávio do Couto Bezerra
Cavalcanti**
Industrial Director

ULTRA’S ORGANIZATIONAL STRUCTURE



ETHICS AND COMPLIANCE PROGRAM **G4-56**

For Oxitenó, 2015 was also marked by the dissemination of the new Ethics & Compliance Program, which consists of the Code of Ethics, revised in 2014, the Compliance Program, and Ultra's Corporate Anticorruption and Relationships with Public Figures policy (applicable to all of the companies under the holding). The project was based on two pillars: training, and the implementation of controls based on the review of key processes.

The training took into consideration the characteristics of each country in which we operate and was in the form of an interactive e-learning and more than 20 presentations. Among the initiatives, more than 300 leaders and 200 employees participated in ethics and compliance training throughout Ultra, and over 7.8 thousand professionals completed the on-line training program. This set of policies and procedures is designed to prioritize the autonomy of each individual within the Company.

Efforts to disseminate these policies and behaviors have continued in 2016, with a variety of initiatives in the pipeline. These include an assessment of the controls under the anticorruption policy, further dissemination of the concepts to the international operations and development of a corporate communications plan.

Reinforcement of compliance policies

The Compliance Program and Ultra's new Anticorruption Policy were developed in accordance with the principles of Federal Law No. 12,846 of August 2013, which sets forth punitive measures to be adopted in the fight against corporate corruption. The year was also marked by the re-release of the Policy for the Disclosure of Relevant Facts and the Securities Trading Policy, developed in accordance with best market practices and available at www.ultra.com.br. The Fiscal Council and Conduct Committee meet with the Board of Directors annually to monitor these activities.

To improve the Company's governance practices with respect to conduct and internal control, acting proactively to maintain an ethical environment to ensure the integrity of our transactions, the Audit & Compliance Committee was created in December. Supported by the Conduct Committee, the Committee reports directly to the Chief Executive Officer and has unrestricted access to the Board of Directors.

Communications channels are available to employees who observe inappropriate conduct. The 0800 number and site are operated by independent companies and are completely confidential.

Ultra Hotline



0800 701 7172



www.canalabertoultra.com.br

MANAGEMENT AND EFFICIENCY

The Oxitenó Integrated Management System (OIMS) supports the Company's daily operations, offering an environment that favors the sustainable growth of the business in each market segment. The system is also capable of meeting the demands of the market and the Company's other stakeholders. The industrial units monitor the indicators on a monthly basis. At least once per year, the figures are presented to the Company's senior management team for critical analysis, the determination of required actions and the allocation of resources. Oxitenó's teams, primarily R&D, saw their daily activities transformed through the adoption of PMOx; a system based on Oracle's PLM (Product Lifecycle Management) platform. The tool supports companies with the automated management of their processes and activities, attributing roles and responsibilities to each team member. It also tracks the information flow during product development projects. One of the tool's benefits is that it is multi-language, strengthening the collaborative process among the teams.

To manage the enormous amount of process-related data generated each second by the industrial units, the Company concluded implementation

of a PLM data management system for the plants in Brazil. The system is a global reference in the area of information management. This initiative falls under the strategic objective of strengthening the information systems underlying critical processes and increasing the efficiency of production processes. Beginning in 2016, we will begin implementation of the system in the overseas locations. The system will initially be rolled-out to the plants in Coatzacoalcos, Mexico, and Pasadena, U.S.

As part of the Ultra Integration Project, Oxitenó mapped its current IT processes and began design of future processes and requirements. A number of different areas began sharing their needs and co-developing solutions. For example, we began implementation of the SE Suite software solution in 2014, which has a document control module (Sisdox), and another module to register and manage of non-conformities (RNC). The Sisdox module was installed in all of the countries in 2014, and the RNC module went live in Brazil and Mexico in 2014 and 2015, respectively. It is currently in the process of being implemented in the other countries. The system permits the sharing of practices related to non-conformities management and documentation control. The software provides speed, efficiency and flexibility, and

is able to consider specific languages, workflows and Oxitenó's definition of non-conformities.

In 2015, we celebrated the 10-year anniversary of Oxitenó's Six Sigma Program, which has provided gains of approximately US\$ 40 million over its lifetime. The program focuses on continuous improvement, involvement of professionals with different skill-sets and the execution of processes according to pre-defined criteria under the methodology.

In 2015, the unit in Montevideo successfully implemented a new export billing system. This represents an important project for the Platine country, which is in the process of becoming nimbler and more transparent.

As part of our strategy to further strengthen the internationalization of the Company, the unit in Mexico promoted a workshop covering best legal practices in the U.S. market for approximately 30 employees. Areas such as contracts, guarantees, information privacy and the interpretation of official documents are critical when it comes to successfully doing business in the world's largest market. In a second phase, the training will be offered to 30 additional employees in Brazil.

Management policy

We are a modern, adaptable and agile organization, committed to solid values and solid guidelines. We assure and promote in a responsible and continuous way the quality of our products and services, health, safety, preservation of the environment and professional, ethical and social development.

Safety Philosophies

- At Oxiteno, we believe in the following:
- All accidents are avoidable;
 - Safety is more than a priority, it is a value;
 - Our leaders demonstrate an observable commitment to safety;
 - Safety is everybody's responsibility;
 - Work safely is employment condition; and
 - Training is essential to improve safety.

Ethical Behavior and Social Responsibility

- Our relationship in the organization and with all stakeholders is based on ethics and responsible care. In this context, we are committed to the following:
- Good governance practices;
 - Combat to piracy, evasion, fraud and corruption;
 - Fair competition practices;
 - Combat to slave labor;
 - Freedom of association and right to collective bargaining agreement;
 - Rights of the Child and Adolescents;
 - Social inclusion of people with special needs; and
 - Restrain any discriminatory and harassment-related conduct.

Health, Safety and Environmental Guidelines

- Based on the up-to-date knowledge of this theme, we work towards the following:
- Continuous improvement aiming at avoiding accidents and adversities to the environment and health;
 - Conduct our actions in compliance with applicable legal requirements and regulations;
 - Continuously improve our health, safety and environmental protection practices;
 - Reduce the risks and impacts on environment through technical instruction to employees and other stakeholders;
 - Structure education, training, qualification and skills programs, required for the safe conduct of our operations;
 - Take action to reduce climate change-related impacts and vulnerabilities;
 - Prevent potential impacts and risks to biodiversity;
 - Effectively manage emergency situations minimizing impacts on employees, collaborators, community, and environment.

We set out our guidelines on Health, Safety and Environment Management based on the Responsible Care Program®, which objectives and results are publicly available.

Certifications

Certifications help improve the Company's practices and provide access to certain markets. This is the case with Kosher and Halal, which meet the requirements of the Jewish and Islamic religions, respectively. Investments in these processes can be directly linked to the evolution of the Company's businesses.

With the increase in focus on workplace health and safety management programs, our three plants in Camaçari obtained the OHSAS 18001 certification. The unit in Triunfo

was the first to be certified in 2014, while other plants are scheduled to obtain the certification in 2016.

By 2014, we had already obtained the Good Manufacturing Practices certification, a program related to the Personal Care, Home Care and I&I segment, for the plants in San Juan Del Rio and Camaçari, and the innovative BRC Global Standard for Food Safety certification, which establishes globally accepted standards in safety and quality for the food segment.

The table below lists some of our most important certifications:

Certification	Unit
ISO 9001 (Quality Management System) – since 1995	Brazil, Mexico, Uruguay and Venezuela
ISO 14001 (Environmental Management System) – since 2001	Brazil
ISO/TS 16949 (Quality management system for the automotive industry) ¹ – since 1998	Tremembé and Mauá Petrochemical Plant
ISO 22716:2007 (Cosmetics – Good Manufacturing Practices – GMP) – since 2014	Camaçari (except for the Mineral Oils Plant - EMCA) and San Juan del Río
BRC Global Standard for Food Safety – since 2014	Guadalajara
OHSAS 18001:2007 (Occupational health and safety management systems) – since 2014	Camaçari (Petrochemical, Chemical, Oleochemical and Mineral Oils – EMCA Plants) and Triunfo
Argentine Institute for Normalization & Certification (Iram)	Tremembé and Mauá
Kosher and Halal certifications for the sale of ingredients to the food sector in specific markets ²	Mauá Petrochemical Plant, Oleochemical Plant (Camaçari), Suzano and Guadalajara (Kosher) Mauá Petrochemical Plant, Mauá Chemical Plant, Oleochemical Plant (Camaçari) and Guadalajara (Halal)
Local certifications for a wide range of products (to comply with a resolution of the ANP)	Camaçari (Butyl Glycol, DEA, MEA, MEG, TEG, Ultranex® NP 100, Ultroil® EM 7000), Mauá Chemical Plant (UltraneX® NP 95 and Ultroil® DH 7015) and Tremembé (Ultrawet® 30, Ultrawet® 60, Ultrawet® 70, Ultrawet® 90, Ultrawet® 110)
RSPO (Roundtable on Sustainable Palm Oil)	Units in Brazil (except for the Triunfo and Mineral Oils - EMCA Camaçari units)

1. Replaced the QS 9000 certification beginning in 2005. 2. The Kosher and Halal certifications do not cover all of the products at the units.

