

SUSTAINABILITY REPORT

2016



OXITENO

Evolution by chemistry

SUMMARY

3

MESSAGES FROM
THE LEADERS

6

ABOUT THE REPORT
Introduction to pillars and material topics.

9

OXITENO
*Highlights 2016, from Brazil to the world,
presence in a variety of industries, Awards
and Recognitions, Governance (new way of
conducting business and Management Policy).*

22

SUSTAINABILITY PILLARS

PRODUCTS AND SERVICES

Innovation as priority: *Eco-efficient
Products, Product Safety.*

Updates to the portfolio: *Agrochemicals,
Personal Care, Home Care, Oil and Gas, and
Paints and Coatings.*

PEOPLE

Growing with the business: *People
Management Cycle, constant development.*

ENVIRONMENT

Increasingly eco-efficient: *energy
consumption, emission management,
responsible use of water, waste.*

SAFETY

Striving for continuous improvement:
certified safety, safe behavior on the agenda.

VALUE CHAIN

Working in partnership: *focus on the
customer, leveraging the Supply chain,
Sales/Distribution Channel, Surrounding
Communities.*

54

SUMMARY OF
GRI CONTENT

MESSAGE FROM OUR EXECUTIVE LEADERSHIP



THILO MANNHARDT
President and CEO of Ultra

Advancing together

Message from the President and CEO of Ultra

At Ultra, we pursue the goal of being a leading player and a global reference in multi-business. And Oxiteno is a key part of this vision. Like our operation in the chemical industry, Oxiteno supplements our expertise and lets us bring our business to new geographic locations, operating in Latin America and in the United States.

Despite the challenges in the year, we maintained our focus on strategic planning and celebrated important results, especially in the advancing internationalization. Construction of the new plant in Pasadena (USA) should be completed before the end of 2017, once again confirming the strength of our strategy and the resilience of our business. The expansion will allow Oxiteno to compete more effectively in the important North American surfactant market.



Our Mission

Our initiatives motivate us to make Ultra a company with a high-performance team, a reference in ethical business, financially healthy and highly committed to society and to the environment.

We also remain focused on the development of our professionals. As part of this agenda, we defined the Ultra Competency Model in 2016, which supports the future vision and creates common criteria for developing leaders. Competencies such as a multi-business mindset, autonomy with responsibility,

systemic vision, customer orientation and focus on results favor the development of prepared people and reinforce the meritocracy. It also offers our employees the opportunity to advance in their career development.

We also proceeded with the Ultra Integration Project, which works on aligning processes and systems between businesses. Oxiteno is the first business in the Company to have a new ERP (management software) deployed by 2018. This change contributed to an increasingly integrated and synergistic organization, always taking the specific nature of each business into account.

Our initiatives motivate us to make Ultra a company with a high-performance team, a reference in ethical business, financially healthy and highly committed to society and to the environment.

MESSAGE FROM OUR EXECUTIVE LEADERSHIP



JOÃO BENJAMIN PAROLIN
Chief Executive Officer of Oxiteno

Advancing toward Vision 2022

Message from the CEO of Oxiteno

G4-1 Important activity in 2016 allowed us to advance toward consolidating our Vision 2022, which seeks to make Oxiteno a worldwide reference for surfactants and their applications. Moving forward with our international growth strategy, we are prioritizing the expansion project in the United States, where the new alkoxylation plant in Pasadena will begin operating in late 2017. The strategy included the expansion of our commercial and research and development activities in that country, opening a commercial office in Houston and formalizing an unprecedented partnership with the University of Southern Mississippi to set up our Research and Development lab at the Hattiesburg campus. Another highlight among international operations comes from Uruguay, with the industrial operation maturing and consistent commercial results.



Greenformance

The Greenformance concept encourages the use of renewable raw materials, care for the environment and promoting health and well-being in our R&D processes for developing our products...

To face the difficult time the company is experiencing head on, we also started drafting a new operating model that combines a global structure and structures fully dedicated to the three main regions where we operate: Mercosur, United States and MAC (Mexico, Andean States and Caribbean). The project makes our governance model more robust, which will definitely give us more agility for making decisions.

As one of our main business drivers, the focus on innovation ensured a record number of launches in 2016. Sixty-six new solutions were launched, many of them the result of co-creation initiatives with our customers. This is a move that is gaining strength at Oxiteno and which demonstrates our proposition of providing innovative and sustainable solutions for people's lives and generating shared value for customers and their consumers. To drive these partnerships, we started promoting a series of meetings called *Innovation Days* for the Personal Care and Domestic and Institutional Cleaning industries, where we get to know the future strategies of these companies and identify opportunities for collaboration. The **Greenformance concept also stands out for encouraging the use of renewable raw materials, care for the environment and promoting health and well-being in our R&D processes for developing our products**, ensuring

that we are increasingly able to deliver eco-efficient products to the market, which are biodegradable and concentrated products derived from renewable resources, among other attributes.

Responsible use of natural resources and concern for reducing impacts has also been steering sustainability initiatives at our industrial plants. In 2016, at the Camaçari unit, we initiated a partnership to sell the CO₂ generated during ethylene oxide production, avoiding emissions into the atmosphere. The expectation is to sell 80,000 tons of CO₂ per year. Additionally, we have also been recognized globally by the Carbon Disclosure Project (CDP) organization for our environmental water management, and for climate change management by way of Ultra.

Another workstream in which we registered significant progress during the year was safety. In a project that

involved other Ultra companies, we revisited our preliminary risk analysis and structured action plans to install new protective barriers, enabling more effective control over the mapped operational risks. The industrial facilities have also invested in programs to consolidate the safety culture among Oxitenos employees and service providers, with various practices geared toward safe behavior. Reflecting our commitment to the issue, occupational accident indicators have registered improvements at all of the company's facilities.

Our people management model was recognized again by the market. We held onto our Top Employers Brazil certification and continue as one of the Best Companies to Work for, a ranking by *Você S/A* magazine. In 2016 we launched an on-line professional development platform. The development programs for leaders and other professionals have

also sought to consolidate competencies that serve the company's strategy, with a focus on the multi-business perspective.

Due to our economic/financial results, in 2016 we were selected as the best company of the year in the Chemicals and Petrochemicals industry by *Melhores e Maiores, Exame* magazine. Aiming for business sustainability, we will proceed with our international expansion strategy combined with efficiency and cost control actions, which are crucial for maintaining our growth trajectory even in a delicate external context, with the economic crisis in Brazil and other adverse scenarios in Latin America. We will also uphold our commitment to continuous development of our team, to the environment and to the safety of our processes, certain that all of these elements will be indispensable for Oxitenos lasting success.

ABOUT THE REPORT



For the third year in a row, we are presenting the Oxiteno Sustainability Report, which brings together key information about the company's strategy and its performance in 2016, from a broad perspective that considers the economic, social and environmental spheres. Once again, the document meets the reporting parameters established by the Global Reporting Initiative (GRI), in its G4 version, Essential option. Issued annually, the document covers the period from January 1 to December 31, 2016. **G4-28, G4-29, G4-30 and G4-32**

Sustainability management at Oxiteno follows the guidelines defined by Ultra, aligned in five pillars: Products and Services; People; Safety; Environment; and Value chain. The organization of our report is based on these pillars, and the content of the document contains our main results in the year, related to the nine topics considered relevant to Oxiteno and its stakeholders. The topics were defined during a material significant process conducted in 2015, in which we heard from 300 people, including employees, suppliers, customers and communities, as well as the analysis of strategic documents for the company and its operations. **G4-18, G4-24, G4-25, G4-26 and G4-27**

We improve the report every year based on the feedback we receive and the lessons learned in each process. As such, we decided to include an additional aspect, waste management, under the Environment pillar (use of natural resources), and we have included the related performance indicators in this year's report. **G4-23**

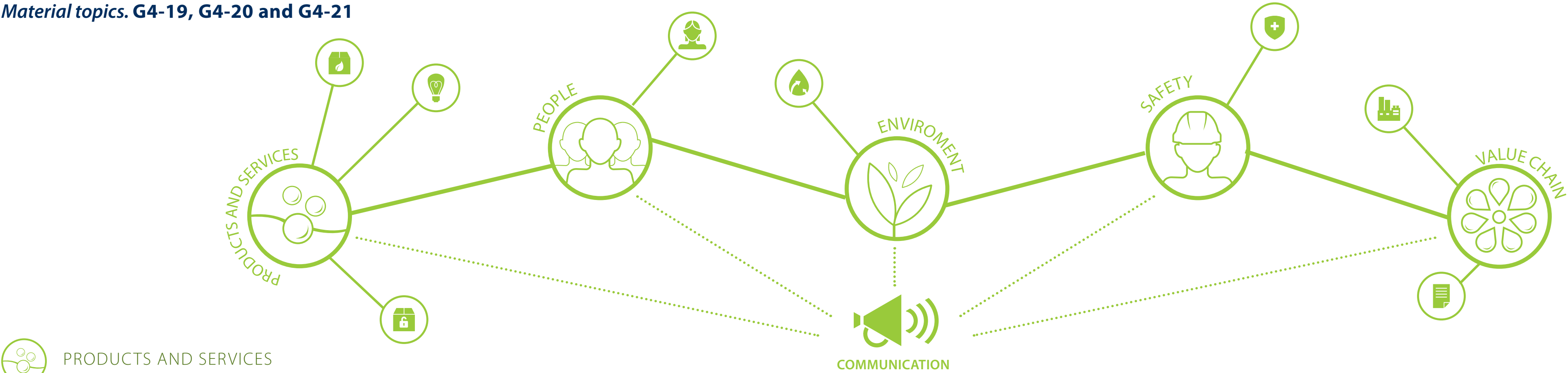
Publication of the report, aligned with the periodic monitoring of a series of indicators, critical analyses and the constant updates to practices and programs, contributes to improving our sustainability management.

Questions about the document can be submitted to the e-mail address: oxiteno@oxiteno.com. **G4-31**

Next we will show how each topic is understood and managed by Oxiteno and which stakeholder groups it impacts.



Material topics. G4-19, G4-20 and G4-21



PRODUCTS AND SERVICES

Innovation

GRI Aspect: performance / impacted groups: government, customers and end consumers

It is central to Oxiteno's strategy. Its investments in research and development seek solutions to serve customers, including co-creation initiatives which cause less social and environmental impact and are in line with macro-trends.

Eco-efficient products

GRI Aspect: products and services / Impacted groups: customers, potential customers and end consumers

The market recognizes us for developing eco-efficient products. The challenge is to launch products with high performance, low impact and cost equivalent to traditional materials.

Product safety

GRI Aspect: customer health and safety / Impacted groups: customers, potential customers and end consumer

Many products present risks during their manufacture or use. Our daily commitment is to generate safety in production processes and orient employees and customers for proper product handling.



PEOPLE

Workforce appreciation

GRI Aspect: employment, training and education, diversity and equal opportunity / Impacted groups: employees, unions and customers

Our workforce is essential to make Oxiteno stand out. We invest in qualification and career management, attraction and retention, in addition to benefits.



ENVIRONMENT

Use of natural resources

GRI Aspect: energy, water, waste and emissions / Impacted groups: Ultra, shareholders, communities, NGOs, carriers and customers

The use of natural resources is a part of any chemical company's operations, and the quest to reduce impacts and promote reuse lies among the company's environmental management priorities. There is also a preference for materials from renewable or biodegradable sources.



SAFETY

Health and safety

GRI Aspect: health and safety / Impacted groups: employees, third parties and customers

We endeavor to ensure a safe work environment. We invest in risk management and in the behavioral aspect, promoting responsible behavior and ensuring the health and safety of employees and industrial processes.



VALUE CHAIN

Supplier management

GRI Aspect: environmental assessment of suppliers / Impacted groups: suppliers

We have a system for encouraging suppliers to meet legal requirements and other practices to ensure the protection of human and labor rights, ethics, health, safety and the environment.

Local development and other industries

GRI Aspect: indirect economic impacts and purchasing practices / Impacted groups: suppliers and community

The chemical industry is present in most segments, representing leverage for other industries. We also prioritize the selection and development of local suppliers and companies.

Communication

Material topic, communication is a tool that crosses over to sustainability topics. The dissemination of initiatives and dialog with employees, suppliers, customers and other stakeholders reinforces transparency and provides quality information about products, impacts, benefits and challenges.

OXITENO

- *Highlights 2016*
- *From Brazil to the world*
- *Presence in a variety of industries*
- *Awards and recognitions*
- *Governance*
 - *New way of conducting business*
 - *Management Policy*



HIGHLIGHTS 2016

*Number 1 in surfactants production
in Latin America*

*Serving Agrochemicals,
Personal Care, Home Care, Oil and
Gas, Performance Products, and
Paints and Coatings segments.*



12 industrial facilities in Brazil, the United States, Mexico, Uruguay and Venezuela, as well as 9 commercial offices in Argentina, Belgium, China, Colombia and Montevideo.



+1,900 employees:
+1,200 in Brazil and
+670 abroad.



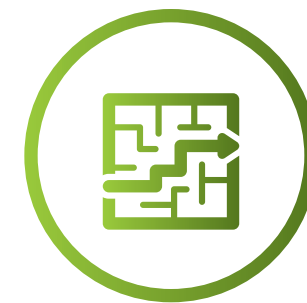
Ebitda of US\$ 131 million.



Net revenue – US\$ 1.1 billion.



Investments of
US\$ 83 million.



66 solutions launched –
6.25% in co-creation with
customers.



25% of raw materials from
renewable sources.



37% of products use
renewable raw materials.



Around 60 Oxiteno compounds
involved in 13 Life Cycle
Assessment studies with
environmental performance
mapped at this time.



Continuously updated
safety practices and focus
on safe behavior.



By 2016, we had reached
16% of total water consumption
coming from reuse. We reduced
our Greenhouse Gas emissions
by 11%, considering the
baseline year for targets.



Environmental, water and
climate change management
recognized by the international
organization Carbon Disclosure
Project (CDP).

OXITENO

The leading manufacturer of surfactants and specialty chemicals in Latin America, Oxiteno is guided by innovation and care for people and the environment.

FROM BRAZIL TO THE WORLD

The company's portfolio is designed to serve companies in the Agrochemicals, Personal Care, Home Care, Oil and Gas, Performance Products, and Paints and Coatings segments.

With a variety of applications, surfactants are compounds that reduce surface tension or influence the contact surface between two liquids, between a liquid and a solid, or between a liquid and a gas. The power of this ingredient allows water and oil to mix, for instance, and enables the cleaning of clothing and other products. Our surfactants meet many market demands for greater biodegradability, smooth skin, better foam control, and various other attributes. They can function as detergents, wetting agents, emulsifiers, foam formers or dispersing agents in segments as varied as cosmetics, pesticides or paints and coatings. **G4-3 and G4-4**

Oxiteno ended 2016 with over 1900 employees among 12 industrial facilities, six in Brazil, three in Mexico, one in the United States, one in Venezuela and one in Uruguay. There are also teams in the head office, located in the city of São Paulo, and in the commercial offices strategically positioned in China, Belgium and in other Latin American countries (see the following map). **G4-5, G4-6, G4-8 and G4-9**

The research and development centers located

in different Oxiteno facilities confirm the relevance of innovation to our business. Our products have increasingly sustainable attributes, with formulations that use raw materials from renewable sources, causing fewer impacts on the environment and ensuring the health and safety of users. This positioning is in line with the commitment we assumed with the Responsible Care initiative, which drives continuous improvement actions related to health, safety and environment in the chemical industry.

Economic Performance 2016



Founded in 1973, Oxiteno is a privately held corporation belonging to the multi-business holding Ultrapar, which also includes the companies Extrafarma, Ipiranga, Ultracargo and Ultragaz. **G4-7**

The adverse socioeconomic scenario in Brazil, also challenging in Mexico and Venezuela, was reflected in our 2016 results. We registered a 4% increase in sales volume, a reflection of the product launch strategy and our increased exports, but our profit margins were compressed by market oscillations.

Net revenue dropped 13% in the year, while EBITDA

(earnings before interest, taxes, depreciation and amortization) reached US\$ 131 million, 41% lower than 2015.

Investments totaled US\$ 83 million and have been crucial for fulfilling one of the main principles of the Vision 2022: to be a worldwide reference in surfactants and their applications.

EXPANSION IN THE UNITED STATES

The expansion in the United States is moving fast. The Pasadena, Texas facility, which already manufactures amphoteric surfactants, esters and other solutions, will be completed the construction of a new alkoxylation plant before the end of 2017. Production capacity may reach up to 170,000 tons/year.

A dedicated team allows the project to continue, including the assembly and installation of the plant's equipment, obtaining licenses, and preparing the plant for the new operation. Eleven distribution centers are also being structured, located at strategic locations across the country to enable more efficient

delivery to customers.

In January 2017, we invested in our service structure in the United States and opened an office in Houston, the biggest city in Texas, to bring us closer to customers and better understand their needs so we can provide the most suitable solutions.

Another side of the expansion plan is the accelerated research and development activities, in addition to technical support for customers in the region by setting up a research and development center in the innovation complex at University of Southern Mississippi (USM), in the city of Hattiesburg (*read more on page 24*).

The expansion in the United States is part of our growth strategy in the Americas, which commenced in 2003 and 2004 with the acquisition of operations in Mexico, and continued with the opening of industrial facilities in Venezuela (2007), the United States (2012) and Uruguay (2012).

