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#### **ECONOMIC**

- Sales record:  
7% increase in volume
  - 19 patents placed
- 

#### **SOCIAL**

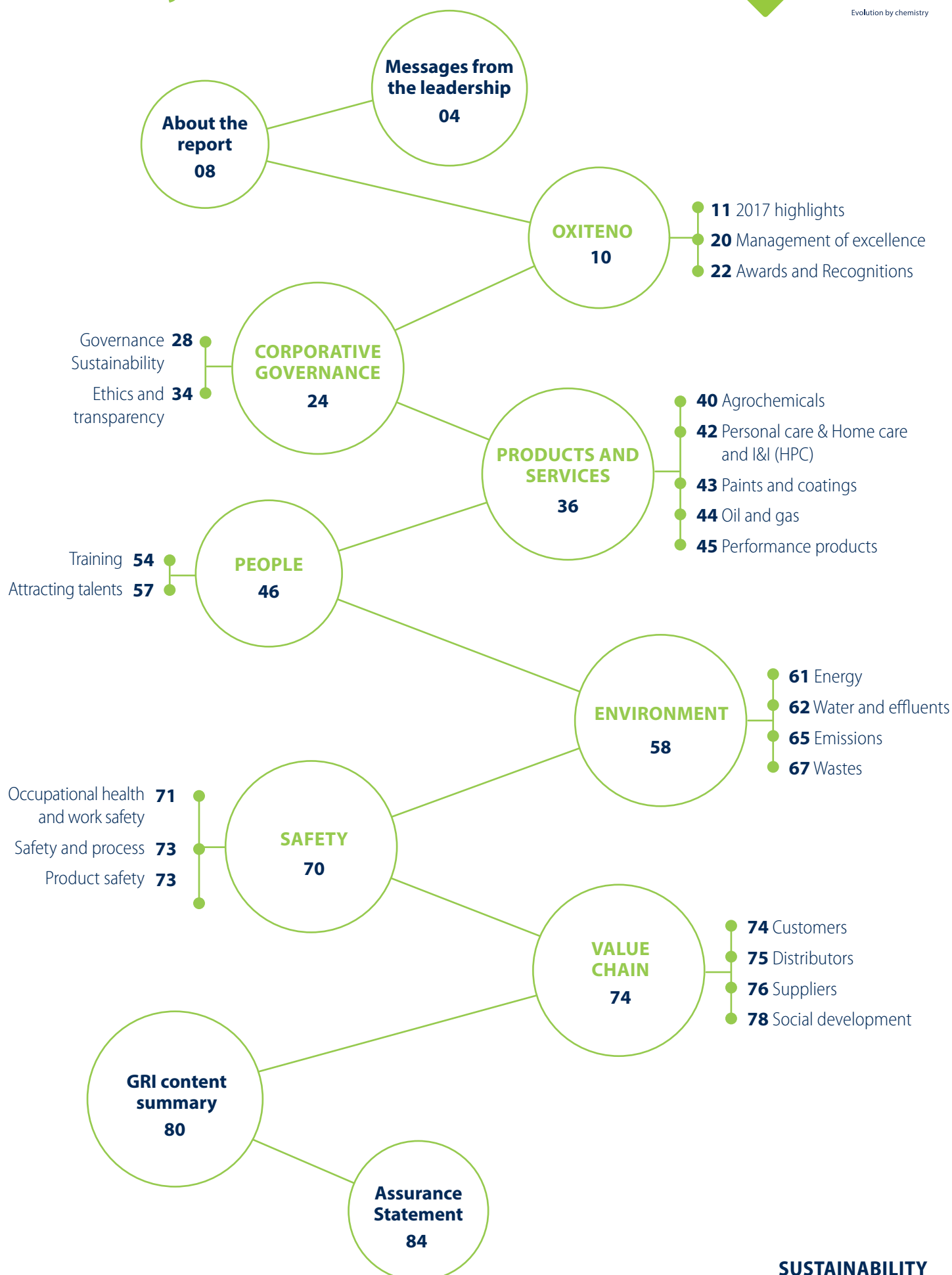
- 29 new products launched to assist and improve people's lives
  - Fostering the education of children and teenagers
- 

#### **ENVIRONMENTAL**

- 15% of industrial water used come from reutilization
- Target of CO<sub>2</sub> emission reduction until 2020 reached in 2017

# **SUSTAINABILITY REPORT 2017**







The Pasadena plant in Texas strengthens Oxiteno's presence in the world's largest surfactant market.

Oxiteno contributed to the good performance of Ultra with a record growth of 7% in sales and net revenue.



Part of the Ultra Group, Oxiteno prioritizes safety, the environment, quality and excellence in its operations.



# Ultra celebrates 80 years

G4-1



Ultra's CEO

Oxitenno helps to design our business globally, reaching markets in Latin America, the United States, Europe, Africa and Asia.