INNOVATION in Products and Services



Innovation



Eco-efficient products



Product safety

To overcome the challenges of creating solutions that support our clients' evolution and meet the sustainability requirements that help transform people's lives, Oxiteno adopted a new approach to the concept of innovation. This approach will help guide the businesses toward the 2022 Vision: To be a global reference in surfactants and their applications.

All of the areas within the Company are involved, since we want to go beyond just our products. Our goal is to develop a set of practices that are capable of transforming innovation and sustainability into a series of daily actions adopted in the businesses. Together with Ultra, which promotes the incorporation of a multi-business mindset in all of the group companies, we have reviewed, improved and automated processes, while seeking to understand the synergies and possibilities to innovate together with Ultra's other companies – a process-level innovation designed to increase the Company's overall efficiency.

Due to our nimbleness and capacity to innovate, many of our clients now invite us to act as strategic suppliers and partners in the development of innovative products for the market.

In 2015, with the increased importance of our units in Mexico and the United States, we set a record with 36 new product launches—the previous average had been 18 per year—demonstrating that the Company's efforts to establish robust processes in support of innovation are generating results. The gains go beyond just the numbers and also involve Greenformance: raw materials derived from renewable sources used in production increased from 20% to 25% in 2015. **G4-EN27.**

Due to our nimbleness and capacity to innovate, our clients now invite us to work as their partners in the development of new products.



COMMITMENT TO INNOVATION

In 2015, the Administration Institute Foundation (FIA) performed a diagnostic to assess how innovation was understood and being developed within the Company. This helped in the identification of risks and opportunities that needed to be incorporated in the innovation management process, in addition to the need to implement specific measures to foster innovation within the Company even more. Some of these actions are already in progress, including the preparation of technology roadmaps to identify potential technologies and products for our markets over the medium and long-term, in addition to studies involving developmental programs and internal communications models.

Within the R&D area, we have a process for prioritizing and selecting short-, medium- and long-term projects, focusing both on our markets and markets adjacent to ours. We also adopted a new tool (PMOx) to manage product lifecycles from their conception through market maturity including improvements and adaptations required as the market changes. This has allowed us to become nimbler, further integrate with the Company's other activities and enhance information security.

Projects involving innovation are based on co-creation with our clients and the internal development of innovative products and solutions. The business segments hold monthly forums to discuss projects, technologies, value propositions and plans for new product launches. We sponsor Technology Councils every year with experts from Brazil and abroad who, together with our teams, discuss proposals for overcoming technological challenges and evaluate trends that should guide our activities in the future.

Oxiteno also promotes Innovation Friday, which brings together various areas from within the Company to discuss cases, align ideas and watch presentations by specialists from academia.

OXITENO GREENFORMANCE G4-EN27

In 2011, Oxiteno created the Greenformance concept; a set of guidelines to make the Company's approach to sustainability in the development of new products and services and its commercial activities, more robust.

In 2015, the concept became the Company's trademark through registration with the National Institute for Industrial Property (Inpi). The registration is in effect in Brazil, Argentina, Mexico and the European Union. A similar process is currently underway in the United States.

To further incorporate the principles provided by Greenformance in our products, we also assess our products' environmental performance using the LCA (Lifecycle Assessment) tool. This analysis helps us determine the best methods for obtaining raw materials and the best processes and technologies to use. These evaluations can be performed at different times; including for new solutions or molecules, when developing strategic solutions or upon specific demands from clients.

Our efforts to implement best practices can also be seen in our receipt of the RSPO (Roundtable on Sustainable Palm Oil) certification, which is a non-profit organization based in Malaysia. The entity validates the sustainable use of palm oil, which is one of the main ingredients used by the industry. Harvesting of palm oil is associated with the deforestation of significant amounts of tropical forests, especially in Southeast Asia. Palm oil is widely used in cosmetic products, food, and even in the production of bio-fuels. Palm kernel oil (PKO), derived from the kernel of the same fruit, is an important raw material for Oxiteno in the production of sustainable solutions for the Personal Care market. We received the certification for five units in Brazil in 2015 (two plants in Camaçari and for the units in Mauá, Tremembé and Suzano). This was an important step in achieving our goal of using only 100% certified oils by 2020. **G4-15.**

We have guidelines to drive new product development that favor the use of renewable raw materials, processes and products with less environmental impact, and our commitment to health and wellness.



What is it?

A set of guidelines for driving the development of new products and services in alignment with Oxiteno's sustainability strategy.

How does it work?

The guidelines are incorporated in the development of new products and services and prioritize:



- Renewable sources: vegetable-based raw materials in place of synthetic inputs and petrochemicals derivatives.



- Preservation of the environment: concentrated and biodegradable products that require use of less energy, water and packaging material.



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

Key results

- 25% of raw materials are derived from renewable sources;
- 38% of products contain ingredients from renewable sources;
- Optimization of the energy matrix, prioritizing clean technologies;
- Monitoring of and reduction in greenhouse gas (GHG) emissions;
- Use of product lifecycle assessment tools (LCA);
- Development of substitutes for nonylphenol ethoxylates (NPE);
- Development of surfactant solutions that are less irritating to the skin and eyes;
- Replacement of pollutants and products that harm the atmosphere.



R&D CENTERS

Oxiteno's Research & Development (R&D) function operates within our business segments. Its technical capabilities are focused on finding applications for our products and the development of new technologies. Our primary research center is located in Brazil and has more than 100 qualified professionals. We also have research centers in Mexico and R&D activities in the United States, which does not have laboratory facilities yet, but has a team dedicated to client service. This team is responsible for identifying opportunities for development and the co-creation of solutions. In 2016, as part of our 2022 Vision, we will finalize a plan for the construction of a laboratory in the United States, with investments taking place over a 3-year period. Our strategy also involves partnerships with local and international research institutes.

In addition to the our resources invested in innovation, we also participate in incentive programs for research, development, modernization and expansion of all Oxiteno's business segments. These include Finep, the Brazilian Company for Industrial Research & Innovation (Embrapii), and the Talents Innovation program of the National Industry Confederation (CNI), among others.

G4-EC4 - Financial assistance received from the government (R\$ 000's)

Unit	2013		2014		2015	
	Finep	BNDES	Finep	BNDES	Finep	BNDES
Oxiteno S/A	9,640	5,250	18,167	6,207	2,970	10,720
Oxiteno NE	-	2,590	-	4,217	-	7,280
Camaçari (Oleochemical)	-	3,120	-	4,961	-	2,470
Camaçari (EMCA)	-	60	-	258	-	180
Total	9,640	11,020	18,167	15,644	2,970	20,650

PRODUCT SAFETY **G4-PR1**

We continuously evaluate our products and invest in improving our knowledge and monitoring current legal requirements, ensuring the safety of our products to clients and final consumers.

From the beginning of the chemical product development process, we focus on providing safer solutions that also meet regulatory recommendations.

We analyze toxicological and eco-toxicological requirements to classify the dangers associated with our chemical products. We monitor local and international tendencies to identify risks that could affect our businesses, primarily through our participation in industry associations such as the technical standards workgroups of the ABNT (Brazilian Technical Standards Association) for Health, Safety and Environmental issues and the Transport of Hazardous Products.

Our products and raw materials comply with current standards for the classification and labelling of chemical products and shipping requirements. Currently, 100% of new products are evaluated in accordance with the GHS (Globally Harmonized System of Classification and Labelling of Chemicals) with respect to the rules governing the communication of health, safety and environmental hazards. We prepare Safety Data Sheets (SDS), Emergency Data Sheets and labels that provide information about composition, safety recommendations, storage, handling and disposal procedures, in addition to addressing other legal requirements.

We have a corporate project management solution that allows us to register and retrieve information about all of the products we sell. We also perform audits and provide information, guidance and alerts to ensure compliance with laws, resolutions and regulatory standards. This minimizes instances of non-conformity and allows us to improve our operations.

New products are evaluated in accordance with the GHS, a methodology used globally to classify and label chemical products in relation to health, safety and environmental risks.



Segments

Through our use of vegetable-based and renewable raw materials, green chemistry has become a growing reality within Oxiteno.

This strategy is embedded in each one of our five business segments:



Agriculture is present in almost every moment of our lives: from the food we eat and clothes we wear to the fuels that allow our industries to run. With all of the challenges facing the market, including the scarcity of productive land, more resistant pests, exponential population growth and the aging the of the population, agribusiness requires a company that can provide innovative solutions. Oxitenó understands this segment and develops products that increase productivity in the field, cause less impact to the environment and preserve the health of both farmers and consumers.

One of the initiatives that has enabled our portfolio of technologies to better serve producers' needs has been our partnership with the Mato Grosso Cotton Institute (IMAmt), entered into in 2015. The goal of this partnership is to develop bio-pesticide solutions, a market trend among new products and formulations. The objective is to make these solutions more effective, while increasing their shelf lives and making them more competitive compared to products currently found in the market. This will provide farmers with solutions that are more environmentally friendly than conventional products. Based on mappings of the existing literature and market performed last year, we identified opportunities for the development of bacterial formulations. The technological cooperation with the IMAmt will support the co-creation of customized solutions for farmers.

In 2015, we also developed new solvents using 100% renewable carbon with less environmental and toxicological impacts. These products, presented to the market last year and currently being tested by clients, also provide increased safety and more comfort during application, without causing irritation to the eyes.

As part of another product launch, we developed adjuvants for glyphosate herbicides that present both satisfactory biological effectiveness and excellent toxicological properties.