LEADERSHIP IN LATIN AMERICA

To maintain and sustain our leading position in Latin America, one example of our growth strategy is the 75% increase in production capacity for the Agrochemicals market at the Tremembé plant. The total investment was BRL 9 million, to purchase equipment, modernize processes and prepare the professional team.

In Mauá, approximately BRL 48 million was invested in 2016 to improve the plant's operational efficiency, including projects geared toward management, production, environmental management, people and safety.

Investments of BRL 31.2 million were made in the Camaçari plants in 2016, and Oxitenó intends to allocate an additional BRL 40 million to the Camaçari plants in 2017, through about 20 plans related to core topics of the company's strategy, such as: reducing variable costs, occupational and process safety, team training and sustainability. Responsible for manufacturing 150 types of products, Camaçari has average production volume of 840,000 tons per year, with emphasis on ethoxylates.

Global Presence. G4-6 and G4-8



12
INDUSTRIAL
FACILITIES



4
R&D
CENTERS



9
OFFICES



Belgium

Brussels

China

Shanghai

PASADENA

Located in one of the most important industrial complexes in the world, it produces amphoteric surfactants, esters and other solutions. An alkoxylation plant is under construction.

GUADALAJARA

It produces nonionic ethoxylated and propoxylated surfactants and fatty esters, which serve the Food, Pharmaceutical, Cosmetics, Agrochemical, Textile and Oil markets. Its Research and Development Center works on innovating its product portfolio and providing technical support for customers in the NAFTA region.

SAN JUAN DEL RIO

Located in the region with highest commercial concentration of chemicals in Mexico, it produces anionic surfactants. There is also a distribution center for Oxiten products for the Northern hemisphere.

COATZACOALCOS

Produces nonionic surfactants. Its location near the port favors product transport by rail and sea, enabling delivery to customers in the entire NAFTA region.

SANTA RITA

Produces nonionic and polyol surfactants. It also tests polyols used in the mattress industry, household appliances and auto parts at its Application Laboratory for Polyurethanes. Its capacity meets the needs of the local market, as well as exports to countries in Central America, the Caribbean and other Andean States.

MONTEVIDEO

Near the port of Montevideo, it manufactures sulfated and sulphonated surfactants.

CAMAÇARI

Installed in the Camaçari Petrochemical Complex, it is the biggest industrial producer of ethylene oxide and by-products in Latin America, with three plants. It also produces ethylene glycols, ethanolamines, glycol ethers, nonionic surfactants (Oxiten), alcohols and fatty acids (Oleochemical), as well as white mineral oils (UOM-EMCA).

SUZANO

Near São Paulo, it produces anionic sulfated and sulphonated surfactants, especially for the Hygiene, Cleaning, and Paints and Coatings industries. It also produces esters and specialty chemicals for Agrochemicals and Performance Products.

TREMEMBÉ

Close to São Paulo and Rio de Janeiro, it produces anionic surfactants, cosurfactants, esters and specialty chemicals for the Agrochemicals, Functional Fluids and Hygiene and Cleaning industries.

MAUÁ

Near the biggest consumer markets in South America, it manufactures non-ionic surfactants, ethylene oxide, glycols, oxygenated solvents (glycol ethers and acetates), solvents from renewable sources based on sugarcane (isobutanol and isopentanol) and functional fluids.

TRIUNFO

Located in the Southern Petrochemical Complex, it is the only Brazilian manufacturer of the oxygenated solvents methyl ethyl ketone (MEK) and 2-butanol, mainly for the Paints and Coatings industries.

PRESENCE IN A VARIETY OF INDUSTRIES G4-4

Oxiteno is present in our daily lives through its chemical solutions that serve different industrial sectors. The company has been investing steadily in research to develop more eco-efficient products. This results in products that deliver formulations with raw materials from renewable sources and which help reduce environmental impacts. Take a look:

- **Agrochemicals:** Brazil and the United States are among the world's largest agricultural producers and exporters. To serve this broad market, we offer solutions for makers of pesticides (herbicides, insecticides, fungicides, etc.), adjuvants, fertilizers, bio-pesticides and seed treatments. Our products prioritize increased productivity in the field, the health of farmers and consumers, and the least possible impact on the environment.

Where are our formulations?

Oxiteno's solutions are used in agriculture, in the oil and gas industry, in cosmetics and toiletries, in household cleaning, in the paints used to paint our houses, and in automobiles, among others.

- **Personal Care and Home Care:** through its innovation platforms, Oxiteno seeks to turn consumer desires and needs into solutions able to promote well-being and real sensory experiences, because we understand that beauty is much more than an aesthetic convention or a habit. It should be seen and also felt. In this market, our focus is on perfecting the sensory aspects of formulations; texture, color, freshness and foam. We also cater to the household and industrial cleaning market, with biodegradable, multipurpose solutions that are safe for consumers and for the environment. In line with consumption trends, we have bet on concentrated product formulations that reduce energy and water consumption, in addition to helping generate less waste.



- **Oil and Gas:** we have surfactants and solvents that are used in different stages, from oil well drilling to production and refining. We continuously invest in the development of high performance, more biodegradable and less toxic products as alternatives to key market challenges, such as deep water, mature wells and unconventional sources (shale oil and shale gas). Our goal is to support service companies with the development of chemical solutions, with a competitive and customized supply chain. Our strategy focuses on maintaining and expanding sales in the Americas, anticipating future partnerships to expand our reach into other regions.

- **Paints and Coatings:** We provide sustainable and innovative chemical solutions for the Paints and Coatings segment, serving different subsegments, such as decorative, automotive, industrial paints and the printing ink market. We focus on developing solutions in partnership with our customers, offering competitive cost and high performance. We increasingly strive to offer the market eco-efficient alternatives, with low toxicity, low volatile organic compounds (VOCs) – directly linked to formation of the ozone layer – and higher renewable carbon content, among other attributes. As the leader in the Brazilian market, expanding into other territories, especially in the Americas, remains a priority for Oxiten. We increasingly strive to offer the market eco-efficient alternatives, with low toxicity, low volatile organic compounds (VOCs) – directly linked to formation of the ozone layer – and higher renewable carbon content, among other

attributes. As the leader in the Brazilian market, expanding into other territories, especially in the Americas, remains a priority for Oxiten.

- **Performance products:** Oxiten is present in several other segments, supplying surfactants and solvents for the textile industry; additives used in the construction industry; solutions for various applications in the food sector (especially baking and confectionery); and functional fluids for the automotive sector. There are also glycols, synthesis intermediates, polymers and elastomers. Oxiten's products comply with Brazilian and international standards and are in line with our commitment to the environment and to people, developed to reduce water and energy consumption along the entire production chain.



AWARDS AND RECOGNITIONS

Due to its efforts and the focus placed on best market practices in different workstreams, Oxiteno received various recognitions throughout 2016. Take a look at the main ones:

- Elected one of the Best Companies to Work For, for the third year in a row, by the *Você S/A* magazine's 2016 Guide.
- Recognized as one of the 100 most innovative companies in Brazil for the second consecutive year, according to *Valor Econômico* newspaper, taking 34th place.
- In 2017, certified by Top Employer Brazil for the fourth consecutive year, which recognizes companies with the best Human Resources practices. The achievement reflects Oxiteno's commitment to provide an environment that values the employee, making room for innovation and quality of life.
- Selected as the best company of the year in the Chemicals and Petrochemicals industry by *Melhores e Maiores, Exame* magazine. The result reflects the technical analysis of the companies' balance sheets for 2015, considering economic/financial criteria such as profitability, income growth, liquidity and generation of wealth.
- Recognized in 2017 by the international organization Carbon Disclosure Project (CDP) for

its environmental management and its good water management practices. Ultra was recognized for its work in climate change management.

- Outstanding in water management in the *Exame Sustainability Guide 2016*. Ultra was recognized as a model company in the Retail category.
- Recognized in the Gold – Excellence category for the Safety, Health and Environment Award for presenting the best performance in Health, Safety and Environment management at the Camaçari Industrial Complex.

Agrochemicals

- Chosen as Syngenta's most important supplier in Latin America and invited to join the company's supplier chain development program (*Supplier Relationship Management*).

Personal Care

- Elected best supplier of 2016 in the ingredient segment of the Supplier of the Year Award by the Brazilian Association of the Toiletries, Perfumery and Cosmetics Industry (ABIHPEC – Associação Brasileira da Indústria de Higiene Pessoal, Perfumaria e Cosméticos).

Paints and Coatings

- For the fifth time in a row, chosen as best supplier in the Oxygenated Solvents category in the 20th

edition of the Paint & Pintura Award. It was also recognized in the Coalescents category.

- Chosen as one of PPG's ten best global suppliers and only chemical company in the PPG Global Award, Excellent Suppliers.
- Chosen as one of Axalta's ten best global suppliers in the Axalta Award *Supplier of the Year*.



GOVERNANCE

NEW WAY OF CONDUCTING BUSINESS

To support our international growth strategy, we started drafting a new operating model in 2016 that combines a global structure and structures fully dedicated to the three main regions where we operate: Mercosur, United States and MAC (Mexico, Andean States and Caribbean).

The model, built jointly with professionals from different Oxitenodepartments, aims to give autonomy and greater responsibility to the regions, so that decision-making is even more assertive. Aligned with the Vision 2022, the restructuring also aims to enhance our ability to innovate, strengthening our reputation as an innovative company and increasing growth opportunities for internal talents.

The first stage consisted of redesigning our organizational structure, which became more horizontal and decentralized. Global structures are being established, which will oversee the business strategy in a cross-cutting way, and regional structures with focus on regional operations.

GOVERNANCE STRUCTURE **G4-34**

With the new operating model, Oxitenó's strategy is now implemented by eight boards, not to mention the position held by the CEO of the business. The global structure includes the Marketing and Innovation, Technology and Operational Excellence, Human Resources, and Administration and Control divisions. There are also four regional boards: United States, MAC (Mexico, Andean States and Caribbean), Industrial Mercosur and Commercial Mercosur.

Oxitenó is part of the Ultrapar holding, a public company with stock traded on the B3 (former BM&FBovespa) and the New York stock exchange (NYSE). By voluntarily adopting benchmark corporate governance standards, the holding is listed in the New Market segment and is also included in the B3 Efficient Carbon Index (ICO₂ – Índice de Carbono Eficiente).

Oxitenó reports its performance quarterly to members of the Ultrapar Administrative Board. The CEO of Oxitenó is a member of Ultrapar's board of directors, which is formed by the Directors of Finance and Investor Relations and other Ultra businesses (Extrafarma, Ipiranga, Ultracargo and Ultragaz), as well as the Corporate Director of Human Resources and Administration and Control and the Director of Audit and Compliance.



Sustainability governance

Oxitenó's Sustainability department is part of the Global Technology and Operational Excellence Board, with global and cross-departmental reach. The department's work is based on the Ultra's corporate sustainability strategy, including a seat on Ultra's Sustainability Committee, which allows for aligning the sustainability practices and guidelines followed by all the companies.

ETHICS AND TRANSPARENCY **G4-56**

Like other companies belonging to the holding, we adopt Ultra’s Ethics and Compliance Program, based on the Ultra Code of Conduct. This document is based on three core principles – Ethics in Management, Ethics in Relationships, and Ethics in the Work Environment – and it steers decisions and conduct that permeate the relationships of Ultra employees and company partners, prizing autonomy and a sense of responsibility. The corporate policies in turn provide detailed guidance about the controls and procedures that should be adopted. They are: Corporate Anti-Corruption and Relationship with Public Agents Policy, Competitive Policy and Corporate Conflict of Interest Policy. Adherence to these guidelines is monitored by various company departments, such as Internal Controls and Legal, as well as Ultra’s Compliance department, which systematically monitors established control mechanisms. The Internal Audit and Risk Audit departments also help with this monitoring, under the umbrella of the Audit and Compliance Board. This board, which reports directly to the Administrative Board, is supported by the Conduct Committee, responsible for managing

the Ethics and Compliance Program and coordinated by an external executive to ensure the entity’s independence.

Along with the guidelines, principles and policies, various training sessions are offered systematically as part of the Ethics and Compliance Program. The training topics in 2016 were: Bids with Public Agents, Relations with Public Agents and Competitive Compliance.

At Canal Aberto Ultra – managed by an independent company and aimed at employees, outsourced professionals and partners – it is possible to submit complaints and clarify doubts about ethical dilemmas, with guaranteed anonymity and confidentiality. Any reported issues are investigated by Internal Audit, and sent to the Conduct Committee and the Administrative Board for analysis, if necessary.



Open Ultra channel

0800-701-7172

www.canalabertoultra.com.br



MANAGEMENT POLICY

We are a modern, adaptable and agile company, committed to solid values and guidelines. We assure and responsibly and continuously promote the quality of our products and services, health, safety, environmental conservation, and professional, ethical and social development.

ETHICAL BEHAVIOR AND SOCIAL ACCOUNTABILITY

Our internal relationship and relations with all stakeholders is based on ethics and responsible action. We are therefore committed to:

- Good governance practices;
- Combating counterfeiting, tax evasion, fraud and corruption;
- Fair competition practices;
- Fighting slave labor;
- Freedom of association and the right to collective bargaining;
- Rights of children and youths;
- Social inclusion of people with special needs;
- Curbing any discriminatory or harassment-related attitude.

HEALTH, SAFETY AND ENVIRONMENT GUIDELINES

We base our health, safety and environment guidelines on the Programa Atuação Responsável®. To this end, we strive to:

- Continuously improve, seeking to prevent accidents and adverse effects on 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 risks and impacts on the environment through technical orientation for employees and other stakeholders;
- Establish education, training, qualification and skill programs, as required to conduct our operations safely;
- Work to reduce the impacts and vulnerabilities related to climate change;
- Prevent potential impacts and risks to biodiversity;
- Manage emergency situations effectively, in order to minimize impacts on employees, members of the community, and the environment.

MORE EFFICIENT MANAGEMENT

The Oxitenos Integrated Management System (SIGO – Sistema Integrado de Gestão Oxitenos) is structured to meet all standards, regulations and demands from the company's business segments and stakeholders, ensuring the integration of initiatives for continuous improvement of processes and adhering to the management policy.

At all industrial facilities, performance indicators are monitored and analyzed on a monthly basis, allowing for identification of attention points and the structuring of action plans. The figures are also evaluated by Oxitenos's board every year, which draws up a strategic plan for the next cycle based on this critical analysis.

In 2016, one of our main management advances was the Ultra Integration Project, which works on aligning processes and systems between businesses. In a new phase, all processes that will be unified through the Oracle ERP software were detailed, including evaluation of adherence levels and identification of points for improvement. Oxitenos will be the first Ultra company to have the new ERP deployed in early 2018. The new system will contribute to even more integrated management, considering the different practices and cultures in its local structures.

Another evolution that started being designed in

2016 is related to the deployment of a CRM system, which will enable closer management of customer relations. With the tool, we will be able to integrate a wide variety of strategic data, which will be available on a user-friendly platform to different areas in all Oxitenos businesses, facilitating decision making and ensuring the traceability of information. The tool will be fully deployed by the end of 2017.

In 2016, the PMOx system on the PLM (Product Lifecycle Management) platform was consolidated, allowing for automatic management of different stages and activities in the company's innovation and product development processes.



CERTIFICATIONS

Through certifications (of products and management systems), Oxiteno is driven to continuously enhance the quality, safety and environmental aspects of its processes. They also demonstrate the company’s commitment to best practices, which are key to winning over new customers.

Our environmental management achieved a major win in 2016 with ISO 14001 certification of the plant in Guadalajara, Mexico. This was the first

plant outside of Brazil to earn the environmental management certification. The San Juan Del Rio plant is also getting ready to obtain the certification by 2018. **G4-EN27**

Another highlight was the OHSAS 18001 certification for the Mauá facility, which attests to the effectiveness of the occupational health and safety management system in place at the location. Alongside Tremembé, Mauá also earned the Good Manufacturing Practices (GMP) certification for the

ISO 22716 standard, which applies to the personal care and household and industrial cleaning segment. More recently, in March 2017, the Suzano plant earned OHSAS 18001 certification. Another process is underway at the Uruguay facility to obtain ISO 14001.

Since 2015, our Brazilian locations (except Triunfo and Camaçari Mineral Oils-EMCA plant) have boasted the RSPO Chain of Custody certification (Roundtable on Sustainable Palm Oil), a non-profit organization

based in Malaysia, which recognizes organizations that use palm and palm kernel (PKO) oils derived from sustainable production systems. In 2016, we evolved the way we manage the supply chain for this raw material, an important step towards achieving the goal of working only with palm kernel oil of sustainable origin by 2020 *(read more on page 50)*.

G4-15

See our main certifications below.