The team's diverse knowledge base has been one of the decisive factors in fostering innovation and the development of new solutions. Our team involves agronomists, biologists, pharmacists, chemists and engineers all working together.

We also seek to meet our clients' informational requirements. Last year, we promoted the Agro-Meeting, an event consisting of presentations and breakout sessions for participants to share knowledge. The farmers themselves were the center of attention, participating in the event for the first time. They were able to share their experiences and challenges, showing how they handle issues such as storage, the use of pesticides, disease and pest control, and technology. They even had the chance to describe their future expectations of pesticide manufacturers.

Product highlights

SURFOM®CE 8114 e SURFOM®CE 8115: solvents obtained from renewable sources that can be less harmful to people. They use 100% renewable carbon and present better toxicological performance.

SURFOM®WG 8168: a highly efficient dispersant that filled a gap in Oxitenó's portfolio as a solid pesticide product, a trend in the market. It supports dispersion of the pesticide in water, facilitating application to the crops.

Serving as a strategic partner to its clients, Oxitenó offers solutions for the cosmetics industry that promote beauty and enhance people's feeling of wellbeing. Sensorial attributes such as texture, foam, color and freshness are enhanced through Oxitenó's science and innovation, resulting in safe and mild products derived from renewable sources. In parallel, we follow trends in the home care and I&I segment, which is demanding greater day-to-day functionality and quality from the solutions. In serving these segments, we invest in biodegradable and multi-functional products.

Among the main highlights in 2015, we developed a rheology modifier (OXIFLOW S 6800) with 100% of the raw materials derived from renewable sources. As a multi-functional product, it serves a variety of segments in the cosmetics market. It also stands out for the sensorial attributes it provides to final formulations and its biodegradability. The solution contributes to the foaming qualities of formulations for skin and hair cleaning products, supports the formation of foam with a denser and richer texture and improves conditioning properties while also enhancing the sensorial perception of the formulations' creaminess during application.

Aware of the demand for products with less socio-environmental impact, we obtained the RSPO (Roundtable on Sustainable Palm Oil) certification for use of palm and palm kernel oil at five units in Brazil, which will help us serve a wider market segment: softeners, liquid detergents, shampoos, skincare, sun care, and most recently, insecticides (read more on page 26).

We develop customized solutions for our clients, such as the family of preservative-free sulfonates and betaines launched last year. These products ensure a high level of microbiological safety without sacrificing functionality, one of the main benefits of this new product launch.

To further expand co-creation, we offer workshops in which we present trends in innovation and address specific demands of our clients. This allows us to combine our expertise with our partners' needs for innovation, working together to ensure the launch of new products in what is a highly dynamic market.

Our strategy has also been guided by the concepts of Good Manufacturing Practices (GMP), with the adoption of ISO 22716. This standard systematizes and establishes high standards of quality for production processes and is internationally recognized. Our clients, primarily in the Personal Care, Home Care and I&I segment, have begun demanding this standard with greater frequency. In 2015, the unit in San Juan Del Río obtained the ISO 22716 certification, which strengthened these practices in the operations responsible for serving the NAFTA market. The unit in Camaçari has also received the GMP certification.

It is also worth highlighting that in 2015 alone, we expanded the number of opportunities to develop products with exclusivity upon request of our clients from 5 to 12. We also began serving large clients on a global scale, solidifying our relationships and offering new products in new regions.

Product highlights

OXIFLOW S6800: a rheology modifier with 100% of the raw materials derived from renewable and biodegradable sources. It also reduces energy consumption and time required for the manufacturing process, since it can be used at cold temperatures. For consumers, the ingredient promotes easier application and more creaminess and mildness in non-irritating formulations.

We began local production of a derivative of palm kernel oil to be able to serve a wider market segment: softeners, liquid detergents, shampoos, skincare, sun care, and most recently, insecticides.

In the sulfonate and betaine product family, we developed preservative-free products that present high levels of antimicrobial safety.

GLICEPOL® 4PGTO: another product for which Oxitenó began local production. This formulation incorporates vegetable based raw materials and is used to stabilize insecticides.

In a segment characterized by extreme conditions, including high temperature, high pressure and critical salinity levels, Oxiteno develops highly specific chemical solutions to overcome these and the other challenges presented by deep-water, mature well and shale and gas operations.

Over the past two years, we invested both in expanding our Oil & Gas portfolio and increasing the share of revenue derived from this segment, as well as in the development of our technical and commercial teams. The objective was to further refine our strategy of getting closer to our clients and better understanding their needs. These efforts resulted in 15 new product launches over a period of just 18 months.

Among these solutions is ULTRAWET® 120, a product free of aromatic compounds with high performance in preventing the formation of emulsions in fluids and oils. It is also resistant to salinity, making it especially useful for pre-salt operations. We used a statistical planning tool for experiments that is widely used in product research centers of excellence to support product development. This helped us accelerate our analyses and improved the accuracy of the performance results achieved.

We also launched the ULTROIL® FW product line, which includes biodegradable foaming agents with excellent toxicological properties designed for use in gas production fields. These solutions increase the recuperation of fluids, improving overall performance.

To improve our positioning in this segment and ability to take advantage of opportunities, we also invested in a storage and distribution center in Macaé (RJ), which allows us to be even closer to our most important clients. These facilities will provide both time and cost savings. With operations commencing in 2016, items that had previously been stored in Camaçari will now be available for easier access and faster delivery. (read more on page 69)

We have been partners with the Mexican Petroleum Institute (IMP) since 2014, with the objective of sharing technological expertise while focusing on the discovery and improvement of products and solutions for the oil industry.

Product highlights

ULTROIL® FW 1050 and ULTROIL® FW 2050 – high-performance biodegradable products with excellent toxicological properties designed for use in gas production fields. These products optimize and increase the recuperation of fluids, removing accumulated liquids that impact the gas production process.

ULTRAWET® 120 – an aromatic-free solution that combines high-performance surfactants that resist salinity. It is also very effective in preventing the formation of emulsions in a wide variety of fluids and oils, especially effective in pre-salt operations.



PAINTS & COATINGS

The Paints & Coatings area begins all of its stakeholder relationships, including communication initiatives, based on the innovative and high-performance solutions it offers the market. We develop aromatic-free solutions without sacrificing technical performance that are also more environmentally friendly. We continue to hold the local leadership position and are working to expand globally, especially in the Americas.

One of the 2015 highlights was the expansion in production capacity of our ULTRATINT® line. This resulted from technology-sharing initiatives between our units in Brazil and Mexico, which allow for the maintenance of inventory locally and sale of the products to our global clients. As such, we expanded our presence on the value chain; providing excellence in customer service, nimbleness and timeliness of delivery, greater proximity and improved relationships with strategic clients.

To continue driving innovation and our competitive advantages, we modernized our Paints & Coatings development laboratory in Mauá. This will improve the quality of service

provided to global clients and result in greater efficiency and nimbleness in the analysis and management of our internal processes.

Also resulting from our investments in innovation, after three years of work by the R&D area, we began the sale of OXIMULSION® B 1000. This solution represents a change in paradigm for the decorative paints market, with the combination of anionic and nonionic surfactants in a single product free of alkylphenol ethoxylates (APE). Developed in partnership with a client, it is a unique two-in-one solution that incorporates a series of benefits, including optimization of the clients' processes and production activities, reduced processing times and smaller inventory levels.

Our vast portfolio is another strategic advantage in that it allows our commercial partners' daily routines to be more practical and nimble. ULTRAFILM® 260 LV, launched in 2015, in addition to providing benefits such as low odor and a low concentration of volatile organic compounds (VOC), also increases the flexibility of our logistics process, with production at the plants in Mauá, Camaçari and México.



Product highlights

ULTRATINT® BP 60 and ULTRATINT® BP 62 – a product line already marketed by Oxiteno, with production introduced in Brazil and Mexico. The solutions will also be produced in the United States once the plant in Pasadena begins operating in late 2017. They are critical for promoting adhesion and leveling of the main resin and polymer syntheses.

OXIMULSION® B 1000 – represents a change in paradigm in the decorative paints market, with the combination of anionic and nonionic surfactants in a single product free of alkylphenol ethoxylates (APE). The decorative paint segment's emphasis on using water-based products has resulted in improved safety for people's health and the environment.

ULTRAFILM® 260 LV – a coalescent with excellent application performance, low odor and a low concentration of volatile organic compounds (VOC), that meets the requirements of Brazilian regulations determined in 2015. Coalescents are used in paints to improve the formation of film.



PERFORMANCE PRODUCTS

Oxiteno's portfolio also serves clients in other sectors: surfactants and solvents for the leather and textile industries, concrete additives for civil construction, emulsifiers for the food industry and functional fluids for the automotive industry; as well as glycols, synthesis intermediates, polymers and elastomers.

Highlights in this segment include the manufacture of cement and concrete additives that considerably reduce the use of electricity during the cement grinding process. They also reduce the viscosity of the system and the amount of water required to manipulate the cement. In addition to reducing operational costs, this also helps improve the units' sustainability.

Product highlights

ULTRASOL® CT 5100 – a line of additives developed using ethanol from sugarcane. This product delivers significant performance gains in final applications such as hyperplasticizers used in concrete; including reducing the amount of water and cement required in the mixture, increasing resistance and reducing the shrinkage and thermal stress of the product. The additives also reduce the amount of water required by more than 25%.

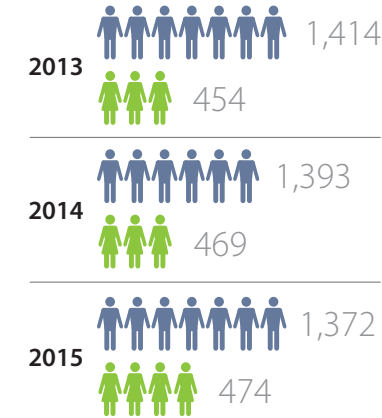
LACTIPOL® S K – we improved the fluidity of this product, which is one of the most important in Mexico's food catalog. By improving fluidity, the product is more easily incorporated in applications such as industrial baking, artisanal products, biscuits, margarines, etc. Raw materials with the RSPO certification also meet Kosher and Halal requirements.

In meeting its strategic objectives, Oxitenodepends on the commitment of its professionals. Our teams consist of highly capable individuals who demand transparency, a healthy work environment and incentives for personal and professional development. To meet these demands, we focus our investments in three areas: planning, organizational culture and training. The challenge is in preparing our people for the future without neglecting the present.

The market has recognized our people management practices, evidenced by the receipt of various awards and recognitions. We are among the 150 best companies to work for and one of the best 30 companies for beginning a career; both surveys performed by the Brazilian magazines *Exame* and *Você*

Who makes Oxitenorun

Oxitenois a Company in the chemical and petrochemical segment that has been operating for more than 40 years. Currently, it has a presence in nine countries. A majority of the workforce is comprised of men, which is common in the Company's business segment.









We also offered new career paths to the employees throughout all of Ultra's businesses. The Company also values principles such as solidity, transparency and the respectful treatment of people.

Responsible labor practices are also an indispensable part of Oxitenos management practices. In Uruguay, we discontinued one of the plant's production lines, and to minimize the social impact to the 37 people who were laid off, we included additional salaries in their severance payments and offered free employment relocation services. Furthermore, all of Oxitenos employees are covered by collective bargaining agreements, and core business activities are performed by the Company's own employees. **G4-11**

G4-LA12 - Executive Committee







Gender	Male	2
	Female	2
Age group	From 30 to 50	2
	Over 50	2

G4-10 - Number of employees by functional category and gender - Brazil	 		 		 	
	2013		2014		2015	
Managers	53	19	59	21	58	22
Coordinators / Supervisors	51	21	56	21	63	21
Administrative	15	22	16	20	15	23
Mid-Level Employees	81	51	81	51	83	51
Upper-Level Employees	137	166	146	179	154	199
Operational	480	23	485	25	485	24
Trainees	19	13	15	17	18	14
Total by gender	836	315	858	334	876	354
Total	1,151		1,192		1,230	



Number of employees by type of employment contract

Temporary period	19	13	15	17	19	14
Indefinite period	817	302	843	317	857	340

Number of employees by age group	2013	2014	2015
Less than 30	393	402	414
Between 31 and 50	594	616	640
Over 50	164	174	176
Total	1,151	1,192	1,230

Number of employees by gender – international units	 		 		 	
	2013		2014		2015	
Argentina	2	4	3	3	3	4
Belgium	3	2	2	2	2	2
China	3	1	2	1	3	1
Colombia	2	1	2	1	2	2
USA	50	13	40	11	46	5
Mexico	285	65	287	68	286	68
Uruguay	148	29	143	30	106	23
Venezuela	85	24	56	19	48	15

G4-LA9 - Average training hours by functional category / gender - Brazil (h)¹

		
	2015	
Executive Committee	18	36
Management	2,848	955
Coordinators / Supervisors	3,763	1,989
Upper-Level Employees	6,762	6,728
Mid-Level Employees	3,062	1,319
Administrative	237	196
Operational	27,871	865
Interns	160	96
Trainees	2,976	1,378
Total gender	47,696	13,561
Brazil Total	61,257	

1. Information about training for 2014 and 2013 is not available in the same format, and therefore, has not been presented. The indicators do not take into account Oxiten's Financial Assistance Program (subsidies for graduate, post-graduate, MBA, university extension and language courses).

G4-LA9 - Average training hours by functional category/gender International units (h)²

	2014	2015
Mexico	21,364	18,110
Venezuela	4,475	5,564
Uruguay	5,206	3,485
USA	2,751	6,731

2. For the international units, information about training is only available where there are productive operations, however, the other units also offer training.

INVESTMENTS IN TRAINING **G4-LA10**

We believe that any and all advances in terms of knowledge are only fully sustainable once they are transformed into new behaviors. Therefore, we create and maintain a dynamic of continuous learning, in which professionals share their experiences, remain open to new ideas and perceptions, and assume new challenges in the areas of self-development and professional growth.

In 2015, we offered workshops for our leadership on people and business management, strategy and innovation as part of programs developed in partnership with the country's top corporate universities. In another initiative, approximately 30 employees participated in our Vector Program. The objectives are to support technical development and to bring together process engineers with very different levels of experience. For the first time, the initiative involved the participation of representatives from the plants in Camaçari and Montevideo.

We also have a policy of providing financial assistance for graduate, post-graduate (lato or stricto sensu), masters, university extension programs (continuing and executive education) and language courses, of both short and long duration. A committee with representatives from each area is responsible for evaluating requests for financial aid. We also offer unpaid leaves of absence for participation in courses overseas.

OBJECTIVES OF THE TRAINING PROGRAMS:

- Train employees on new standards adopted;
- Train the areas in new technologies;
- Develop the knowledge, capabilities and behaviors required of employees to perform their functions;
- Meet the requirements of regulatory agencies such as Anvisa, audits and ISSO certifications, and to meet demands from clients.

PERFORMANCE ASSESSMENTS

We use a global competencies management model that supports all areas of human resources, including selection, evaluation, development and succession. The model also supports the Company's strategy in broad terms: having the right person in the right position at the right time.

Every employee participates in the performance evaluation process, whether through company-wide and departmental goals (for each area), individual goals or joint goals among different areas for more senior professionals (around 25% of the Company).

A competencies-based assessment permits mapping of the development process for the Company as a whole, and the creation of development plans that consider each professional's needs and those of the Organization. Based

on our review of the business competencies matrix, the performance evaluation process will also be updated in 2016, initially for the leadership group. This process will guide career development for all of our professionals.

Based on criteria such as time with the Company, performance and the employee's profile, we offer employment relocation plans for cases involving involuntary termination and preparation for retirement.

To improve our policies and ensure that our teams are motivated and appropriately rewarded, we extended the variable compensation bonus program to mid-level management, coordinators and specialists, no longer benefiting only the leadership group and senior managers.

MANAGEMENT TOOLS

Listed below are some of the methodologies used by Oxiteno to manage its talent:

- People Management Cycle: a process involving steps such as hiring and goal-setting checkpoints, performance and competencies evaluations, and the planning of priority actions for training and development.

- GTD – Getting Things Done – helps professionals with task management.

VBS – to establish a mindset of Selling Value in accordance with our Vision 2022, initially targeting the commercial area and R&D technical assistants.

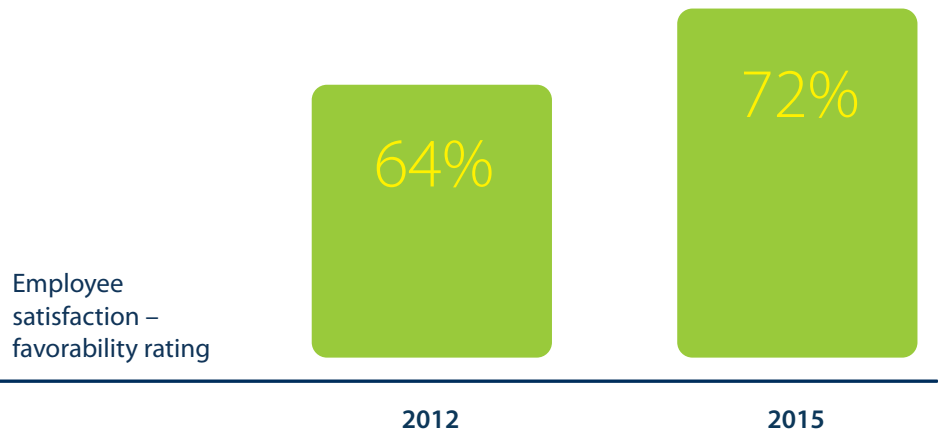
ORGANIZATIONAL CLIMATE SURVEY

Performed every two years, the Climate Survey saw a significant increase in both employee participation (94%) and favorability, which reached a level of 72%, eight points better than the previous survey performed in 2012. These results demonstrate employees' confidence in this important communications tool for the Company and employees.

Teams from our newest units in the United States and Uruguay, each incorporated in the business in 2012, participated in the survey for the first time. This helped reinforce our efforts to consolidate the people and culture management processes even further.

Our objective is to transform the results of the survey into continuous improvement initiatives, raising the Company's overall level of excellence. The 15 areas evaluated by the survey included clarity and direction, commitment, resources, organizational support and opportunities for development. One of the areas receiving the best evaluations was leadership, which reflects the Company's investments in these professionals in recent years. On the other hand, one of the areas for improvement identified was the possibility for more structured conversations about long-term career development.