CERTIFICATION	UNIT
ISO 9001 (Quality Management System) – since 1995	Brazil, Mexico, Uruguay and Venezuela
ISO 14001 (Environmental Management System) – since 2001	Brazil and Guadalajara
ISO/TS 16949 (Quality Management System for the Automotive Industry) ¹ – since 1998	Tremembé and Mauá Petrochemicals
ISO 22716:2007 (Cosmetics – Good Manufacturwing Practices – GMP) – since 2014	Camaçari, Oleochemicals, San Juan Del Rio, Tremembé and Mauá
BRC Global Standard for Food Safety – since 2014	Guadalajara
OHSAS 18001:2007 (Occupational Health and Safety Management Systems) – since 2014	Camaçari (Petrochemicals, Chemicals, Oleochemicals and Mineral Oils-EMCA), Triunfo, Mauá and Suzano
Argentine Institute of Standardization and Certification (IRAM)	Tremembé and Mauá
Kosher (Jewish community) and Halal (Muslim community) certifications to sell food industry input in specific markets ²	Kosher: Oleochemicals: all products at the Mauá Petrochemicals facility: Light Acetates (Isopentyl Alcohol and Isopentyl Acetate) and Ethers (Ethylidiglycol) Suzano: Sulfatation unit (Alkupon 24 S 35) Guadalajara: all products at the location Halal: Oleochemicals: all products at the Mauá Petrochemicals facility: Light Acetates (Isopentyl Alcohol and Isopentyl Acetate) and Ethers (Ethylidiglycol) Mauá Chemicals: Alkoxylation and Flocculation unit (Ultrapeg 1500 F USP) Guadalajara: all products at the location
Local content certification for a series of products (compliance with the ANP resolution)	Camaçari (Butilglicol, DEA, MEA, MEG, Ultranex NP 100, Ultroil EM 7000), Mauá Chemicals (Ultroil DH 7015), Mauá Petro (TEG) and Tremembé (Ultrawet 30, Ultrawet 60, Ultrawet 70, Ultrawet 90, Ultrawet 110)
RSPO (Roundtable on Sustainable Palm Oil)	Brazil Locations (except Triunfo and Mineral Oils-EMCA Camaçari)

¹ As of 2005, replacing the QS 9000 certification. ² Except for the Oleochemical and Guadalajara plants, the Kosher and Halal certificates do not cover all products at the facilities.

SUSTAINABILITY PILLARS

- *Products and Services*
- *People*
- *Environment*
- *Safety*
- *Value chain*





PRODUCTS AND SERVICES

*One of Oxitenó's strategic pillars,
innovation permeates all areas of the
company, going beyond the product
and service development scope and
reaching other spheres.*



PRODUCT
SAFETY



ECO-EFFICIENT
PRODUCTS



INNOVATION

INNOVATION AS PRIORITY

To us, innovation is completely tied to sustainability attributes. The focus is on developing and delivering products and services that prioritize the efficient and responsible use of natural resources during our production processes, lowest impact on the environment, and the well-being and health of users.

Beyond the borders of Oxitenó, we are in a movement toward greater integration with the other Ultra businesses, working to identify synergies and opportunities to innovate in partnership with the other companies. We also remain attentive to meeting the different needs of our customers, pursuing solutions that add value to the portfolios of these partners. With this positioning we are increasingly invited to participate in co-creation projects.

As part of innovation management, since 2015 we have had the PMOx platform, which enables efficient innovation management in the company, considering all steps, from conceptual evaluation to the development of a new solution, including environmental and product safety, to identifying necessary portfolio adaptations to meet new market demands. With the system, we also improved our information security.

The management model also entails drawing up roadmaps, which outline the strategic innovation planning in each business segment. We also organize Technology Councils every year with experts from Brazil and abroad to evaluate trends and, in-house, Innovation Friday, bringing together professionals from various Oxitenos departments on a monthly basis to discuss the topic.

Each year, we dedicate our own investments to boost innovation at Oxitenos, and we also have access in Brazil to Finep and BNDES resources, to foster research projects and the expansion of our business.

G4-EC4

ECO-EFFICIENT PRODUCTS

The Greenformance platform establishes a number of sustainability guidelines to be considered in the product and services development stage at Oxitenos. The platform stipulates three major workstreams that should guide the company's R&D work:

- **Renewable sources:** drives the adoption of raw materials from plant sources instead of synthetic materials and petrochemical by-products;

Financing and Funding (in thousand BRL) G4-EC4						
SUBSIDIARY	2014		2015		2016	
	FINEP	BNDES	FINEP	BNDES	FINEP	BNDES
Oxitenos S/A ¹	18,167	6,207	2,970	10,720	24,575	2,817
Oxitenos NE ²	-	4,217	-	7,280	-	88,065
Oleochemicals	-	4,961	-	2,470	-	93
EMCA ³	-	258	-	180	-	-
TOTAL	18,167	15,644	2,970	20,650	24,575	90,975

¹ The Tremembé, Suzano and Mauá locations are part of Oxitenos S/A. ² The Camaçari (Oxitenos) and Triunfo units are part of Oxitenos NE.



Research and Development activity in the United States

As part of its strategy for expanding in the United States, Oxitenos is investing in a research and development structure to quickly meet the innovation demands of the North American market.

In an unprecedented format, in late 2016 the company announced an agreement with the University of Southern Mississippi to use the R&D facilities on its campus, located in the city of Hattiesburg.

Currently, Oxitenos is purchasing the required equipment and hiring specialized professionals. In the new research center, which will house a surfactant pilot plant and a space focused on the agrochemicals segment, researchers will have access to cutting-edge technologies and other lines of research.

Other developments related to the R&D infrastructure were the expansion and modernization of Agrochemicals and Paints and Coatings laboratories in Brazil and the opening of three microbiology laboratories, in San Juan del Rio (Mexico), Montevideo (Uruguay) and Tremembé (Brazil). Such analyses used to be handled by external partners. Our central R&D hub, at the Mauá facility, has over 100 professionals.



- **Care for the environment:** encourages efficient use of energy, water and packaging, prioritizing the development of concentrated and biodegradable products;
- **Health and well-being:** prioritizes formulations with outstanding performance that are gentle and safe for users.

The gains provided by *Greenformance* include: creation of solutions that are less irritating to the skin and eyes; adoption of clean technologies in our energy matrix; replacing polluting products, such as input with high volatile organic compounds (VOC) content; and the use of renewable raw materials.

Connected to the platform, the Life Cycle Assessment (LCA) tool lets the company understand the environmental performance of its products, from the compound development stage to use of finished products by the consumer and disposal thereof. The analysis takes place for already existing items in the portfolio, especially to meet customer demand, and also in the new product development stage, allowing Oxiteno to choose more efficient input and production processes from an environmental point of view. Roughly 60 compounds have already been evaluated according to the platform's guidelines. In 2016, six LCA studies were conducted, involving 15 Oxiteno compounds.

PRODUCT SAFETY **G4-PR1**

Ensuring compliance with safety and environmental requirements in the manufacture, use, storage and transportation of products is one of Oxiteno's working principles, whereby it continually evaluates its portfolio to confirm compliance with all toxicological and ecotoxicological requirements, as well as monitoring the progress of current legislation and participating in industry forums to accompany discussions that may help the company improve risk management related to product safety.

All products and raw materials comply with current chemical and transport classification and labeling standards, and 100% of the new products developed in 2016 were evaluated according to the GHS (Globally Harmonized System of Classification and Labelling of Chemicals). We produce documents with safety and environmental data, which inform the components that contribute to hazards and recommendations for precaution, storage, handling and disposal, as well as other legal requirements.

There is also a corporate system for managing projects that allow for registering and retrieving information on all marketed products. We also conduct audits and disseminate information, guidelines and alerts for complying with laws, resolutions and regulatory standards, seeking to reduce rates of non-conformities and improve our operations.



Renewable sources

25% of the raw materials used by Oxiteno come from renewable sources. These raw materials are used in 37% of Oxiteno products.



UPDATES TO THE PORTFOLIO

We registered a product launch record in 2016. There were 66 new solutions, three times more than what was achieved in 2013, of which 6.25% are the result of co-creation initiatives developed in partnership with our customers.

Following we will present the portfolio highlights in each Oxiteno business segment.



AGROCHEMICALS



PERSONAL CARE



HOME CARE



PAINTS AND COATINGS



OIL AND GAS





AGROCHEMICALS

The Agrochemicals segment relies increasingly on the relationship and innovation strategy to understand farmers' needs and propose solutions that add value and advantages to our customers. The segment also has partnerships with research institutes to develop unique solutions. In 2016, a partnership with the Mato Grosso Cotton Institute (IMAmt) and the Brazilian Agricultural Research Corporation (Embrapa) was forged for the development of customized bio-pesticide solutions, a new technology that uses living organisms for pest control. A cooperation agreement was also signed with the Technological Research Institute (IPT – Instituto de Pesquisas Tecnológicas) to develop functional surfactants.

There was also the formalization of an unprecedented partnership with Syngenta, one of the global leaders in the pesticide market. The Supplier Relationship Management Program as established, with an eye on the long term and aiming to leverage the business of both companies in Brazil. The development of new products in the co-creation format is part of the program.



Highlights

In response to a market demand identified in the technological roadmap for the Agrochemicals segment, one of the main novelties of 2016 was the drift control adjuvant SURFOM@DRT 8575, whose technology improved the size of the product droplets applied to crops, avoiding dispersion by wind to other locations, or inappropriate spillage in the environment. The solution was one of the highlights presented by Oxiteno at the 11th Symposium of the International Society of Agrochemicals and Adjuvants (ISAA 2016), held in June in California (United States).





PERSONAL CARE AND HOME CARE

The Personal Care and Home Care segment may be the Oxiteno business niche in which there are more opportunities for developing sustainable solutions that enhance the well-being of consumers through co-creation initiatives with customers. It is also the segment where Life Cycle Assessments are increasingly used as a method for verifying the environmental performance of products, adding value to them.

In 2016, we intensified the *Innovation Days*, when we visit a specific customer to get to know their short- and medium-term innovation planning and to understand how Oxiteno can help the execution of this plan. Experiences such as these have led us to develop a series of unique products on demand, such as concentrated formulations to clean surfaces that reach the consumer in the form of sachets, and compounds used to make bar *shampoos*, both exploring the efficient use of water and energy and lower generation of waste and emissions.

Our positioning is guided by the principles set forth in the ISO 22716 standard, which establishes Good Manufacturing Practices (GMP), especially for the Personal Care markets. We currently have five certified plants (see full list under *Certifications*).



Highlights

We develop the OXISMOOTH® line of emollients from 100% renewable sources, which are used in a wide range of cosmetic products. The line consists of three esters, which provide distinctive sensory qualities and are in the pre-launch phase for the Personal Care market. The solutions will be presented at international events, such as IFSCC Conference 2017 (International Federation of Societies of Cosmetic Chemists) and NYSCC Suppliers' Day (New York Society of Cosmetic Chemists). We also launched OXISENSE® S 0440, a solution designed specifically for the hair care market, capable of controlling frizz, helping prevent damage and leaving strands softer. Derived from plant origin raw materials, the product has been presented at the top trade fairs in the industry, such as In-Cosmetics Latin America. In the Household Cleaning market, OXISENSE® F 1100 stands out, created especially for fabric softener formulations. The technology used makes fabrics soft, smooth and easier to iron, apart from protecting fibers. The product was developed based on consumer insights and has been presented at several industry events, such as the 48th edition of the International Detergency Conference (IDC) in Düsseldorf, Germany.





PAINTS AND COATINGS

In order to meet market needs and offer our customers competitive, high-performance alternatives, we have diversified our portfolio through technological platforms that cover Additives, Building Blocks (Specialty polyols used primarily in industrial paint), Coalescents, Emulsifiers and Solvents. This model favors our ability to anticipate trends for each of these platforms, in addition to further expanding our product portfolio, consolidating us as the chemical solution supplier for the paint market.

Focused on the customer and in favor of innovation, Oxiteno has also completed a two-year investment cycle in the Paints and Coatings laboratory. We acquired state-of-the-art equipment to maximize our analysis routine, established a climate-controlled room for evaluating projects involving specialty chemicals, and created a framework for planning, which increased the predictability of deadlines for analyses.



Highlights

Widely used in automotive, industrial, wood and thinner formulations, ULTRASOLVE® M 1200, sec-butyl acetate, guarantees the presence of the active solvent throughout the drying process, providing higher yields by reducing losses through evaporation during application. Due to its solubility and evaporation properties, ULTRASOLVE® M 1200 can substitute aromatic solvents by providing low toxicity formulations because it has low toxicological potential, is free from hazardous air pollutants (HAP free) and offers high film formation performance.





OIL AND GAS

In 2016, with the launch of the line of corrosion inhibitors consisting of eight products, we proceeded with our strategy to position the Oil and Gas segment at an increasingly distinctive level.

The focus is on maintaining high innovation capability and a proactive stance, to develop and deliver solutions that generate value for our customers' businesses. We see the partnerships we forge and the co-creation projects we develop as valuable opportunities.

We also work in partnership with institutions of recognized excellence in several regions, such as Texas A&M University, the Federal University of Rio de Janeiro (UFRJ), the State University of Campinas (Unicamp) and the National Institute of Technology (INT), always striving to generate the best solutions.

In a segment characterized by extreme conditions, the stability of our solutions has to be proven. In 2016, we started using high-tech equipment that lets us simulate the temperature (low and high) and pressure (over 2000 psi) variations that our products will encounter en route to their point of application – sometimes a few kilometers deep. The equipment, which brings us closer to customers and improves our assertiveness in new development processes, generates significant results for products intended for the production and stimulation stages.



Highlights

The ULTROIL® CI line of corrosion inhibitors was officially launched during the Rio Oil & Gas 2016 trade fair in October. The line consists of active ingredients for formulations, aiming to preserve the integrity of equipment and ducts, even in extreme pressure and temperature conditions.





PEOPLE

Oxitenó's people management has been devoted to ensuring full deployment of the company's new operating model, as well as the adherence of professionals to the cultural changes this new way of working aims to establish.



GROWING WITH THE BUSINESS

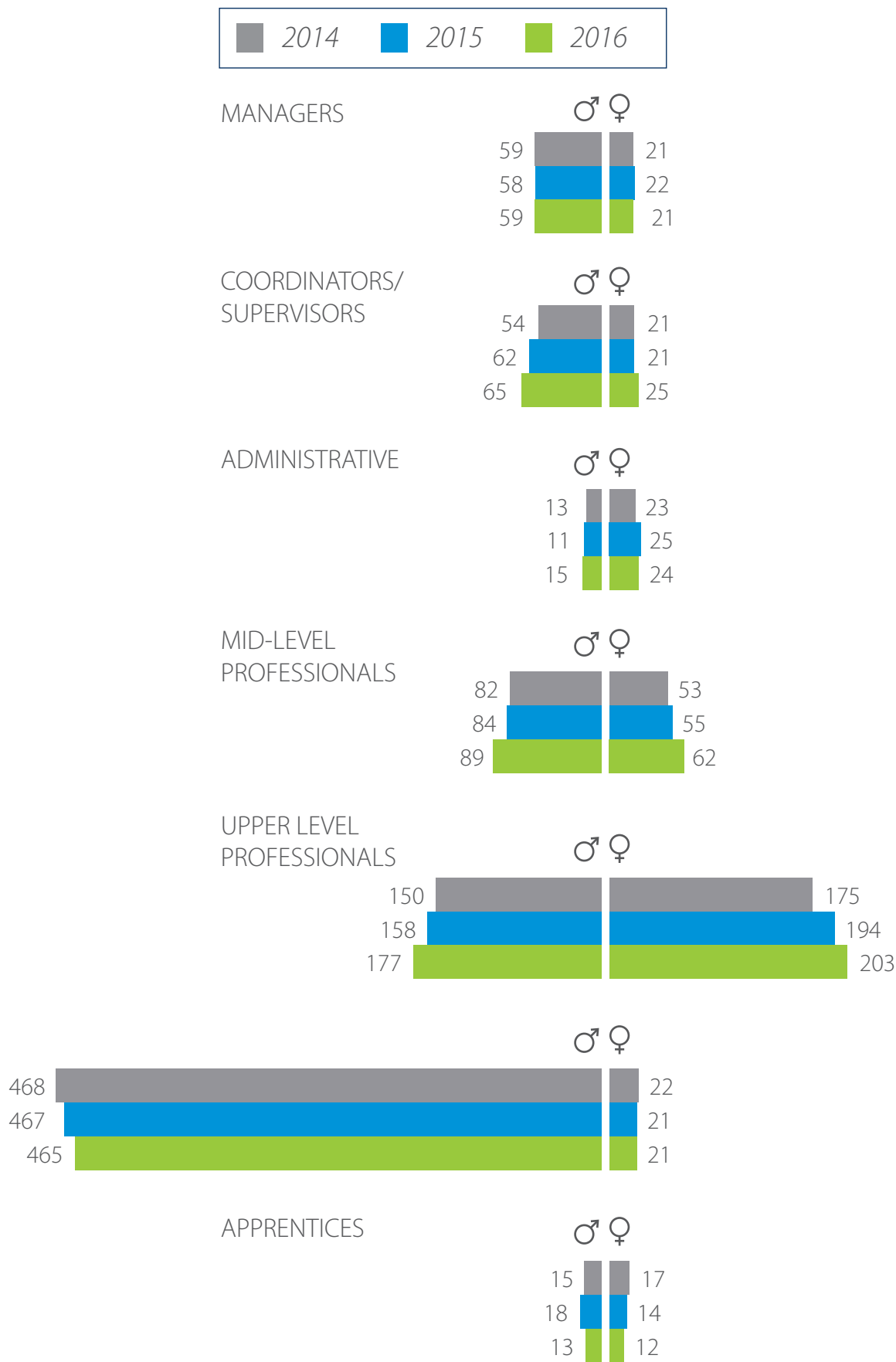
The recent developments reinforce our people management model, which prioritizes a healthy, safe environment with continuous encouragement for professional growth. The company's model continues to be recognized externally. In 2016, we were once again included in the ranking of the 150 Best Companies to Work for by *Você S/A* magazine, and in 2017, for the fourth year in a row, we earned certification from the Dutch Top Employer organization for our Brazilian operations.