The Climate Survey is performed in all of Ultra Group's businesses. As part of the process of strengthening our multi-business mindset, the survey was modified to reflect this important driver. The survey allows us to develop an accurate diagnostic across the entire Company, using consistent standards that allow for a consolidated assessment of the results.



NEW TALENT

Oxiteno modernized its trainee program in 2015, including the implementation of mentoring initiatives, which involved training the leaders to interact more effectively with young people, and periodic personalized tutoring.

We also intensified communication of the Trainee and Internship Programs on social media using the hashtag #brilliantstart and at Brazil's most important university fairs. The campaign reached more than 16 thousand people on Facebook, and on LinkedIn, there were more than 100 thousand views. The Trainee Program was also implemented in Mexico in 2015 through the hiring of two individuals.



INTERNAL COMMUNICATION

Based on its understanding that the magnitude of a Company's results and the quality of its relationships are linked to its ability to promote an environment that fosters dialogue and engagement with employees, Oxiteno acts on different fronts to reinforce its positioning, strategy and brand attributes.

Diversity is an important theme within the organization, which has employees in nine countries and encourages collaboration among multi-cultural teams. In this sense, communication plays a vital role in our ability to establish bonds, share experiences and exchange best practices. Communications channels and campaigns drive and support the communication process.

In 2015, to further improve Oxiteno's Communications systems, the Company organized focus groups with approximately 100 employees in Brazil, Mexico and the U.S. The objective was to identify needs, anxieties and areas for improvement in how to best communicate with internal stakeholders. The project also allowed us to better understand cultural differences, allowing us to adjust the tone, form and most relevant topics addressed in each region. This diagnostic resulted in the implementation of a number of initiatives in 2015, and new action plans will guide efforts in this area in 2016.

We promote Oxiteno Dialogue throughout the world, a breakfast meeting with the president, to foster communication between senior management and the employees. We also hold the leadership meeting, which is an opportunity for the executive committee and management team (managers and coordinators) to interact, twice per year.

Our communication campaigns address corporate topics, including strategy, positioning and organizational culture, and support different areas in disseminating programs and processes that impact everyone in the Company.

The main internal communications channels include:

Infox

a bi-monthly magazine highlighting the most important events in Oxiteno

Vox

our intranet, which contains announcements, information and documents

DropsVox

a bulletin released every Friday that presents highlights for the week

Oxiteno Dialogue

meetings between each of Oxiteno's units and the executive director

Oxiteno Communicate

corporate and organizational communications

SSMAQ Informative

periodic bulletins addressing questions about health, safety, the environment and quality

Face-to-Face

Executives Meeting – an annual leadership strategy meeting

Agent Network

designed to streamline and improve the communication flow within Oxiteno. In 2015, 43 professionals participated in the network, with 211 suggested topic submissions

G4-LA1 - Terminations and new hires - Brazil

2013 2014 2015

Number of terminations by gender

Men	74	105	75
Women	35	41	33

Number of terminations by age group

Less than 30	42	69	44
Between 31 and 50	42	52	39
Over 50	25	25	25

Turnover rate by age group (%)

Less than 30	17.18	22.89	17.63
Between 30 and 50	8.59	9.17	6.41
Over 50	8.84	7.47	7.10

Number of new hires by gender

Men	101	121	90
Women	56	56	55

Number of new hires by age group

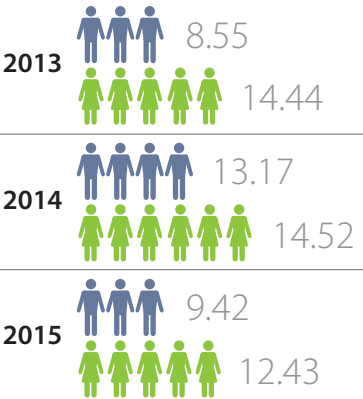
Less than 30	93	115	102
Between 31 and 50	60	61	43
Over 50	4	1	-

New hire rate by age group (%)

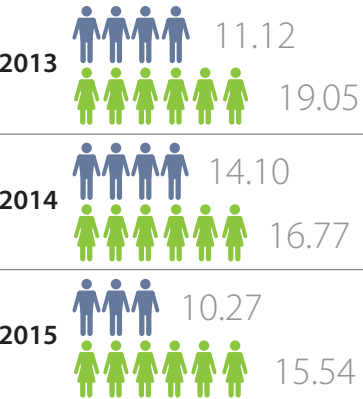
Less than 30	23.66	28.61	24.64
Between 30 and 50	10.10	9.90	6.72
Over 50	2.44	0.57	-

1 With respect to the workforce, no significant fluctuations occurred between 2013 and 2015, as the workforce remained stable. It is worth emphasizing that the number of terminations and admissions during the period were similar, which contributed to the overall stability of the workforce.

Turnover rate by gender (%)



New hire rate by gender (%)



G4-LA13 - Ratio of remuneration of women to men – Brazil¹

	2013	2014	2015
Managers	1.01	0.95	0.98
Coordinators / Supervisors	1.04	1.04	1.09
Administrative	0.90	0.90	0.90
Upper-Level Employees	0.79	0.82	0.85
Mid-Level Employees	0.80	0.79	0.86
Operational	0.91	0.93	0.99
Trainees	1.30	1.23	1.04

1. This indicator shows that there is virtually no difference in salaries between women and men in Oxitenó.

The Compensation Policy is aligned with the business strategy, with the definition of rules, methodologies, concepts and internal procedures to ensure an adequate level of competitiveness for the attraction and retention of professionals, without any distinction for gender.

In 2015, Ultra initiated a comprehensive review of its risk assessments and protective systems for responding to emergencies in all of the Group companies. Beginning in 2010, part of this risk management model was incorporated in the Oxiteno Integrated Management System (OIMS), in accordance with global benchmarks. Our model is also based on CCPS (Center for Chemical Process Safety – USA) guidelines.

Under this methodology, industrial units’ risks are identified and mapped in accordance with the probability (frequency) and impact (consequence) of the events, using the PRA/LOPA/QRA methodology (Preliminary Risk Analysis, Layers of Protection Analysis and Quantitative Risk Analysis). One of this program’s highlights was release of the Ultra Group’s Risk Acceptability Matrix.

In 2015, we began review of the risk assessment and emergency response plan for the unit in Mauá, the Company’s second largest plant. In 2016, this review will be extended to the Company’s other operations in Brazil. Our objective is to expand the scope to the international units in 2017.

We also performed a survey of people’s safety-related values at the plant in Mauá with the support of a consulting firm. The results gave rise to the Values Inspiring Attitudes (VIA) program, designed to increase engagement and raise awareness about the importance of safe behavior. Structured last year, the program will be rolled-out in 2016 and involves initiatives related to awareness building, leadership training and the discovery of new tools. To further improve and provide more focus on safety-related topics, a Process Safety area was also implemented in the unit, whose activities had previously been performed by the SSMA area.

We also seek to implement best international practices. At the end of 2014, the unit in Triunfo became the first to obtain the OHSAS 18001 certification, which sets forth health and safety related procedures. Last year, the industrial units in Camaçari also obtained the certification. In 2016, the objective is to obtain the certification for the industrial units in Mauá and Suzano.

In analyzing the past three years, the total number of missed days due to accidents fell, while the frequency rate remained stable.

G4-LA6 - Injury, occupational disease and missed days rates ^{1,2}

	2013	2014	2015
Frequency rate (per 1,000,000 HHT) ³	11.27	8.12	10.07
Days missed rate	108.17	92.07	61.07
Injury ⁴ / occupational disease rate	0	0	0
Number of fatalities	0	0	1

1. We do not have an indicator for absenteeism.
2. The system for registering data about health and safety does not separate the data by gender.
3. The frequency rate is calculated based on the total number of accidents *1,000,000 / total HHT.
4. Injury rates include workplace accidents and incidents during work-related commutes with and without missed days; involving own employees, third-parties and trainees.

As a chemical company, Oxiteno’s operations involve the use of products with potential health risks. We adopt all applicable preventive measures and rigorously monitor our employees’ health. There have been no registered cases of illnesses related to these products or the work environment at our units. To reinforce our policies, occupational hygiene programs designed to prevent workers from being exposed are widely disclosed and disseminated by the Company. **G4-LA7.**

ACCIDENT IN MAUÁ

Although Oxiteno’s management system is designed to ensure the health and safety of its employees, regrettably, the unit in Mauá registered a fatality in April 2015. A chemical operator was killed in an accident while unloading a tanker truck containing phenol.

Oxiteno’s efforts were focused on first response activities and providing all of the required assistance. Psychological support was also provided to the operator’s family and the plant’s employees.

A workgroup comprised of specialists and representatives from the Internal Commission for the Prevention of Accidents (Cipa) concluded that the injuries were

aggravated due to the fact that the operator was not using personal protective equipment (PPE), which went against Oxiteno’s established procedures. The conclusions were communicated to the ABC Chemists’ Union, Police Delegacy of Mauá and Regional Labor Department of Santo André. A rigorous analysis of the causes of the accident will support the development of preventive measures to avoid the occurrence of similar accidents in the future.

All of the effects, from the accident itself, the investigation, and monitoring the implementation of improvements, have been monitored by Oxiteno’s senior management team and Ultrapar holding.

ENGAGEMENT IN CAMAÇARI

In 2015, the units in Camaçari completed an important step in improving safety performance. As a result, the units have gone almost two years without registering an accident involving missed days. As part of a three-year continuous effort, these initiatives are designed to strengthen the culture of health and safety.

The activities are based on two pillars. One is pragmatic, focusing on the facilities and the adequacy of the procedures. The other is designed to reinforce behavioral aspects. A diagnostic performed at the units in Camaçari assessed existing tools and concluded that they were sufficient and up-to-date. As such, the initiatives are more focused on employees' attitudes, so that they can optimize the use of the tools at their disposal.

The survey involved an assessment of four parameters, which also represent the maturity levels of companies with respect to safety: passivity, dependence, independence and interdependence. Considering an evolving scale, the initial stage of an environment is the passive scenario. Here, safety measures are reactive, taking place after an accident occurs. The final stage is complete interdependence, where employees act in an integrated manner, understanding that safety depends on each individual and that everybody is responsible for protecting everyone else. Camaçari

A series of initiatives combining proper care of the facilities with behavioral aspects have become a reference in safety procedures.

is on track to reach a more mature environment; the independence stage. Here, employees are aware of best practices and position themselves with greater care during the course of their daily activities.

A series of measures were adopted to continue the process of evolution, including: implementation of processes to analyze risks associated with tasks, initiatives to reward good safety performance, periodic meetings with the leadership to drive engagement and the Experiential Learning Cycle (ELC) program. This program targets mid-level management and focuses on the maintenance of a safe work environment. As part of an initiative called Safe Attitudes, we organize small groups to discuss perspectives about self-awareness and its importance in fostering safe behavior.

The project also included review and modernization of our PPE and the development of action plans for third parties; with bi-monthly meetings to discuss these topics and review the indicators.

In 2015, safety-related projects received a considerable portion of the investments approved for Camaçari (10%), and we also reinforced the safety team. In 2016, providing continuity to these efforts, we will begin work on two new action plans.

Process Safety

Oxitenó uses a Risk Based Process Safety Model (RBPS) designed to incorporate guidelines, programs, audits and evaluations of industrial processes at the operational units. The system identifies risks associated with the processes, establishes mechanisms to prevent or reduce the likelihood of occurrence and creates conditions to control the extent of their impact.

The model was adopted at the corporate level and is applied in all of Oxitenó's units. Oxitenó's newest operations in Uruguay and the United States, both acquired in 2012, are in the process of implementing these processes.

Based on continuous improvement initiatives, in 2015, we implemented new protective barriers in many of the Company's procedures. These efforts are part of our Protective Layers approach to safety management and risk mitigation, based on barriers that protect the facilities in the case of unwanted events. These barriers can include groups of equipment, accessories, instruments, mechanical devices or control activities. The layers function independently of one another, so the failure of one does not compromise the other layers.

Change Management Procedures prevent risks and impacts from changes made to the industrial facilities and standardize procedures based on specific guidelines and best international practices.



SAFETY WITH ETHYLENE OXIDE

To improve our standards of excellence, we organized a special meeting focused on safety issues related to ethylene oxide, a highly dangerous product. Held in Mauá in August, specialists from all of the Company's areas and units, including the international operations, participated in our first EO Workshop. This maximized the sharing of experiences and helped improve the level of excellence in our processes. The unit in Mexico reproduced a mini-event for its three local units that covered the same topics, sharing the practices discussed and what was learned.



COMMUNITY PARTICIPATES IN MEXICO SAFETY INITIATIVES

Health and Safety Week (Semana de Seguridad, Calidad y Salud) is open to communities surrounding the units in Mexico, where students, professors, employees' families and clients participated in presentations, games and workshops. Orientations were also provided about safety programs and community alert programs in the case of accidents. One of the objectives was to get closer to the communities and to establish an open channel of communication. The event is held at the country's three plants together with the companies neighboring Oxiteno's facilities.

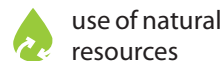
PROJECT ALSO INVOLVES THE COMMUNITY IN CAMAÇARI

As part of the social responsibility initiatives in Camaçari, Oxiteno's employees participate as volunteers in classes and presentations about safety at four schools in the region. They share their experiences and insights about safe behavior in the home, on the street and in theatres, in addition to other environments. Employees' children are also invited to visit the plant and can participate in educational activities about health and safety. The benefits of this approach are two-fold; the spreading of best practices throughout the community and a greater level of commitment to this topic on the part of employees.





THE ENVIRONMENT G4-15



use of natural
resources

Our environmental management system is both mature, and since 2001 in the units in Brazil, certified by International Standard ISO 14001. Plans are underway for certification of the overseas units in Mexico and Uruguay. Based on international guidelines, we prioritize the use of clean and efficient technologies, resulting in the continuous improvement of our processes.

In Brazil, we are signatories to the Responsible Care Program of the Brazilian Association for the Chemical Industry (Abiquim), and we participate in similar programs in the other countries in which we operate. These initiatives are linked to the Responsible Care Program of the International Council of Chemical Associations (ICCA), which was designed to demonstrate a company's voluntary commitment to continuous performance improvement in health, safety and the environment **G4-16**.

In our internal processes, we seek to increase productivity while at the same time reducing the waste of natural resources. We maintain a system to monitor and control operational performance, allowing

us to intervene in an immediate and continuous manner. We also implement actions to reduce greenhouse gases and other atmospheric emissions, reuse water, use the Six Sigma program in improving plant efficiency and reducing environmental impacts.

Our strategy includes developing and offering the market more sustainable product and service solutions through the Greenformance concept. This includes use of the LCA tool (Lifecycle Assessment), which helps us determine the best methods for obtaining raw materials *(read more on page 26)*.

Examples of our commitment to improving socio-environmental practices and developing innovative products with less impact are the studies conducted at our research and development center's pilot plant in Mauá (SP), which is responsible for carrying out new product projects prior to manufacture on an industrial scale. The center performed a study to evaluate the use of natural resources in the production lines, identifying new opportunities to reduce the use of inputs such as alcohol and electricity.

As an example, the unit achieved savings of 200 liters per month by reusing the water used to clean the equipment and for sanitization. Once the detailed evaluation of the project's results is concluded, the intent is to adopt these procedures in Oxiten's other units and research centers.

We are also members of the RSPO (Roundtable on Sustainable Palm Oil), a non-governmental organization based in Malaysia that develops best practices for the production of palm oil, one of the most consumed ingredients in the world, so as to promote sustainable growth in its production *(read more on page 26)*.

WATER

Concerned about the sustainability of all of its processes, Oxiteno can celebrate the results of its efforts to optimize and reduce water consumption and reuse water.

In Oxiteno, water is used in production processes to generate steam, for cooling, to clean equipment and as a component in its products, among other uses. The Company uses approximately 5.5 million cubic meters of water per year. The majority of this water comes from municipal water suppliers or other water utilities; additional sources of water include recycled wastewater from other organizations, captured rainwater and groundwater.

Of the total amount consumed, some water evaporates, a portion is incorporated into our products, and the remaining amount, approximately 50%, becomes wastewater; All waste water is treated by Oxiteno's own treatment plants or specialized companies. For our production units located in industrial complexes, a single treatment plant may serve all of the companies located in the complex.

After treatment and verification that all required quality standards have been complied with, we return the water to nature. We make efforts to treat the wastewater to a standard higher than that required by legislation in each region.

As such, Oxiteno returns about 98% of the water used in its processes to nature, with the remaining 2%

incorporated in products sold to our clients. Of the water returned to nature, 50% is treated to a level of quality superior to that required by legislation before being reintroduced into the environment. The remaining amount is returned to nature through evaporation, closing the water cycle.

We constantly strive to achieve operational excellence at all of our plants. We continuously work to optimize the water balance through the reuse of condensed steam, by cleaning equipment with a spray ball (equipment that improves cleaning efficiency and optimizes the use of water) , through direct reuse of uncontaminated water for cooling purposes and the capture of rainwater.

Furthermore, we also consume reused water derived from treated waste (15% of total consumption, **G4-EN10**).

In Camaçari, the Oleochemicals plant captures rainwater for use in the cooling towers. Due to the increase in rainfall last year, this amount increased by almost 12% (**G4-EN8**).

In the new ethoxylation unit in Coatzacoalcos, the cooling system for the reactors does not require the use of water, in accordance with the most advanced principles in sustainability.

In 2015, an improvement project at the San Juan del Río wastewater treatment plant helped improve the quality of the water returned to the environment.

G4-EN8 - water withdrawal by source (m³)^{1,2}	2013	2014	2015
Ground water	82,473	65,410	122,155
Brazil	13,520	844	0 ³
Mexico	68,953	64,566	69,077
Uruguay	-	-	53,078
Andean region	-	-	-
Rainwaters⁴	49,506	49,838	55,892
Wastewater from another organization⁵	692,011	791,778	774,950
Municipal water suppliers or other water utilities	3,821,584	4,471,318	4,613,612
Brazil	3,682,370	4,340,542	4,457,807
Mexico	65,957	70,280	75,383
Uruguay	-	-	34,652
Andean region	73,257	60,496	45,770
Total water withdrawal	4,645,574	5,378,343	5,566,609

1. All of the units in Brazil, Mexico, Venezuela and Uruguay, excluding the United States.
2. The Company did not withdraw surface water, which includes wetlands, rivers, lakes and oceans.
3. In 2015, none of the units in Brazil captured any groundwater.
4. Considers only the Oleochemical plant in Camaçari.
5. Considers only the plant in Mauá through the Aquapolo Program.