Even with the challenging business scenario in Brazil and other countries where we operate, we have kept our staff numbers stable compared to 2015. In Brazil, our employees are concentrated in the Southeast region. The majority of our team is made up of men, a trend in the chemical industry, where male professionals are the predominant applicants in search of job opportunities.

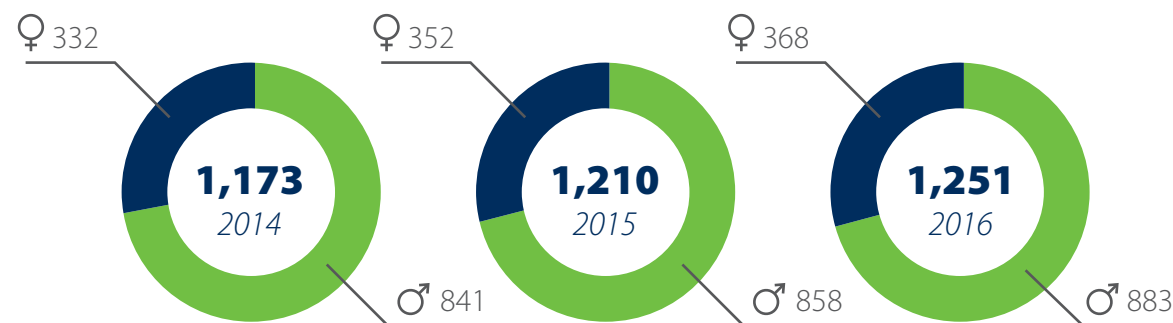


WORKFORCE
APPRECIATION

Number of employees by functional level in Brazil G4-10

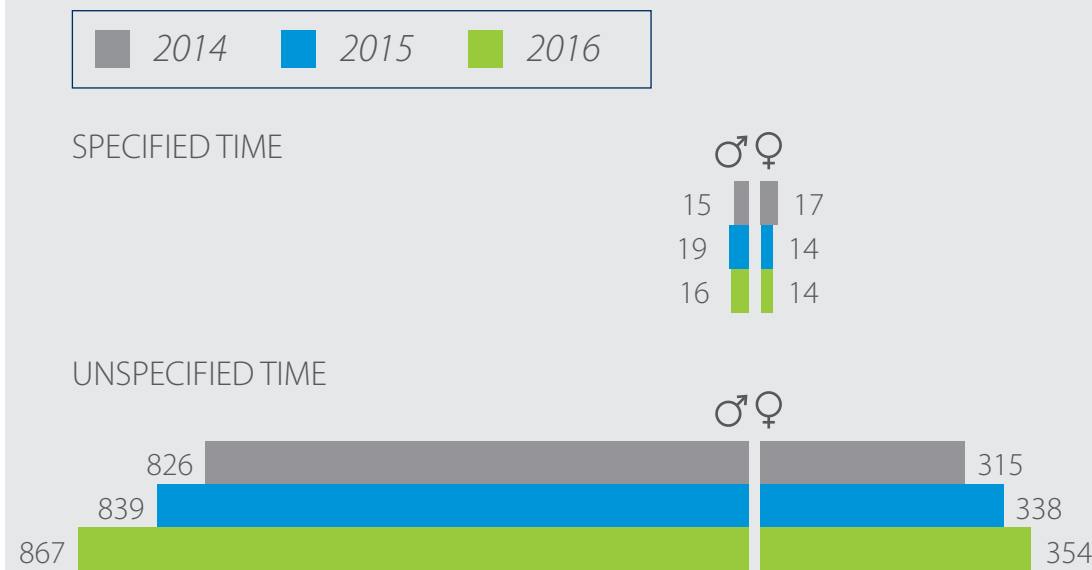


TOTAL

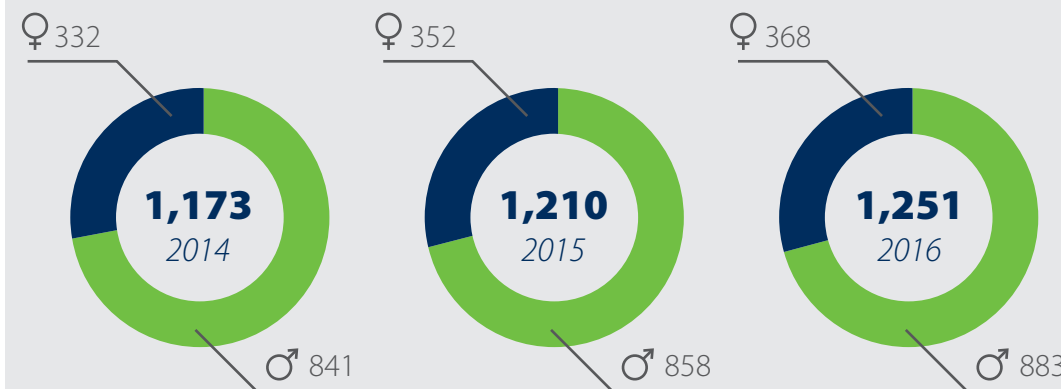


The numbers for 2014 and 2015 in this indicator were revised and recalculated.

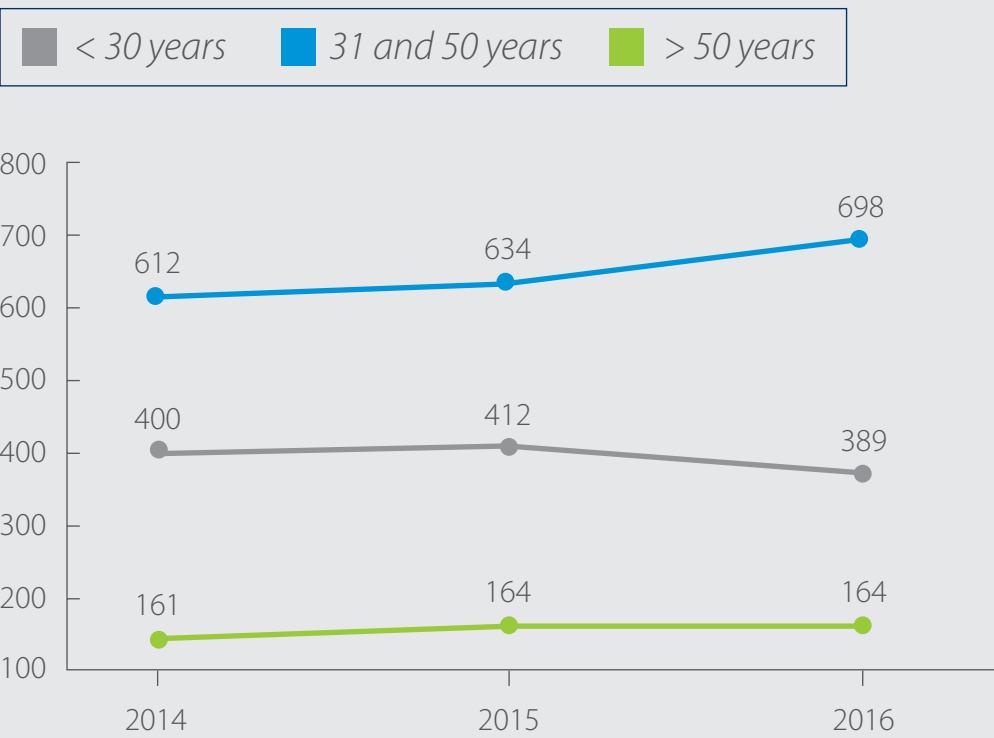
Number of Oxiteno employees by type of employment contract



TOTAL



Number of Oxiteno employees by age range



The numbers for 2014 and 2015 in this indicator were revised and recalculated.

PEOPLE MANAGEMENT CYCLE

The D2022 challenge gave rise to the need to revise our global competency management model in 2016. The goal was to reflect the business challenges in behaviors expected of professionals. With the new competency map, we conducted a leadership evaluation cycle in 2016, and we began the process of evaluating teams in early 2017.

The evaluation by targets is conducted based on what has been defined as corporate, departmental and individual targets. On the People Committee, each manager presents his or her team's results to peers, and after a joint analysis, short-, medium- and long-term development plans are defined, as well as lateral movements and succession plans.

Our Payment Policy remains in line with the business strategy and aims to keep us competitive in terms of attracting and retaining professionals, regardless of gender, age and ethnicity. Especially for leadership positions, we maintained a 70% rate of internal promotion. Oxiteno's innovative nature generates the challenge of becoming even more assertive in retaining employees in the research and development area. In 2016, roughly 50% of the R&D team took on new positions at the company.

We also have a variable compensation program that applies to all professionals.



Climate survey

An important tool for evaluating the people management model, the climate survey is conducted every two years. After the last cycle, conducted in 2015, the survey was unified with all Ultra companies, with 94% participation (above the market average) and 72% favorability (belonging to the so-called third quartile of the market). With the results, the companies drew up corporate and specific action plans by management/sector. Oxiteno already has 89% of the action plans outlined in the previous report either completed or in conclusion phase. A new survey will be conducted in 2017.



Pay ratio between men and women (Brazil) ¹ G4-LA13			
	2014	2015	2016
MANAGERS	0.95	0.98	1.04
COORDINATORS	1.04	1.09	1.05
ADMINISTRATIVE	0.90	0.90	0.95
UPPER LEVEL PROFESSIONALS	0.82	0.85	0.86
MID-LEVEL PROFESSIONALS	0.79	0.86	0.87
OPERATIONAL	0.93	0.99	1.03
APPRENTICE	1.23	1.04	0.95

¹ Small salary differences between men and women are directly related to their time at the company, which is historically higher for men, generating salary adjustments due to merit and promotions.

Diversity in the leadership – Board of management G4-LA12		
GENDER	Male	2
	Female	2
AGE RANGE	Under 30	--
	30 to 50 years	2
	Over 50	2



Attracting talents

In 2016, Oxiteno started a project to reformulate the company's Trainee Program. Starting in 2017, the program's architecture will cover the trainee's full trajectory, from the selection process to termination, which includes institutional and functional integration

in the work area; the trainee plan to be implemented; the learning path to be traversed during the period, aiming for personal and professional development; the monitoring and evaluation system to be applied; the trainee completion process; and consequences of the

trainee's performance over the course of the program. We currently have around 90 trainees in our Brazil units.

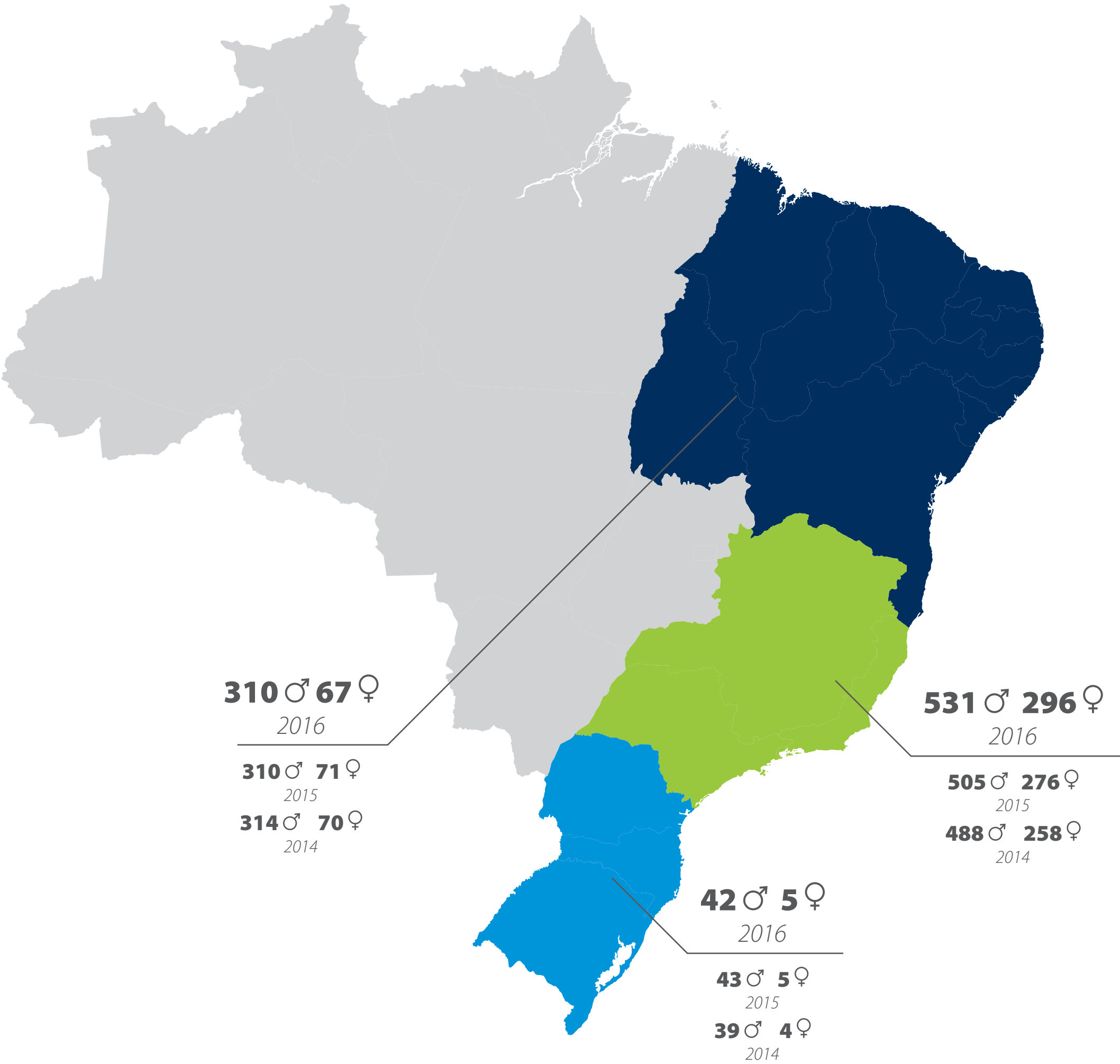
Oxiteno has run its Trainee Program in Brazil since 1989, aiming to attract talents who bring results and contribute to the company's growth. Starting in 2015,

the program was expanded to Mexico. Under the initiative, trainees at the location undergo onboarding in Brazil in January and February. Ten trainees joined the company in 2016 – eight in Brazil and two in Mexico.



Number of Oxiteno employees by region

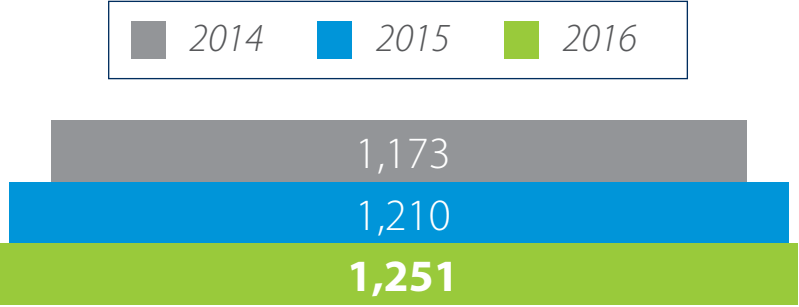
G4-10



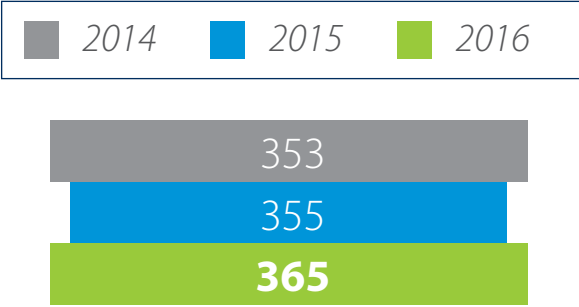
Number of Oxiteno employees – International locations. G4-10