Oxiteno supports an innovative Project in Mauá

Five years ago, to meet the increasing demand for water, the Petrochemical Complex in Capuava located in ABC Paulista, the site of our unit in Mauá, began an innovative project focused on water reuse. Today, these efforts ensure that water is supplied at the level required by the industrial complex.

This project, called the Aquapolo Project , involves the companies located in the complex and Sabesp; Investments totaled R\$ 360 million for the construction of a 17 km pipeline and 3 km distribution network. This network allows for the complex's water supply to come directly from the Sewage Treatment Plant in ABC. To ensure the quality of the water for industrial use, it passes through a rigorous purification system, including settling tanks, biological reactors and ultra-filtration methods. As a result, 97% of all water consumed by Oxiteno's unit in Mauá comes from this process.

Through this initiative, companies are no longer required to consume up to 450 million liters of treated water, increasing the supply available to local communities. The drinking water saved is equivalent to the amount that would be required by 500 thousand individuals. Furthermore, the project allows for reuse of resources that would otherwise be returned to nature in the form of waste.

G4-EN10 - Recycled and reused water	2013	2014	2015
Volume of recycled and reused water (m³) ^{1,2}	741,517	841,616	830,842
Percentage of recycled and reused water in relation to total water withdrawal ³	17%	16%	15%

1. Considers the units in Mauá and the Oleochemicals plant (one of the plants in Camaçari); the units in which these volumes are measured.
2. Reused water: rainwater collected on rooftops and reused wastewater provided by other organizations.
3. This indicator represents the amount of reused water in the two units divided by the total amount of water withdrawn by Oxiteno (Brazil, Mexico, Uruguay and Venezuela).

ENERGY

Our energy consumption in relation to production has remained stable over the past three years, and in 2015, totaled 6.2 gigajoules per ton of product.

Several initiatives have helped reduce our consumption of natural resources. In Mauá, the replacement of two heat exchangers, in addition to increased efficiency in the generation of steam, resulted in savings of R\$ 200 thousand/month. As part of this continuous improvement initiative, we also replaced the catalysts in the ethylene oxide unit in Camaçari, which also had a positive impact on greenhouse gas (GHG) emissions.

Our practice of reusing residual gases of neighboring companies as a source of energy to generate steam also helps reduce energy consumption. This practice also allows us to reuse a by-product that would otherwise be wasted. In Mauá, 80% of the steam used was derived from this type of process.

We also seek to improve the efficiency of the boilers in the consumption of fossil fuels. In 2016, two boilers in Mauá will be refurbished so that they can be adjusted to operate with less steam. Currently, the equipment has minimum production levels, which results in waste if large volumes are not required.

G4-EN5 - Energy intensity ^{1,2}	2013	2014	2015
Energy consumed (GJ/t product)	6.2	6.0	6.2

1. Consumption considers all of the units in Brazil, Mexico, Venezuela and Uruguay, excluding the United States.
2. Fuel used to generate energy (steam), fuel used in mobile sources (generators, trucks, vehicles), electricity and purchased steam.



AIR EMISSIONS

The Program for the Monitoring and Reduction of Air Emissions, initiated in 2008, has allowed the Company to improve its CO₂ emissions indicators. The program also monitors reductions in air emissions of local pollutants including particulate matter (PM); sulfur oxides (SO_x); nitrogen oxides (NO_x); carbon monoxide; and volatile organic compounds (VOC). Furthermore, the program also evaluates the impact of emissions on air quality by monitoring the dispersion of the pollutants.

In recent years, the monitoring and reduction program and the adoption of cleaner technologies has allowed us to reduce air emissions by approximately 30%.

We generate CO₂ as a by-product of the manufacture of ethylene oxide, which we sell to nearby companies. An example of this transaction takes place at the unit in Mauá, where we sell CO₂ to White Martins, who in turn sells the gas to its clients. In Camaçari, this commercial partnership led to a project for the collection, compression and transport of CO₂ originated in Oxitenó's plant, from the reaction of ethylene oxide production, to White Martins. The project is expected to enter into operation in mid-2016, with an initial forecasted sales volume of 80 thousand tons of CO₂.

As part of our continuous improvement efforts, we also replaced the catalysts at the ethylene oxide unit in Camaçari. This had a positive impact on GHG emissions.

Our efforts contributed to a reduction in the intensity of our GHG emissions by almost 7% as compared to the previous year. Due to the ISO 14064-1 methodology, used to calculate GHG inventories, emissions avoided by two major projects at the units in Camaçari and Mauá are not considered part of the Company's intensity levels. These two projects calculate the improvements obtained considering an alternative methodology (AMS III-Q – Energy recovery projects), approved by the UN.

Since 2010, we have avoided the release of 384,757 tons of CO₂ into the atmosphere. In 2015, considering the year-over-year comparison, the amount of emissions avoided fell. This was due to greater use of our own natural gas in the units in Camaçari and Mauá due to a decline in the supply of steam and tail gas (a residual gas produced by the manufacture of carbon black, a pigment derived from carbon), which are both acquired and reused from the by-products of nearby companies.

Oxitenó's GHG management process was recognized by the CDP (Carbon Disclosure Project), serving as recognition of our corporate policies for addressing climate change.

G4-EN18 - Greenhouse gas (GHG) emissions intensity¹

	2013	2014	2015
GHG intensity (tCO ₂ e/t product)	0.46	0.47	0.44

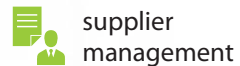
1. Considers the following units: Brazil, Mexico, Venezuela and Uruguay, excluding the United States. Considers Scopes 1 and 2 (direct and indirect emissions). Gases considered: CO₂, CH₄, N₂O and HCFCs.

G4-EN19 - Reduction in greenhouse gas (GHG) emissions^{1,2}

	2013	2014	2015
Reduction in CO ₂ (tCO ₂ e) emissions	72,922	70,242	59,529

1. We use the UNFCCC - AMS III-Q methodology.
2. Considers the reduction in GHG emissions of direct emissions (Scope 1) in Mauá, and indirect emissions arising from the acquisition of energy (Scope 2) in Mauá and Camaçari. Other reduction projects exist in the other units, however, only these are considered in the indicator since they use a quantification methodology certified by an independent entity.

Value CHAIN



supplier
management



local development and development
of other organizations

Oxiteno is part of a value chain that begins at the supply source and arrives, through its clients, to final consumers. As a B₂B Company that provides chemical products and services, we serve a variety of different segments, including cosmetics, cleaning and hygiene materials, oil, fuels, paints and coatings, food and agricultural inputs. **G4-EC8.**

CLIENTS

Under our business strategy, we do not view the client as just a purchaser of raw materials: we consider the client to be at the heart of our business. It is to better serve the client that we improve our procedures, research trends and invest in the innovation of products and services. Because of this, we share the same values as them, placing us in a privileged position in a market that is becoming increasingly more competitive.

This is evidenced by the intensification in recent years of invitations received to participate in projects involving co-creation. Our clients have begun to exclusively look to us for the development of solutions due to our commercial flexibility and capacity to innovate.

Another aspect of our relationships with our clients is a continuous effort to improve our processes in areas such as uniformity, quality, flexibility, health, safety, the environment and sustainability. Our certifications also serve to meet the requirements of a market that continues to become more demanding.

SUPPLIERS **G4-12**

We purchase natural and synthetic inputs to meet the challenge of developing products with less socio-environmental impact. We rely on around 260 suppliers, with whom we build relationships based on the creation of value.

Within this context, we monitor their technical capabilities, compliance with legal requirements and their ability to continuously improve. We also use the Oracle Quality Module management system to identify and monitor issues related to sustainability. In 2015, 61% of our new suppliers were subjected to this analysis. **G4-EN32.**

Our Internal Supplier Qualification Policy allows us to establish and monitor goals. If performance falls below the required thresholds, we help suppliers implement corrective action plans. We use a risk matrix to classify each company, especially those considered strategic suppliers. Examples of the criteria defined in the matrix include lead time, safety stock, financial health, past experience and performance indicators.

We also prioritize doing business with local suppliers. Based on data from 2015, 91% of our raw material purchases were made from companies in Brazil. **G4-EC9.**

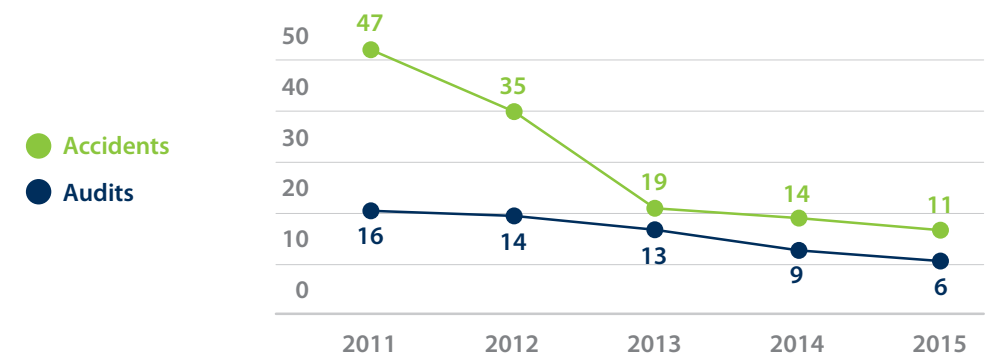
We have a series of requirements for our suppliers, depending on their business segment, incorporated in the following documents:

- Self-assessment questionnaire: a document with a wide variety of questions, with an emphasis on sustainability;
- Biome Declaration: required of all suppliers of renewable raw materials, requiring them to declare that they do not acquire, process, transport or sell products or by-products of animal or vegetable origin produced in prohibited areas;
- Social Responsibility Agreement: a document in which the supplier declares that it will follow the social responsibility practices outlined in standard SA 8000;
- Valid Environmental Operating License (domestic suppliers);
- Ibama Federal Certificate (domestic suppliers).

SHIPPING COMPANIES

As part of the Distribution Management Plan, Oxiteno monitors and supports the development of its shipping partners. Whether through the SASSMAQ certification, the logistics suppliers' qualification and maintenance program or periodic audits, we aim to improve these relationships and gain greater insight into the companies' values and policies. On a quarterly basis, we evaluate the performance of our suppliers based on a set of key indicators. Every two years, we recognize the top performers.

Ensuring safety is one of the priorities in these relationships. The process has included periodic safety audits since 2011, and the results show that we are on the right track, with the number of accidents falling from 47 in the initial year to 11 in 2015.



For 2015, Oxiteno developed a series of motivational presentations for its commercial partners in the Distribution area designed to maximize their capabilities. The topics covered were linked to behavioral aspects and the building of relationships with the sales area.

Another meeting brought together all of our roadway freight suppliers to discuss updates to the PS Freight Program. The benefits include better management and transparency over the payments cycle. We also implemented Oxionline, a tool that facilitates registration of purchase orders in Oxiteno's system, resulting in time savings and efficiency gains for both parties.

Our logistics supplier database includes approximately 60 companies. In Brazil, five distribution partners serve around 5 thousand clients, covering 90% of the market.

LOGISTICS HIGHLIGHTS

The process of continuously improving our logistics process has led to increased efficiency, cost reductions and less environmental impact. Some of the measures implemented in 2015 include:

- We implemented delivery using palletized metallic drums at the unit in Mauá. This improved the safety of the process and reduced the amount of time involved. The number of drums unloaded increased from 1.66 to 8 per minute.
- The unit in Camaçari installed new equipment that allows for the packaging of certain items in 1 thousand and 1.5 thousand kilo packages. The packages were a response to client requests, who had previously received products in 25 kilo packages. This also facilitated the shipping process.
- The unit in Mauá continued investing in the renovation of the fleet responsible for the transport of ethylene oxide with the purchase of a new tanker truck and three tractors (the motorized part of the set-up). The benefits include: an increase of 75% in cargo transport capacity and a reduction in the maintenance period from 30 to 7 days. The new process also helped reinforce safety, as the tank is equipped with an anti-tipping system, automatic transmission and latest generation brakes, as well as a ballistic armor coating that can sustain the impact of high caliber weapons and prevent product leakage.
- In Camaçari, we began using iso-tanks to transport products by sea, increasing the size of the containers from 200 liter barrels to 25 thousand liter tanks. In addition to increased capacity, the iso-tank is also reusable after washing, provides cost reductions and uses less natural resources.

• Oxiteno inaugurated a storage and distribution center in Macaé (RJ), the heart of the Brazilian oil industry. This reduced delivery time for its products by up to seven times and provided an estimated cost savings of R\$ 2.5 million per year (read more on page 36).

Operation of the new distribution center in Macaé - RJ



Products are transferred from Camaçari to Macaé in tanker trucks



In Macaé, the content of the vehicles' tanks is transferred into small storage tanks located in the distribution center



When purchase orders are received, the products are packed and quickly received by the client

Summary of GRI CONTENT

GENERAL CONTENT

Aspect	Description	Page / response	Omission
Strategy and analysis	G4-1 Message from the CEO	5	-
Organizational profile	G4-3 Name of the organization	12	-
	G4-4 Primary brands, products and/or services	12	-
	G4-5 Location of the organization's headquarters	13, 14	-
	G4-6 Countries where the significant operations are located or that are specifically relevant to the sustainability topics covered in the report	13, 14	-
	G4-7 Nature of ownership and legal form	13	-
	G4-8 Markets served	13	-
	G4-9 Scale of the organization	13	-
	G4-10 Profile of the employees	43	-
	G4-11 Percentage of employees covered by collective bargaining agreements	42	-
	G4-12 Describe the organization's supply chain	67	-
	G4-13 Significant changes regarding the organization's size, structure, ownership, or its supply chain	There was no significant changes.	-
	G4-15 Externally developed social charters, principles, or other initiatives	26, 58	-
	G4-16 Memberships in associations and organizations	58	-
Identified material aspects and boundaries	G4-17 Entities included in the consolidated financial statements and entities not covered by the report	The information contained in this report refers to Brazil, the most significant operation. When possible, it also includes the international units. The financial statements are prepared by the holding, Ultrapar, and incorporate all of Oxiteno's units.	-
	G4-18 Process for defining the report content	9	-
	G4-19 List of material aspects	10	-
	G4-20 For each material aspect, the aspect boundary within the organization	10	-

Aspect	Description	Page / response	Omission
Identified material aspects and boundaries	G4-21 For each material aspect, the aspect boundary outside the organization	10	-
	G4-22 Restatements of information provided in previous reports	Restatements are indicated in the notes to the tables when appropriate.	-
	G4-23 Significant changes from previous periods in the scope and aspect boundaries	There was no significant changes.	-
Stakeholder engagement	G4-24 List of stakeholder groups engaged by the organization	9	-
	G4-25 Basis for identification and selection of stakeholders with whom to engage	9	-
	G4-26 Approach to stakeholder engagement	9	-
	G4-27 Key topics and concerns that have been raised through engagement, by stakeholder group	9	-
Report profile	G4-28 Reporting period for information provided	January 1st to December 31st, 2015.	-
	G4-29 Date of the most recent previous report	2015	-
	G4-30 Reporting cycle	Annual.	-
	G4-31 Contact point for questions regarding the report or its contents	oxiteno@oxiteno.com	-
	G4-32 'In accordance' option chosen and location of the GRI Content Index	Essential.	-
Governance	G4-33 Policy and current practice with regard to seeking external assurance for the report	The information was not subject to external verification.	-
	G4-34 Governance structure of the organization	18	-
Ethics and integrity	G4-56 The organization's values, principles, standards and norms of behavior	20	-

SPECIFIC CONTENT

Economic category

Aspect	Description	Page / response	Omission
Economic performance	G4-DMA Management approach	28	-
	G4-EC4 Significant financial assistance received from the government	28	-
Indirect economic impacts	G4-DMA Management approach	66	-
	G4-EC8 Description of significant indirect economic impacts	66	-
Procurement practices	G4-DMA Management approach	67	-
	G4-EC9 Policies, practices and proportion of spending on local suppliers	67	-

Environmental category

Aspect	Description	Page / response	Omission
Energy	G4-DMA Management approach	62	-
	G4-EN5 Energy intensity	62	-
Water	G4-DMA Management approach	60	-
	G4-EN8 Total water withdrawal by source	60	-
	G4-EN10 Percentage and total volume of water recycled and reused	61	-
Emissions	G4-DMA Management approach	64	-
	G4-EN18 Greenhous gas (GHG) emissions intensity	65	-
	G4-EN19 Reduction of greenhouse gas (GHG) emissions	65	-

Aspect	Description	Page / response	Omission
Products and services	G4-DMA Management approach	26, 27	-
	G4-EN27 Initiatives to mitigate environmental impacts	24, 26, 27	-
Supplier environmental assessment	G4-DMA Management approach	67	-
	G4-EN32 Percentage of new suppliers that were screened using environmental criteria	67	-

Social category – labor practices and decent work

Aspect	Description	Page / response	Omission
Employment	G4-DMA Management approach	42	-
	G4-LA1 Number and rates of new employee hires and employee turnover	50, 51	-
Occupational health and safety	G4-DMA Management approach	52, 55	-
	G4-LA6 Rates of injury, occupational diseases and lost days	52	-
	G4-LA7 Workers with high incidence or high risk of diseases related to their occupation	53	-
Training and education	G4-DMA Management approach	45, 46	-
	G4-LA9 Average hours of training per year	44	-
	G4-LA10 Programs for skills management and lifelong learning	45, 46	-

Aspect	Description	Page / response	Omission
Diversity and equal opportunity	G4-DMA Management approach	42	-
	G4-LA12 Composition of governance bodies and breakdown of employees per employee category	42	-
Equal remuneration for women and men	G4-DMA Management approach	42	-
	G4-LA13 Ratio of basic salary of women and men by employee category, by significant locations of operation	51	-

Social category – Product responsibility

Aspect	Description	Page / response	Omission
Customer health and safety	G4-DMA Management approach	29	-
	G4-PR1 Assessment of health and safety impacts over the lifecycle of products and services	29	-

ACKNOWLEDGMENTS

General coordination:
Competitiveness, Quality & Sustainability Department

Graphic coordination:
Communication Department

Text and GRI Consultancy:
Sustainability Report

Orthographic review:
Kátia Shimabukuro

Graphics project:
Havas Worldwide São Paulo



ÁFRICA - AMÉRICA - ÁSIA - EUROPA - OCEANIA

www.oxiteno.com.br