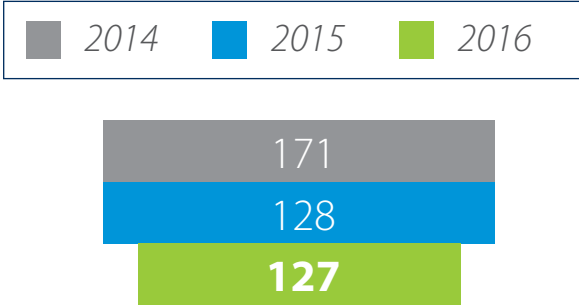
Brazil¹



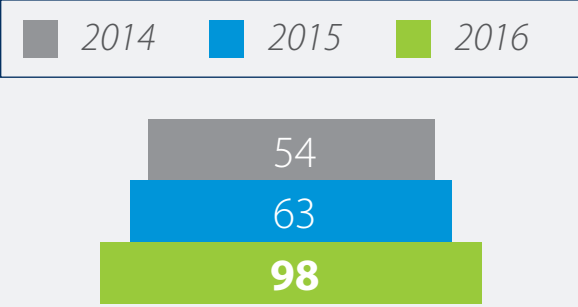
Mexico



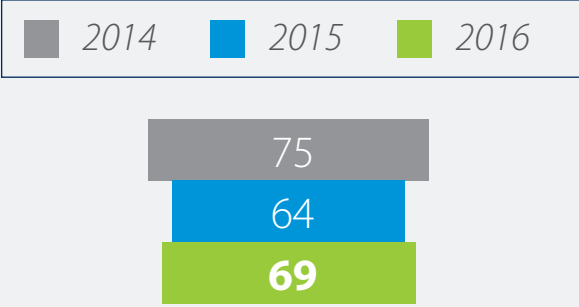
Uruguay



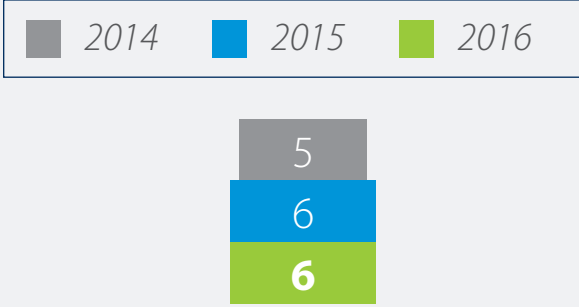
United States



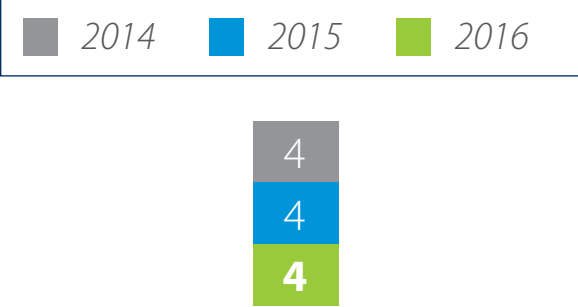
Venezuela



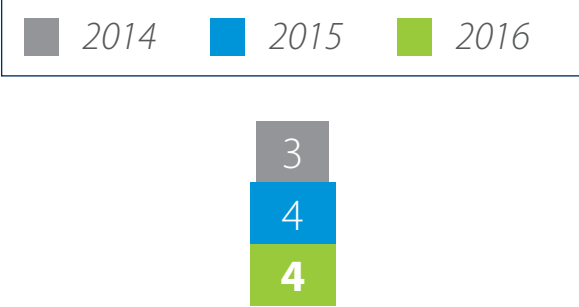
Argentina



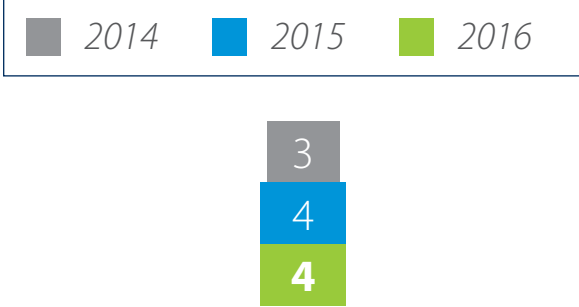
Belgium



China

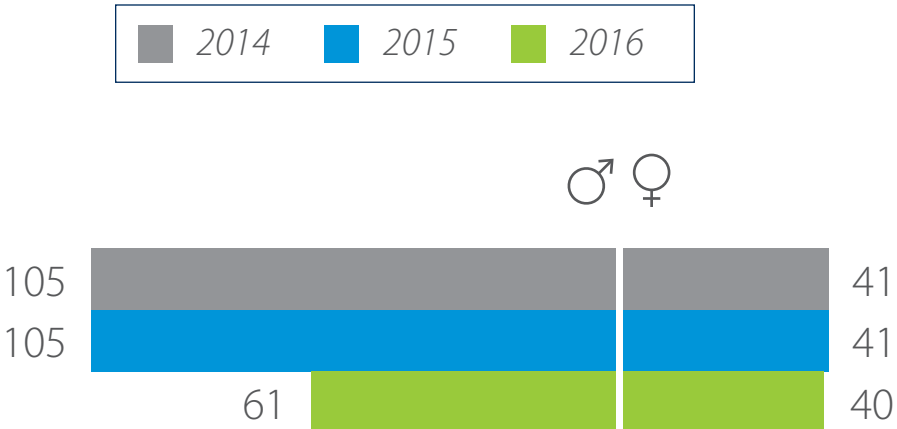


Colombia

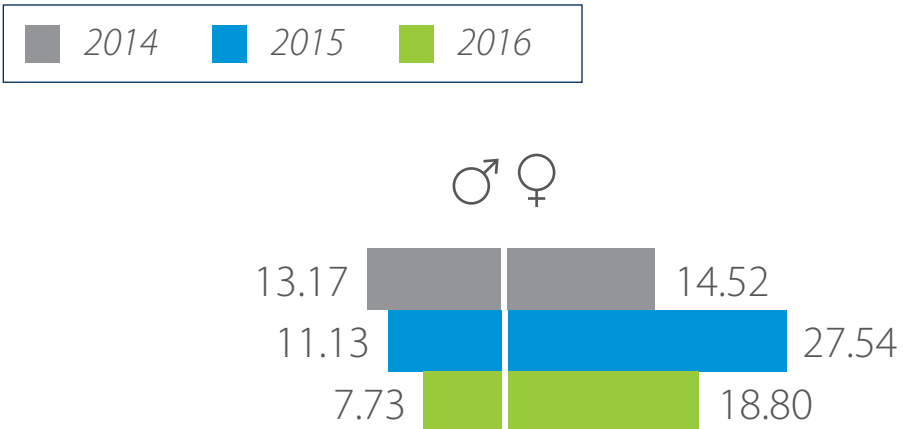


¹The numbers for 2014 and 2015 in this indicator were revised and recalculated.

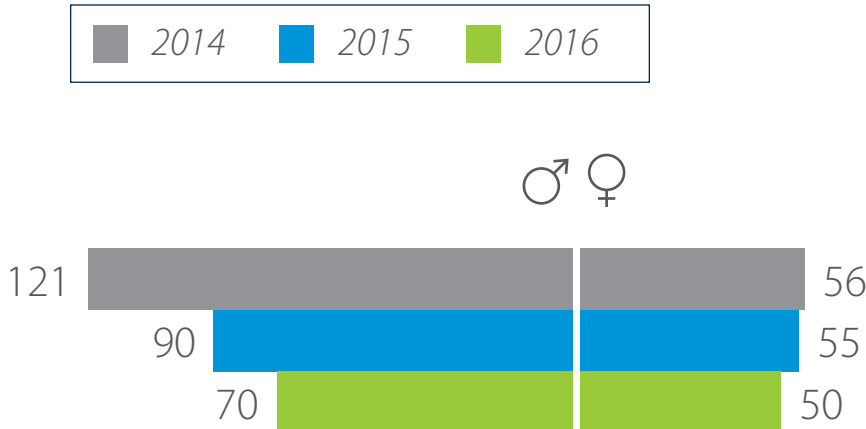
Number of terminations by gender. G4-LA1



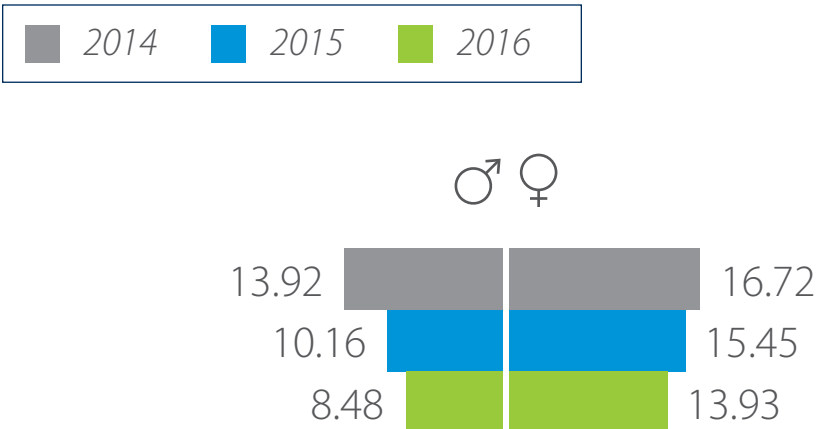
Turnover rate by gender (%). G4-LA1



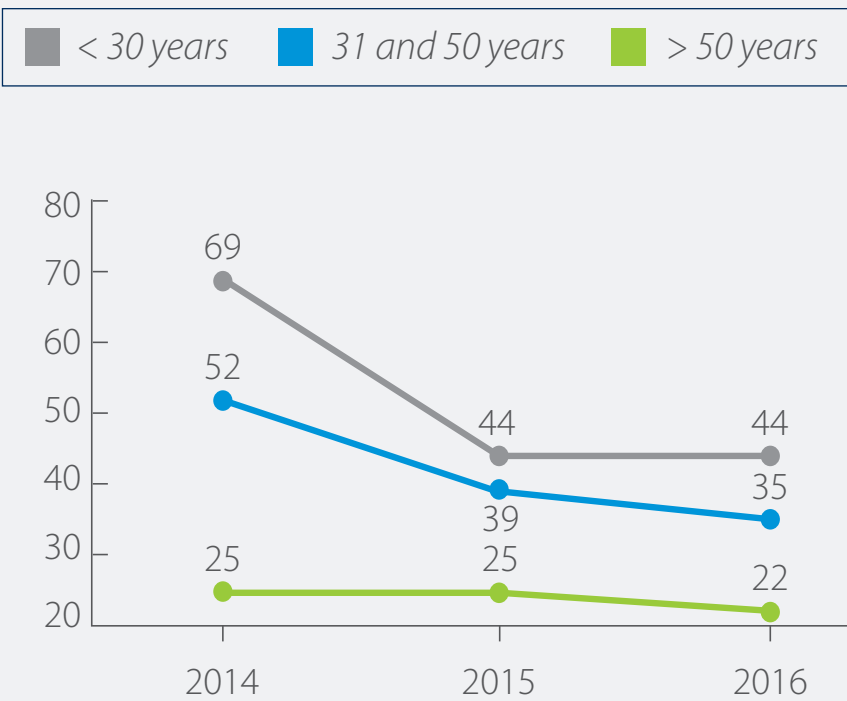
Number of hires by gender. G4-LA1



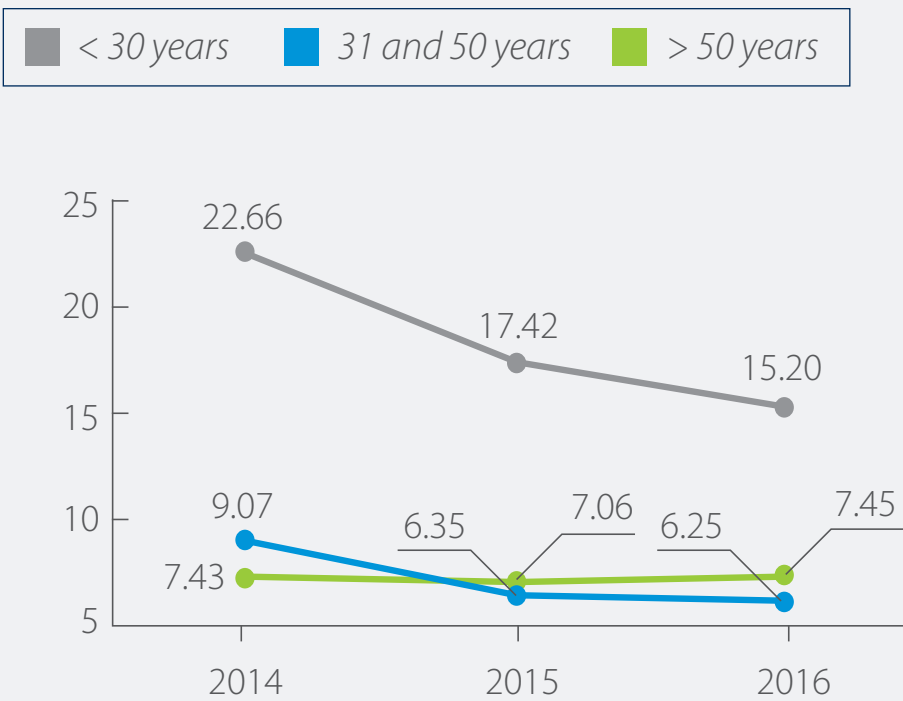
Rate of new hires by gender (%) G4-LA1



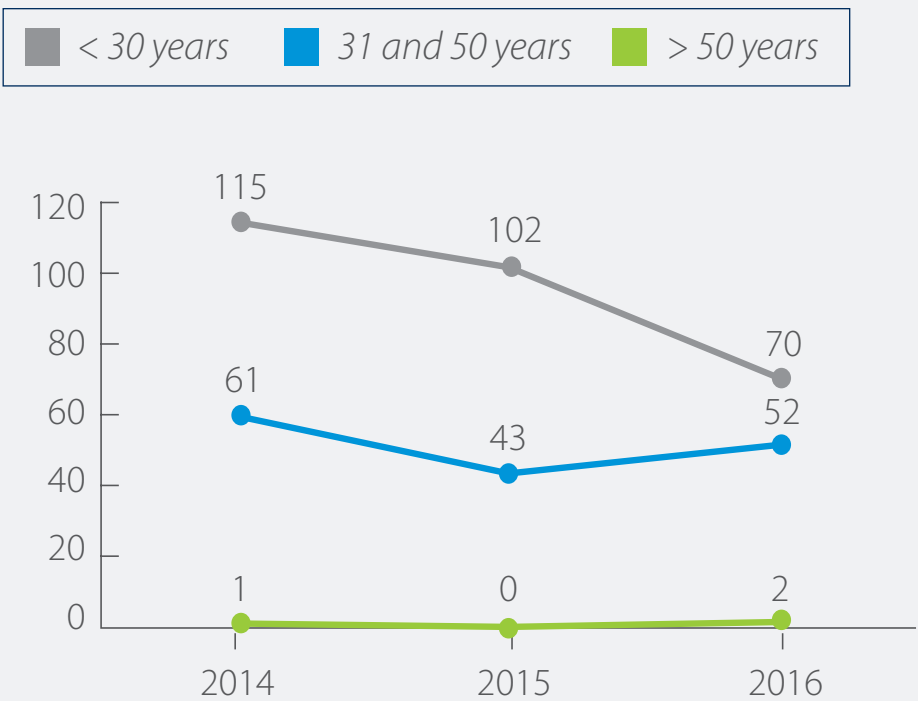
Number of terminations by age range. G4-LA1



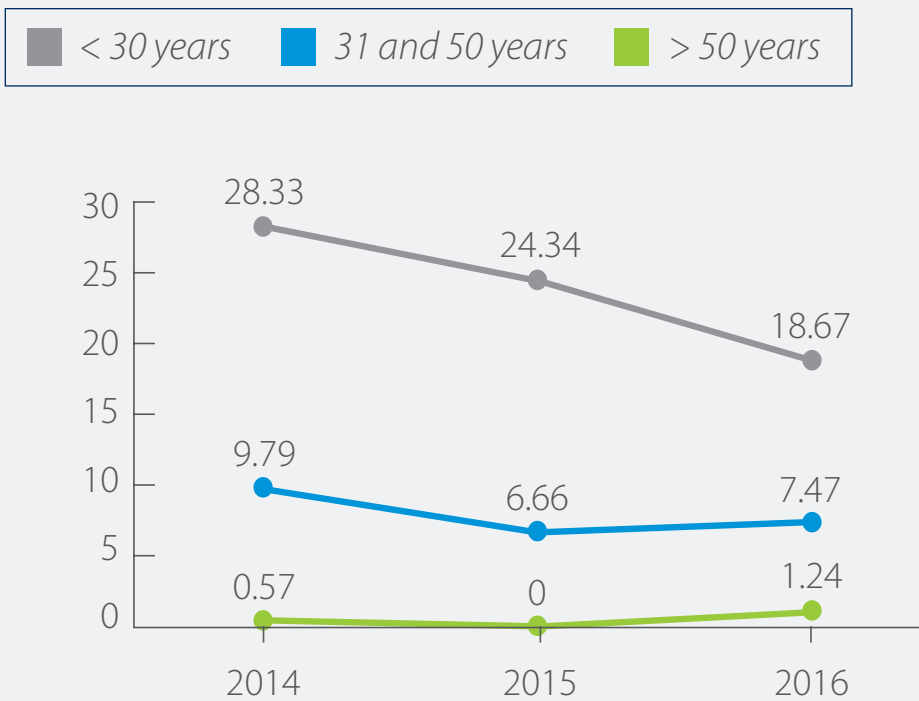
Turnover rate by age range (%). G4-LA1



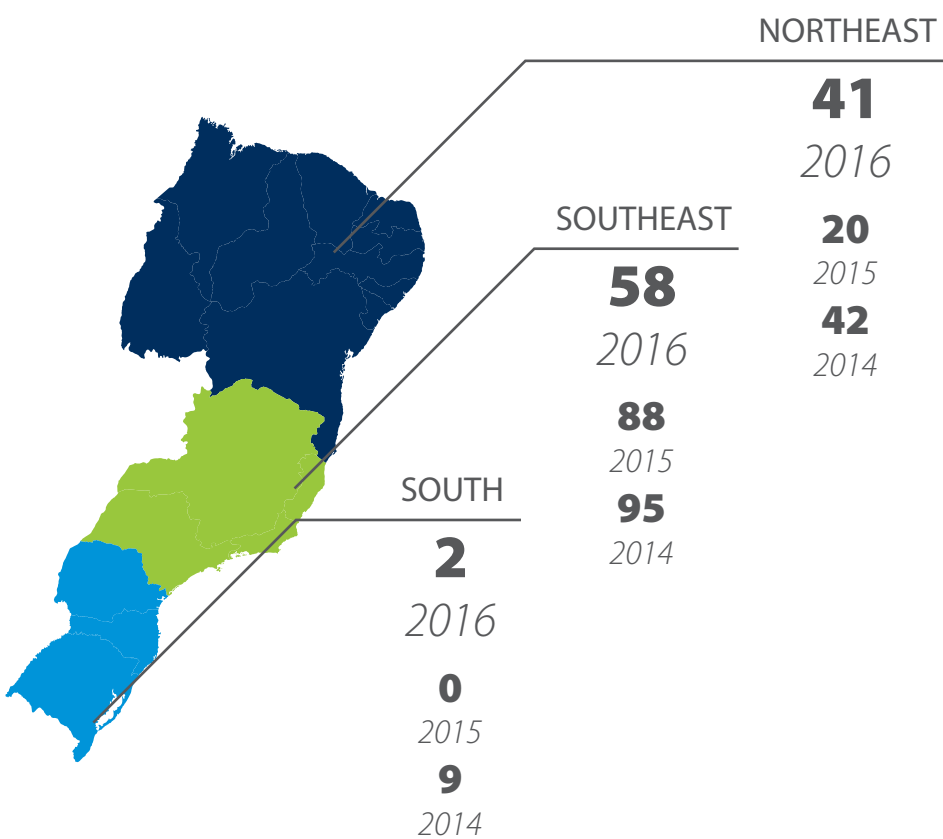
Number of hires by age range. G4-LA1



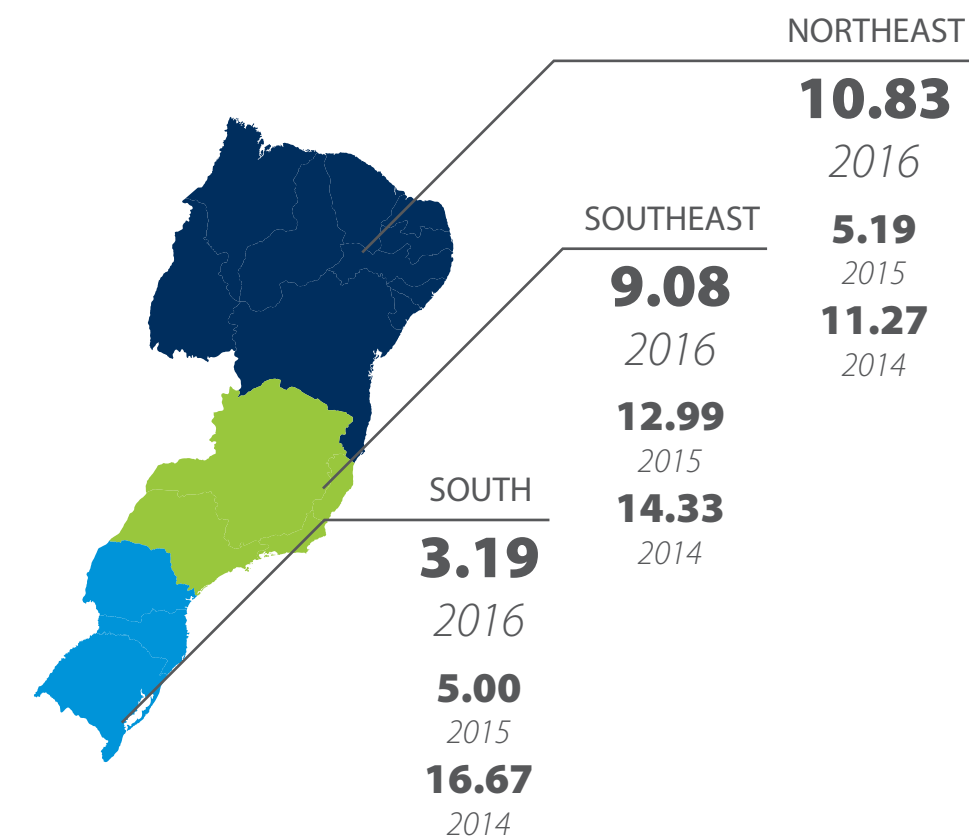
Rate of new hires by age range. (%) G4-LA1



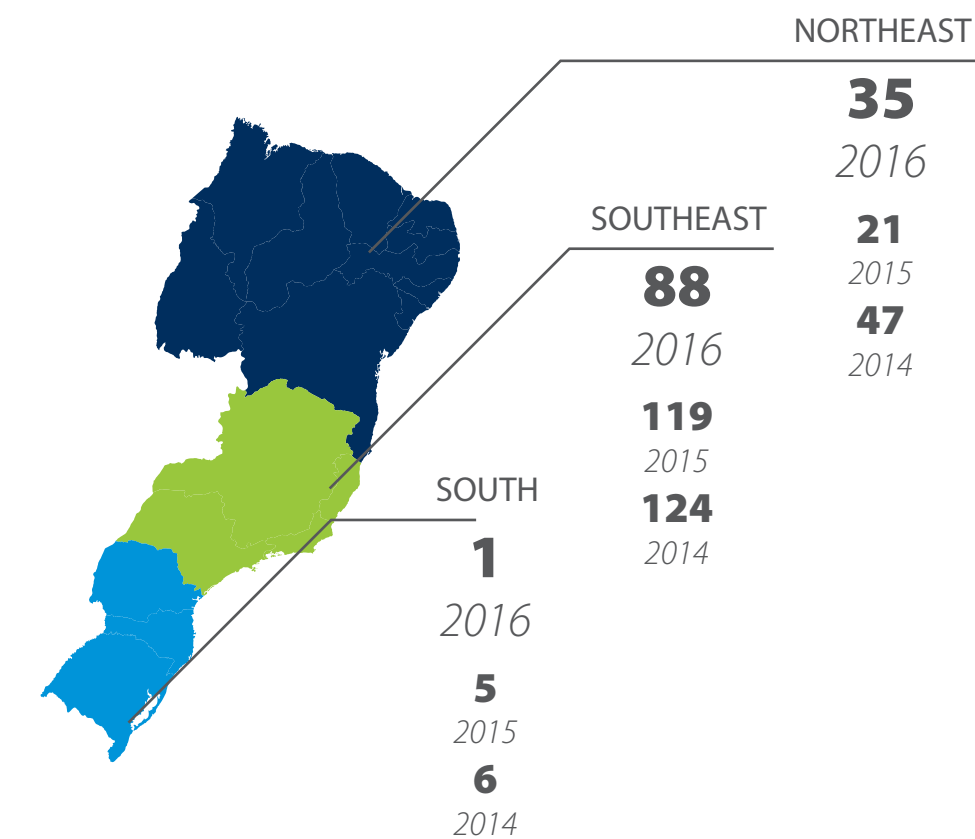
Number of terminations by region. G4-LA1



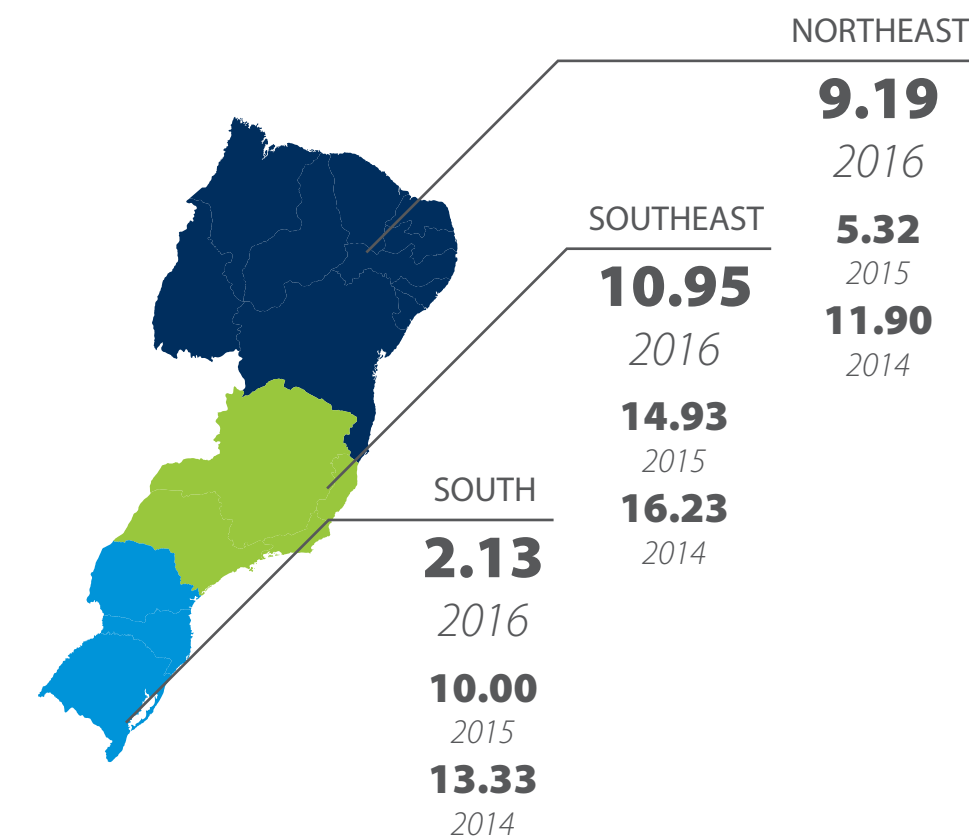
Turnover rate by region (%). G4-LA1



Number of hires by region. G4-LA1



Rate of new hires by region. (%) G4-LA1



CONSTANT DEVELOPMENT

G4-LA9 AND LA10

With a continuous learning dynamic, we encourage professional growth and self-development at all of our facilities. In 2016, we completed 81% of training programs defined as high priority for the company. In every cycle, the leaders identify needs for improvement in their teams based on a series of criteria. Training should:

- Develop knowledge, skills and behaviors to meet the demands of the position and legal requirements;
- Qualify teams on newly established standards;
- Train departments on new technologies.

Leadership development is a target of constant attention by the human resources department. This direction was strengthened in 2016 with the implementation of the Ultra Essence program, led by Ultra's Corporate Human Capital Board, which involved our entire management team and focused on consolidating a multi-business perspective in decision-making and for greater orientation toward the market and trends. The program involved a number of trainings and immersions at holding group company facilities.

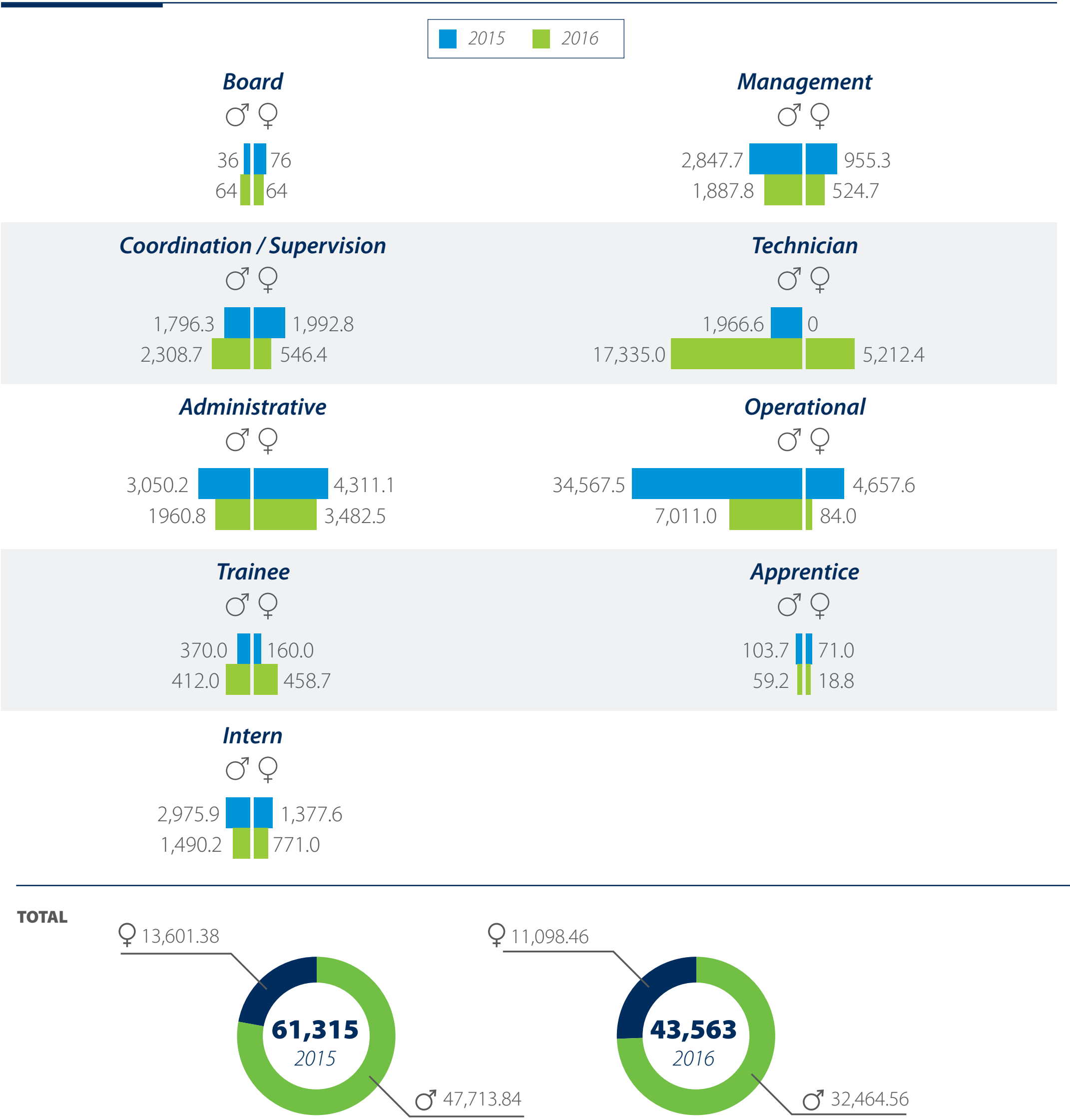
Another highlight was the Value Based Sales – VBS training, conducted since 2014, which seeks to establish a value-based sale mindset, with our Vision 2022 as its baseline. In addition to sales and R&D personnel, the program already includes industrial teams and marketing employees, logistics staff, and so on. At the end of the 2016 edition, Oxiteno presented a challenge to participants, to prepare customer success stories, showing how the lessons learned were being incorporated into the daily work routine. The three best cases were awarded.

Training and qualification programs will work increasingly on issues related to innovation, increased productivity, and the multi-business perspective.

For professionals in Brazil, there is also a nationwide policy of granting scholarships for undergraduate, graduate, master's program, university extension and language courses. A committee of the company's managers analyzes and approves requests. Employees in Brazil are also entitled to the unpaid leave benefit for taking courses abroad.

After an analysis that considers professional performance, profile and time at the company, Oxiteno offers plans for new placement in the job market in cases of involuntary termination and retirement.

Average training hours by functional category and gender in Brazil¹ G4-LA9



¹ Training data from 2014 are not available in the same format, so they were not published. The indicator does not include Oxiteno's Scholarship Program, which provides aid for undergraduate, graduate, language, master's program and university extension courses.



Average training hours at international locations (h) ¹ G4-LA9			
	2014	2015	2016
MEXICO	21,364	18,110	14,439
VENEZUELA	4,475	5,564	7,871
URUGUAY	5,206	3,485	4,148
UNITED STATES	2,751	6,731	8,886

¹ Training data are only available in the facilities that have production operations, although other facilities also conduct training.

Distance learning platform

In 2016, Oxiteno launched its distance learning platform, another tool to strengthen knowledge generation at the company. Called the DNA Portal, it lets employees choose the best time and place to undergo training. Available to teams from all company units, in Brazil and abroad, the portal has 12 basic training courses, such as conflict management, Excel and English for meetings, as well as specific content for departments. New general interest courses will soon be added to the platform. Since the launch in March, 5400 accesses have been logged and 2000 training hours have been completed.



ENVIRONMENT

Our commitment to environmental protection, considering both our industrial operations and the product life cycle, makes this topic one of Oxiteno's strategic sustainability pillars, unfolding in different workstreams.



INCREASINGLY ECO-EFFICIENT

G4-EN27

We base the way we conduct our business on international guidelines and references of caring for the environment, such as the adherence in Brazil to the Responsible Care Program of the Brazilian Chemical Industry Association (Abiquim), which establishes a voluntary commitment to implement actions linked to health, safety and environmental management systems. In other countries, we participate in similar initiatives, all linked to the Responsible Care program of the International Council of Chemical Associations (ICCA) and the ISO 14001 standard. **G4-16**

In 2016, we moved forward with our strategy of developing products based on the efficient use of natural resources. We have therefore increased the solutions in our portfolio that prioritize efficiency in water and energy consumption and reduced emissions and waste generation in the manufacturing stage, in the distribution phase or in use by the end consumer. The strategy, materialized by means of the *Greenformance* concept, is in keeping with the company's commitment to develop sustainable solutions for people's lives along with our customers, allowing us to consolidate our commercial partnerships (*the initiatives are detailed in the Products and Services chapter, starting on page 23*).



USE OF NATURAL
RESOURCES

In our facilities, we have a consolidated environmental management system that is kept up-to-date with the best practices and technologies. In Brazil, the company's Environmental Management System has been certified by ISO 14001 since 2002, and Guadalajara, Mexico was the first international plant to be certified, in 2016. The plants in San Juan Del Rio, Mexico, and Montevideo, Uruguay, are preparing to obtain ISO 14001 certification in 2018, already in its new version.

Constantly striving to improve our processes to achieve combined results in increased productivity and responsible use of natural resources, over the course of 2016 we developed a series of eco-efficiency initiatives in our facilities. The actions have already impacted our performance in the year, and they should continue generating good results.

ENERGY CONSUMPTION **G4-EN5**

Considering various energy sources (steam, natural gas, tail gas, electricity, etc.), our operations recorded energy consumption of 6.2 gigajoules per ton of manufactured product in 2016, a result equal to that of the previous year, with reduced consumption in some processes and units offsetting the increase in others. In total energy consumption, there was a slight increase in 2016 (see the following table).

Over the course of the year, some projects focused on energy efficiency moved forward. In Mexico, to combat the high electricity prices charged in the country, our plants started operating in alternative hours to reduce consumption and costs. Nevertheless, the start of operation at the Coatzacoalcosethoxylation plant caused an increase in energy consumption due to the boiler installed in the new unit, also generating more greenhouse gas emissions.

In Mauá, solar power generation panels and a small wind power park were installed, which already provide the energy used in some parts of the facility. The plant's lighting also uses LED bulbs, which are more efficient.

We also endeavor to increase the efficiency of boilers used in steam generation. In Camaçari, an effort focused on continuous monitoring of equipment performance, preventive maintenance and raising team awareness reduced our steam consumption by four thousand tons in four plants at the facility. With reduced steam generation, consumption of fossil fuels or gas in boilers drops, also reducing CO₂ emissions into the atmosphere. The unit also prioritized the use of tail gas (residual gas from neighboring companies), saving energy and reducing emissions. The same thing happened in Mauá.

G4-EN19

Recognitions in HSE

In 2016, the health, safety and environment practices earned external recognition for the Camaçari and Mauá facilities. Camaçari received the Safety, Health and Environment Hub Award for the first time, granted by the Camaçari Industrial Development Committee (COFIC – Comitê de Fomento Industrial de Camaçari). Mauá was highlighted in the PAM award, an initiative by the Industrial Development Committee of Greater ABC Complex (COFIP – Comitê de Fomento Industrial do Polo do Grande ABC), which recognizes the companies that are most engaged in the activities proposed in the Mutual Assistance Plan (PAM). The plan is formed by nine companies, the Fire Department, Civil Defense and SAMU, establishing guidelines that should be followed in case of major accidents.

Energy intensity G4-EN5			
	2014	2015	2016
Total Energy in processes/production (gj/t product)	6.0	6.2	6.2

1 Consumption considers all facilities in Brazil, Mexico, Venezuela and Uruguay. **2** Fuels used to generate energy (steam), fuels used in mobile sources (generators, trucks, vehicles) and imported steam.

Energy consumption within the organization ^{1,2,3} (TJ) G4-EN3			
	2014	2015	2016
Total Energy in processes	7,736	7,889	7,956

1 Consumption considers all facilities in Brazil, Mexico, Venezuela and Uruguay. **2** Fuels used to generate energy (steam), fuels used in mobile sources (generators, trucks, vehicles) and imported steam. **3** Despite the reductions in consumption of natural gas, tail gas and fuel oil used in Oxiten's boilers, we registered an increase in consumption of imported steam at the Camaçari facility.



EMISSIONS MANAGEMENT

G4-EN18 AND EN19

The intensity of our emissions was 0.47 tCO₂e/t product in 2016, an amount equal to the previous year, according to the annual inventory of GHG emissions, which considers our direct and indirect emissions (scopes 1 and 2). Oxiteno's target for 2020 stipulates 25% reduction in greenhouse gas generation, taking 2008 as baseline. By 2016 we had reduced our emissions by 11%.

An example of an initiative that increased the efficiency of our processes and reduced our emissions was the replacement, in 2016, of the high selectivity catalyst in one of the reactors at the Mauá plant. This component needs to be replaced periodically, because over time it increases the generation of undesired compounds. The new catalyst thus drives the formation of ethylene oxide and reduces CO₂ generation. In 2017, the catalyst in one of the Caçamari reactors will also be replaced.



Partnership for marketing CO₂

A partnership signed in 2016 with White Martins is making it possible for use to sell the CO₂ generated during ethylene oxide production at the Camaçari unit, avoiding emissions into the atmosphere. Within the plant itself, an auxiliary structure was installed to pump gas, which is sent for compression and purification and then transported to White Martins customers. From the pilot phase of the project, initiated in August 2016, through the month of March 2017, 4,500 tons of CO₂ have been sold – the volume may reach 80,000 tons/year. A similar project was developed in Mauá some time ago, with partial sale of the CO₂ resulting from ethylene oxide production to the same commercial partner.

Intensity of greenhouse gas emissions (GHG) ¹ G4-EN18			
	2014	2015	2016
GHG Intensity (tCO ₂ e/t product)	0.48	0.47	0.47

¹ Considers facilities in Brazil, Mexico, Venezuela and Uruguay within Scopes 1 and 2 (direct and indirect emissions). The calculated gases are: CO₂, CH₄, N₂O and HCFCs.
² In 2016, the increased rainfall in Brazil led to a lowering of the Brazilian Grid's emission factor, causing a reduction of Scope 2 emissions from the purchase of electricity.

Direct and indirect GHG emissions (tCO ₂ e) ¹ G4-EN15 and EN16			
	2014	2015	2016
Total direct emissions (scope 1)	434,713	455,881	422,179
Total indirect emissions (scope 2)	179.376	160,685	173,192

¹ Considers facilities in Brazil, Mexico, Venezuela and Uruguay within Scopes 1 and 2 (direct and indirect emissions). The calculated gases are: CO₂, CH₄, N₂O and HCFCs.

Reduction/Offset greenhouse gas emissions (GHG) ^{1,2} G4-EN19			
	2014	2015	2016
Reduction in CO ₂ emissions (tCO ₂ e)	70,242	59,529	77,284

¹ Considers the UNFCCC – AMS III-Q methodology. ² Considers reductions in GHG emissions obtained for direct emissions (scope 1) in Mauá and indirect emissions from energy purchase (scope 2) in Mauá and Camaçari. There are other reduction products at other facilities, but these are the only ones counted in the indicator, because the methodology is certified by an external entity for calculation.



RESPONSIBLE USE OF WATER

G4-EN8 AND EN10

Oxitenó depends on water to successfully carry out different stages of its production cycle, such as steam generation, process cooling and equipment washing. Committed to sustainability, the company centralizes its actions to use the resource responsibly and efficiently.

Of the total water volume consumed, one percent evaporates, another is contained in our products, and an average of 50% becomes liquid effluent, which is totally treated in Oxitenó's treatment plants or by specialized service providers in the industrial complexes where the company operates. After

treatment, approximately 98% of the total water used by Oxitenó is returned to the environment, always making sure that legal parameters are 100% met in all processes.

In 2016, water consumption corresponded to approximately 5.4 million m³, a slightly higher volume than that registered last year. The water used comes from underground aquifers, rainwater capture, and also from other organizations and reuse initiatives.

In the year, we recorded an increase in water consumption at the Camaçari unit due to the poor performance of one of the heat exchangers, which handles the water cooling for industrial processes. At the end of the year, the equipment was replaced.

Total water withdrawn per source ^{1,2,3} G4-EN8			
	2014 m³	2015 m³	2016 m³
Groundwater			
Brazil	844	0	0
Uruguay	-	53,078	54,761
Mexico	64,566	69,077	69,314
Rainwater collected directly and stored by the organization ⁴	49,838	55,892	29,131
Effluents from another organization ⁵	791,778	774,950	814,139
Municipal water supply			
Brazil	4,340,542	4,457,807	4,273,356
Mexico	70,280	75,383	91,599
Uruguay	-	34,652	26,641
Venezuela	60,496	45,770	35,068
Total water volume withdrawn	5,378,343	5,566,609	5,394,009

¹ Considers all locations in Brazil, Mexico, Venezuela and Uruguay. ² Oxitenó does not capture surface water, including wetlands, rivers, lakes and oceans. ³ Direct measurement via water bills or measurements taken at industrial facilities using water meters. ⁴ Rainwater is only captured at the Oleochemicals plant in Camaçari, which is equipped with the structure required for this process. ⁵ Considers only the consumption of treated water coming from reused sewage for industrial water at the Mauá plant, not including human use and product composition.



One of the company's targets is to increase consumption of reused water by 25% before 2020, considering 2008 as baseline. In Mauá, for example, an average 97% of the water used by Oxitenó comes from reuse, thanks to the Aquapolo project, a partnership between companies at the Capuava Petrochemical Complex in Mauá and the São Paulo State Basic Sanitation Company (SABESP – Saneamento Básico do Estado de São Paulo). A structure was built to take water to the industrial complex. To ensure quality, treated water also passes through a rigorous treatment and purification system. On average, companies in the petrochemical complex avoid consuming

450 million liters per year of the treated water that would be provided by the water supply company. In the Triunfo and Camaçari Petrochemical Complexes, studies have been progressing to establish water reuse systems from the respective effluent treatment plants, as well as the company's internal studies on reduction and reuse. By 2016, we reached 16% of our reuse target.

Venezuela also started to dedicate each reactor to working on a specific product line, delaying the washing of reactors for several weeks and reducing the unit's water consumption. A project was also implemented to reuse water treated in the effluent station for maintenance and for watering gardens.

Recycled and reused water G4-EN10			
	2014	2015	2016
Volume of recycled and reused water (m³) ^{1, 2}	841,616	830,842	843,270
Percentage of recycled and reused water compared to total water withdrawn (%) ³	16	15	16

¹ Considers the Mauá location and the Oleochemical plant in Camaçari. ² Reused water: rainwater collected on rooftops and reused effluents from other organizations. ³ The indicator represents the amount of water reused at the two facilities, divided by the total water withdrawn by Oxitenó (Brazil, Mexico, Uruguay and Venezuela).

Water crisis in the Northeast

The intense drought that affects the Northeastern region of Brazil imposed the need to reduce water consumption on the Camaçari Petrochemical Complex, where Oxitenó operates. The company revisited some processes to identify opportunities for optimization and to increase the efficiency of some equipment. With the initiative, we were able to reduce water consumption by about 10% just at the end of 2016. The challenge now is to maintain this reduction in 2017 and coming years.

The Oleochemicals plant in Camaçari also has a system for rainwater capture, which is later reused in cooling towers. In 2016, the use of this water was reduced due to variations in the quality of collected water, which altered the facility's cooling process. **G4-EN10**

WASTE **G4-EN23**

Oxiteno endeavors to properly manage the waste resulting from its production processes, working in partnership with suppliers and service providers. Starting in 2016, the theme became one of the topics considered relevant by the company under the Environment pillar, disseminating the management already performed and the monitoring of specific indicators.

It warrants reminder that there is a waste recovery project for products of lesser commercial importance to Oxiteno – the co-products – which could be disposed of as waste, but which, based on this strategy, are used as raw material in other production processes, such as cement additives, diluents and industrial additives. We sold nearly 22,000 tons of these items in 2016.

In 2016, we registered an increase in waste volume generated, both waste classified as hazardous and non-hazardous. Specifically regarding hazardous waste, by 2020 we intend to reduce the generated volume by 40% compared to the 2011 index, which was 3.42 kg/t of product. We managed to reduce 23% in 2016, reaching 2.62 kg/t product. Compared to previous years, our performance was adversely

affected, especially due to the changes in operating conditions at the Tremembé and Mauá facilities, causing an increase in hazardous waste. In Camaçari, a new product started being developed at the facility, also causing the increase in this type of waste. The construction done in our units in Brazil, especially modernization of the industrial effluent collection and disposal network, negatively impacted the indicator. In Mexico, there was an increase in discarded pallets and drums at the Guadalajara plant. The most representative was the inclusion of indicators for Uruguay, which started being calculated and monitored in 2016.



Total weight of waste, by type and disposal method ^{1,2} G4-EN23			
NON-HAZARDOUS WASTE (IN TONS)	2014	2015	2016
Composting	-	-	-
Reuse	-	-	-
Recycling	754	836	1,251
Recovery (including energy recovery)	597	650	738
Incineration (mass burning)	36	418	478
Industrial landfill	1,141	1,455	1,801
Underground waste injection	-	-	-
On-site storage ³	-	-	1,364
Others	13	21	15
Total	2,541	3,381	5,647

¹ Waste is categorized as industrial and non-industrial, and then classified as hazardous and non-hazardous within both groups. Industrial waste (both hazardous and non-hazardous) is not sent to landfills, except in Uruguay. Non-industrial waste (hazardous or non-hazardous) can be sent to the landfill, hence the indicator considers figures from Brazil, Mexico, Venezuela and Uruguay. ² For Oxiteno, industrial waste is that contaminated with chemicals from production processes, such as filtering elements, resins, residues left over from production, contaminated absorbent material used to contain leaks, contaminated cloths and fillers, packaging such as drums and other items. Non-industrial waste includes waste from administrative areas, tree pruning, debris from non-industrial areas, and recyclable materials in general. ³ Waste stored at the Uruguay plant in disposal process.



Acquired in 2012 and with a high stock of waste generated by the previous administration, the Uruguayan unit, which also manufactured a sulphate line for the leather industry, had that part of the operation closed in mid-2015.

Aligned with the country's environmental agency and following Oxiteno's environmental guidelines, a specific technology was developed to treat stored waste that was considered hazardous. In 2016, 2,200 tons were discarded in the hazardous waste industrial landfill in Uruguay. The work to properly dispose of all this waste should take about three years.



Zero Landfill

In Brazil, Oxiteno has upheld its Zero Landfill policy for over 15 years, prohibiting the disposal of industrial waste in these locations. The practice extends to operations in Mexico and Venezuela. In Uruguay, there is not yet any other form of disposal.



Total weight of waste, by type and disposal method ¹ G4-EN23			
HAZARDOUS WASTE (IN TONS)	2014	2015	2016
Composting	-	-	-
Reuse	580	715	618
Recycling	379	462	392
Recovery (including energy recovery)	1,339	1,298	1,491
Incineration (mass burning)	515	62	62
Industrial landfill	-	-	1,325
Underground waste injection	-	-	-
On-site storage	-	-	-
Others	6	2	40
Total	2,819	2,539	3,928

¹ Waste is categorized as industrial and non-industrial, and then classified as hazardous and non-hazardous within both groups. Industrial waste (both hazardous and non-hazardous) is not sent to landfills, except in Uruguay. Non-industrial waste (hazardous or non-hazardous) can be sent to the landfill, hence the indicator considers figures from Brazil, Mexico, Venezuela and Uruguay.





SAFETY

Safety is a core value for Oxiten. Even with consolidated management, the company works continuously to enhance its safety practices and guidelines.



HEALTH AND SAFETY

IN PURSUIT OF CONTINUOUS IMPROVEMENT

This commitment is reflected in the 2016 results, which registered a significant decrease in accident occurrence rates at Brazilian units and the lowest overall rate of frequency in the last 10 years.

There is also an effort to standardize safety management at the facilities acquired more recently by Oxiten. Such is the case of the plants in Montevideo and Pasadena, in the United States.

Throughout 2016, one of the focal points was related to operational and process safety. As part of a program that involved three other Ultra companies (Ipiranga, Ultracargo and Ultragaz), the Operational and Process Safety Diagnostic System, as it was called, had the main objective of steering actions to strengthen the Safety of Ultrapar's businesses, developing a preventive attitude and identifying opportunities for continuous improvement to reach the goal of zero accidents. The program was divided into four pillars: preliminary risk analysis (APP), protective barriers, diagnosis of the fire systems and emergency management (PAE).



Based on the APP/LOPA/AQR methodology (Preliminary Risk Analysis, Layer of Protection and Quantitative Risk Analysis), the risk scenarios in an industrial facility are mapped and evaluated according to probability of occurrence (frequency) and severity (consequence). At Oxiteno, the risk matrix was revisited according to criteria defined for Ultra. Protective barriers are key elements for safety management, aiming to prevent or mitigate accidents. They can be understood as control mechanisms that allow for reducing frequency or minimizing the consequences of accident scenarios. Such mechanisms could be alarm and control systems, interlocking systems, procedures, etc.

At the same time, at all units in Brazil, diagnostics were conducted focused on emergency response management and administration, which evaluated the level of training of the emergency response team. Improvement actions identified by the consulting firm are already being implemented. Another initiative, which began in Mauá and will be rolled out in other units, is the qualitative and quantitative evaluation of plant fire protection systems and components.



Certified safety

The units in Triunfo (first to be certified, in 2014), Camaçari (Petrochemicals, Chemicals, Oleochemicals and Mineral Oils-EMCA – certified in 2015), Mauá (certified in 2016) and Suzano (certified in March 2017) currently have the OHSAS 18001 certification. Aiming to manage operational risks through health and safety aspects, the standard considers accident prevention, risk reduction and employees well-being as its main pillars.

Rate of work accidents and lost workdays^{1, 2} G4-LA6

	2014	2015	2016
Frequency rate (1,000,000 MHW) ³	8.12	9.41 ⁴	6.78
Rate of lost workdays ⁵	92.07	61.07	48.23
Number of deaths	0	1	0

¹ Considers Brazil facilities. ² The health and safety data registration system does not separate data by gender. ³ The frequency rate is calculated based on the total number of occupational accidents * 1,000,000/ total MHW. ⁴ The frequency rate indicated in the previous report (10.07) also mistakenly considered transit accidents. As Oxiteno considers only work accidents for this calculation, the figure was recalculated and corrected in the current report. ⁵ Rate of lost workdays is calculated based on the total number of workdays lost due to work accidents * 1,000,000/total MHW.

Technology serving the operation

Innovation goes beyond product development and is capable of optimizing operational processes, such as at the Mauá facility. In 2016, a drone was acquired, which started being used in the facility's inspection and maintenance activities, increasing the safety of employees involved in the tasks and reducing execution time.



SAFE BEHAVIOR ON THE AGENDA

The safety culture was another workstream that deserved attention at the company in 2016. Even while maintaining practices that disseminate safe behavior on a daily basis for its own employees and outsourced professionals – safety dialogs, safety integration for new employees, ongoing training schedule and internal safety committees, among others – Oxiteno sees permanent opportunities for evolution. The goal is to reach higher levels of maturity across all teams.

In 2016, Oxiteno organized the first Behavioral Safety Workshop among Ultra companies. The meeting was attended by representatives of the human resources and occupational safety departments at the four Ultra companies and sought to propose and steer the planning of guidelines that strengthen the respective Behavioral Programs.

Another initiative was the SABER Program (Safety, Action, Benefit, Experiences, Results), rolled out by the corporate safety department in partnership with human resources. In a didactic way, the main concepts regarding corporate safety tools and programs were reinforced. In total, 127 professionals from Mauá, Tremembé, Camaçari, Pilot Plant and R&D participated in the program, totaling 56 hours. The proposal is to continue the program throughout 2017.

In Camaçari, based on a benchmark study carried out with a company in the steel industry, the Safe Work Observation Program was structured, which empowers teams and stimulates the ability of professionals to observe so that they remain attentive to eventual safety deviations committed by themselves and their co-workers. The unit also offered individual and collective recognition related to the safety practices laid out in the Safety Recognition Program set up in 2015.

A similar project was rolled out in Mauá. VIA (Values Inspiring Actions) also focuses on adopting safe behavior as a habit, and awareness was raised among the facility's management first. The project encompasses training and other tools, such as individual recognition, deviation reporting, and an exclusive VIA tent within the unit.

Safety is one of the pillars of the VIVO program (Individual Values and Organizational Values), deployed at Tremembé and Suzano over the course of the year. Aiming for cultural transformation, the program seeks to improve the results of the two facilities, betting on team behavioral changes. The leaders here were the first to be impacted by the initiative.

The plants in Mexico also prioritize the dissemination of safe behavior practices among teams. Risk management was another highlight in 2016.

Occupational Health

With regard to the potential risks that could affect the health of our employees, we have adopted all relevant prevention measures, including the Occupational Hygiene program, which disseminates preventive practices and behaviors among teams. We also maintain a strict medical follow-up process. As a result of this work, we haven't registered any cases of illness related to exposure to chemicals or the work environment.

G4-LA7





VALUE CHAIN

Our model places us in a privileged position, because it allows us to create partnerships and share experiences and lessons learned, with suppliers and with customers.



SUPPLIER
MANAGEMENT



LOCAL DEVELOPMENT AND
OTHER INDUSTRIES

WORKING IN PARTNERSHIP

Oxiteno is at the center of a value chain, with suppliers at one end, supplying raw materials for the specialty products in our portfolio and, on the other, customers who use our solutions to develop chemical products and services for the Agrochemicals, Cosmetics, Toiletries and Cleaning Products, Oil and Gas and Paints and Coatings markets, among others. Even as a B2B company, we also reach end consumers by way of our customers' products.

We thus established a network capable of evolving jointly, favoring sustainable business growth. This materializes, for example, when a customer asks the company for data on carbon consumption to manufacture the purchased product and Oxiteno consults its supply chain, encouraging this supplier to also structure a monitoring process related to the use of natural resources. **G4-EC8**



FOCUS ON THE CUSTOMER

Today Oxiteno sells solutions and chemicals to companies in more than 60 countries, including the United States, Argentina, Germany, China, South Africa and Japan. The goal is always to offer the best solution to all customer groups, adding value to their businesses.

Dedication guides our entire team of professionals, from those who work on developing new solutions in the company’s research and development centers, through the production employees who ensure the quality and conformity of products on a daily basis, to those responsible for commercial transactions and those in supporting areas.

We also continuously invest in technology, which makes us able to proactively and responsibly meet the demands that accompany the constant changes in society, ensuring our competitiveness. We increasingly work side-by-side with our customers to find efficient and environmentally responsible solutions (read more on page 50).

LEVERAGING THE SUPPLY CHAIN **G4-12**

Oxiteno’s current supplier base consists of around 400 companies that provide raw materials to the company on a regular basis. Between 2015 and 2016, there was no significant change in this group. Prioritizing deals

with local suppliers, 89.59% of raw materials acquired in 2016 came from companies in Brazil. **G4-EC9**

We have an Internal Supplier Qualification Policy focused on monitoring and developing suppliers. In 2016, the program was enhanced according to the new ethics and compliance policies approved by Ultra. To manage the supply chain, the Oracle Quality Module system is used, which generates a sustainability indicator based on the supplier’s self-assessment, legal documentation analysis (Environmental Operation License, IBAMA Certificate, etc.) and eventual non-conformities and the respective action plans signed – all considering health, safety, environment and social responsibility aspects. Currently, some suppliers are also selected to participate in on-site audits that analyze all of these criteria, based on the risk and their performance. Based on this model, 45.5% of Oxiteno’s new suppliers were evaluated according to sustainability aspects in 2016. Some suppliers don’t go through the process due to procurement complexity, such as the purchase of fusel oil – a by-product generated during alcohol distillation and acquired at auctions with over than 300 medium and large suppliers participating. **G4-EN32**

A risk matrix also classifies suppliers based on criteria such as financial health and backup

inventories. In order to mitigate possible risk of shortages, Oxiteno can coordinate combined actions, such as developing other suppliers and increasing the storage structure for raw materials at its own facilities.



Requirements and good practices

- Potential Oxiteno suppliers must answer a self-assessment questionnaire, have a valid Environmental Operation license, and present submit a certificate from IBAMA (suppliers in Brazil).
- Suppliers of renewable raw materials must also sign the Biome Declaration (commitment not to purchase, broker, transport or trade in animal products or by-products from embargo areas).
- We also consider the signing of our term of Social Responsibility a good practice, which demonstrates adherence by our suppliers to social responsibility guidelines.

Palm kernel oil supply chain

Palm kernel oil (PKO) is one of Oxiteno’s primary renewable raw materials, used in the Personal Care segment. In 2015, the company earned RSPO certification (Roundtable on Sustainable Palm Oil), a non-profit organization based in Malaysia, which recognizes organizations that use palm and palm kernel oils derived from sustainable production systems. Palm cultivation has historically been linked to monoculture and deforestation practices in tropical forest areas – mostly in Southeast Asia.

We have obtained certification for five Oxiteno industrial facilities in Brazil, and the Mexico and Uruguay locations should get certified in 2017. We also have the goal of working with 100% sustainable or verified palm kernel oil by 2020.

During 2016, we revised the policy and the guidelines that will steer the performance of these suppliers. Among other points, the policy establishes that there be no deforestation or impacts on biodiversity, that GHG emissions be progressively reduced, and that human and labor rights be respected during palm cultivation.

We also updated our qualification and evaluation programs and criteria. The following stage entails a risk analysis and audits in this supplier group, establishing improvement plans.



The company also has its Input Committee, linked to the Committee for Addressing Non-Conformities, with monthly meetings.

SALES/DISTRIBUTION CHANNEL

Oxitenó has dedicated itself to strengthening relations with its distributor network, seeking to drive results. In an effort to align guidelines, sales targets and philosophy, the five authorized distributors involved in supplying products to Oxitenó’s key markets were involved. Estimates indicate that the channel reaches around 90% of small and medium enterprises that consume some type of chemical in Brazil.

In order to maximize results, a Management Plan was also established for each distributor, which will be converted into a ranking to analyze the performance of the sales channel.

SURROUNDING COMMUNITIES

We also have the opportunity to build solid relationships with the communities around us. Oxitenó is a member of Community Advisory Councils, entities formalized by the Brazilian Association of the Chemical Industry (ABIQUM), which bring companies in the industry together with communities living near petrochemical complexes. The council is the sphere where representatives of communities can dialog transparently way with companies, raising their doubts and demands and learning about health, safety and environmental protection practices. By way of the council and in partnership with the local government, the Tremembé facility hosted lectures on safety and risk management for the community in 2016. The Camaçari facility organized school visits to talk about safety.

In Mauá, Oxitenó currently presides over the Industrial Development Committee for the Greater ABC Complex (COFIP – Comitê de Fomento Industrial do Polo do Grande ABC). Thanks to COFIP, we were able to formalize a partnership with Senai in 2016, to structure a technical course for petrochemical operators. Through the COFIP in Rio Grande do Sul and in partnership with Senai, Oxitenó also supported a technical education initiative in the Triunfo region.

There are similar initiatives in place at the facilities in Mexico, Venezuela and Uruguay, involving training programs for the community and technical development for young professionals. In 2016, 30 recent Chemical and Mechanical Engineering graduates in Venezuela participated in a training program developed by Oxitenó in partnership with an external institute. Of all participants, 13 were hired by the company.

Formare

In the city of São Paulo, where the local administration is located, Oxitenó and other Ultra companies maintain Ultra Formare, a professional qualification program that helps low-income young people enter the job market. In partnership with the lochpe Foundation, the initiative assists High School students from schools in the vicinity, with ages between 15 and 17.

The course, which takes a year to complete, prepares young people to work as administrative assistants. There are theoretical classes taught by volunteer employees, and a practical internship in one of the Ultra businesses.

Improvements in logistics

Oxitenó channels continuous investments into improving its logistical processes, adopting technologies to increase efficiency and reduce costs and impacts on the environment. These improvements were achieved with the recent opening of the storage and distribution center in Macaé (RJ) to serve customers in the Oil and Gas segment. The new center reduces delivery time as much as seven fold, and it is expected to generate annual savings of BRL 2.5 million for the company.

Another good example is the adoption of isotanks (mobile tanks with storage capacity for 25 thousand liters) for transporting products from Camaçari to other Oxitenó units by sea. They used to be transported in 200-liter drums, which increased the costs and environmental impacts due to travel.



Other support

Oxitenó is an institutional supporter of the Tomie Ohtake Institute in the city of São Paulo, which houses national and international contemporary art exhibitions, as well as education works, research and documentation. Support is enabled through the São Paulo State Cultural Incentive Law (ProAC). In Mauá, via the Sports Incentive Law, the company supports the Integrar Arte e Vida project, which offers cultural and sports workshops for children and youth in the municipal education network.



GRI CONTENT SUMMARY



General content			
ASPECT	DESCRIPTION	PAGE ANSWER	OMISSION
Strategy and analysis	G4-1 Message from the chairman	4	
Organizational profile	G4-3 Name of organization	11	
	G4-4 Main brands, products and/or services	11 and 14	
	G4-5 Location of the organization's head office	11	
	G4-6 Countries where the main or most relevant operating facilities for the report's sustainability aspects are located	11 and 13	
	G4-7 Type and legal status of the property	11	
	G4-8 Markets in which the organization operates	11 and 13	
	G4-9 Size of organization	11	
	G4-10 Employee profile	32, 34 and 35	
	G4-11 Percentage of employees covered by collective bargaining agreements	98% Managers are governed by an Ultra Corporate Policy.	
	G4-12 Description of the organization's supply chain	50	
	G4-13 Significant changes in terms of size, structure, shareholding and supplier chain	There were no significant changes in terms of size, shareholding and supplier chain. In 2016, Oxitenó commenced a process of redefining its organizational structure, which is being consolidated over the course of 2017. <i>Read more on page 17.</i>	
	G4-15 Letters, principles or other initiatives developed externally	21	
	G4-16 Share in associations and organizations	39	
ASPECT	DESCRIPTION	PAGE ANSWER	OMISSION
Identified material aspects and limits	G4-17 Entities included in the consolidated financial statements, and entities not covered by the report	The information contained in this report are in reference to Brazil, the company's most significant operation, extended to international locations whenever possible. Financial statements are released by the Ultrapar holding, encompassing all Oxitenó facilities.	
	G4-18 Report content definition process	7	
	G4-19 List of material topics	8	
	G4-20 Limit, within the organization, of each material aspect	8	
	G4-21 Limit, outside the organization, of each material aspect	8	
	G4-22 Reformulated information provided in previous reports	Reformulations, when applicable, are indicated in the table notes.	
	G4-23 Significant changes to scope and limits of material aspects in relation to previous reports	In 2016, Oxitenó included the waste management aspect under the Environment pillar and began reporting the respective performance indicators.	
	G4-24 List of stakeholder groups engaged by the organization	7	
	G4-25 Basis used for identifying and selecting stakeholders for engagement	7	
	G4-26 Approach to involve stakeholders	7	
Engagement stakeholders	G4-27 Main topics and concerns raised during engagement, by group of stakeholders	7 and 21	

Report profile	G4-28 Period covered by the report	7	
	G4-29 Most recent previous report	7	
	G4-30 Report issuance cycle	7	
	G4-31 Contact for questions about the report or its content	7	
	G4-32 Option to apply the guidelines and location of the GRI table	7	
Governance	G4-33 Current policy and practice related to seeking external verification for the report	The information was not subjected to external verification. The external verification practice is planned for the next report.	
	G4-34 Governance structure of the organization	17	
Ethics and integrity	G4-56 Values, principles, standards and behavior norms in the organization	19	

Specific content			
ECONOMIC CATEGORY			
ASPECT	DESCRIPTION	ANSWER PAGE	OMISSION
Economic performance	DMA Management approach	24	
	G4-EC4 Significant financial aid received from the government	24	
Indirect economic impacts	DMA Management approach	49	
	G4-EC8 Description of significant indirect economic impacts	49	
Purchasing practices	DMA Management approach	50	
	G4-EC9 Policies, practices and proportion of expenses with local suppliers	50	
ENVIRONMENTAL CATEGORY			
ASPECT	DESCRIPTION	ANSWER PAGE	OMISSION
Energy	DMA Management approach	40	
	G4-EN3 Energy consumption within the organization	40	
	G4-EN5 Energy intensity	40	
Water	DMA Management approach	42 and 43	
	G4-EN8 Total water withdrawn per source	42 and 43	
	G4-EN10 Percentage and total volume of recycled and reused water	42 and 43	

ASPECT	DESCRIPTION	ANSWER PAGE	OMISSION
Emissions	DMA Management approach		
	G4-EN15 Direct greenhouse gas emissions		
	G4-EN16 Indirect greenhouse gas emissions from the purchase of energy		
	G4-EN18 Intensity of GHG emissions		
	G4-EN19 Reduction in greenhouse gas emissions		
Effluents and waste	DMA Management approach		
	G4-EN23 Total weight of waste, by type and disposal method		
	G4-EN24 Number and total volume of significant spills		
Products and services	DMA Management approach		
	G4-EN27 Initiatives to mitigate environmental impacts		
Environmental assessment of suppliers	DMA Management approach		
	G4-EN32 Percentage of new suppliers selected based on environmental criteria		
SOCIAL CATEGORY – <i>labor practices and decent work</i>			
ASPECT	DESCRIPTION	ANSWER PAGE	OMISSION
Employment	DMA Management approach		
	G4-LA1 Total number and new hire and employee turnover rates		

ASPECT	DESCRIPTION	ANSWER PAGE	OMISSION
Customer health and safety	DMA Management approach		
	G4-LA6 Rates of injury, occupational illness, and lost workdays		
	G4-LA7 Employees with a high rate or high risk of illness related to occupation		
Training and education	DMA Management approach		
	G4-LA9 Average training hours per year		
	G4-LA10 Programs for managing competencies and continuous learning		
Diversity and equal opportunity	DMA Management approach		
	G4-LA12 Composition of groups responsible for governance and defining employees by functional category		
Equal pay between women and men	DMA Management approach		
	G4-LA13 Proportion of base salary between men and women, by functional category and by relevant operational units		
SOCIAL CATEGORY – <i>responsibility for the product</i>			
ASPECT	DESCRIPTION	ANSWER PAGE	OMISSION
Customer health and safety	DMA Management approach		
	G4-PR1 Evaluation of health and safety impacts during the life cycle of products and services		



GENERAL COORDINATION

Global Sustainability

GRAPHIC DESIGN COORDINATION

Communication Management

EDITORIAL COORDINATION AND GRI CONSULTING

Sustainability Report

REVISION

Alícia Toffani

PHOTOGRAPHY

Shutterstock

GRAPHIC DESIGN

Dorothy Agency

www.oxiteno.com



Atuação Responsável®
Compromisso com a sustentabilidade