Our trajectory is marked by our commitment to safety, the environment, quality and excellence, as well as our passion for our customers - characteristics that Oxitenno and other Ultra businesses have helped to consolidate over time. With 80 years of recently completed history, Ultra has a management model focused on value generation, which seeks to constantly engage our employees and has in sustainability one of the main guiding elements of our strategic and operational actions.

The year 2017 was marked by a slow recovery of economic activity in Brazil, after two years of deep recession, a context that affected not only Ultra but other Brazilian companies from the most different sectors of the economy. Still, we achieved another year of consistent results, with revenue growth across our business. Ultra's consolidated revenue increased 3% to US\$ 25 billion.

Oxitenno contributed to the good performance of Ultra with a record growth of 7% in sales and net revenue. Part of this result is due to the premarketing movement in the United States in preparation for the start-up of the

new Pasadena plant in the state of Texas expected to occur in 2018. The new *site* will allow us to compete with even more effectiveness in the country, today the largest market for surfactants in the world.

We are sure that innovation is the recipe for Oxitenno's success. This focus makes it possible to identify and offer specific solutions for each customer, improves the *performance* of the final products and guarantees the highest level of safety and the lowest socio-environmental impact. In 2017, of the US\$ 145 million invested in Oxitenno, US\$ 16 million was directed to research and development.

In this *Sustainability Report*, we invite you to know these and other highlights of Oxitenno, a company whose portfolio is employed in items of the most distinct segments, all of which are present in the daily lives of people, who are the customers of our clients and with whom we are equally committed.

**Frederico Curado**  
CEO of Ultra

# More efficiency and generation of socio- -environmental value G4-1

We achieved important results in 2017, essential to evolve our strategies for internationalization and strengthening our operations in Brazil, in line with the main objective of making Oxiteno a leader in the manufacture of surfactants and their applications.

In 2017, we celebrate ten years of the operation in the United States. Serving the customers of this market has been a challenge that has already resulted in new partnerships in North America. To leverage our operations on the continent, we have focused efforts to complete the construction and installation of the new alkoxylation plant in Pasadena, Texas, with a production capacity of 170,000 tons per year. The site has started its operation in 2018, and manufactures products that began to be sold in 2017 in the region, thanks to a pre-marketing action, which sought to ensure the structuring of sales channels and the conquest of the market. The strategy was supported by the operations of Camaçari (Brazil), Mauá (Brazil), Santa Rita (Venezuela), Tremembé (Brazil), Suzano (Brazil), Guadalupe (Mexico) and Coatzacoalcos (Mexico).

(Mexico), responsible for the supply of products marketed in the region.

We have also conducted a restructuring of our operational model, Project Evolution, which covers Oxiteno's international and regional governance. The reorganization of our governance structure aims to increase the regional focus of the operations, not compromising global optimizations, adding value to the relationship with customers and the innovation process, topics relevant to us and fundamental for the future we design for the business.

Attention to innovation resulted in 19 patents deposited and 29 products launched in 2017 - Oxiteno's current portfolio brings together 530 products, all of them developed from safety, quality and performance assumptions. Our research and development (R & D) process is also focused on the adoption of raw materials from renewable sources, care for the environment and the promotion of health and well-being, guidelines that integrate *Greenformance* – our concept of sustainability.



# 10

**years** of operation in the  
United States

We recognize the leading role of our employees in the good performance of the company. **80% of the new management positions were occupied by professionals who were already part of Oxiteno.**



Superintendent Director  
of Oxiteno

In the productive process, the initiatives sought to combine efficiency gains, cost reduction and environmental impacts. We continue to invest in certifications for all our *sites*, which contribute to the maintenance and improvement of the quality of the management processes of our operations, as well as to promote safe behavior among all employees, continually engaging them in important aspects of the environment, health and safety.

We broaden our engagement with the global agenda each year to increase our contribution to the generation of value to society. We correlate our relevant sustainability topics (also called material topics) to the Sustainable Development Goals (SDG) (see pages 30 and 31). Our practices to promote water efficiency and management of greenhouse gas emissions have been recognized by the Carbon Disclosure Project (CDP) in the past two years. About 15% of the water consumed in the processes of our plants in Brazil comes from reuse and we avoid the emission of almost 71 thousand tons of CO<sub>2</sub> equivalent in 2017 with practices to reduce emissions and transform these gases into an energy source.

We recognize the leading role of our team for the good performance of the company. No wonder, 80% of the management positions created in 2017 were occupied by professionals who were already part of Oxiteno. Equally fundamental are our suppliers and business partners, with whom we have built our value chain over the years. The distributors' management plan, for example, has been adding improvements in the distribution of products, consolidating sales channels and supporting our customers in their business strategies with agility and quality.

We have remained committed to establishing partnerships for the development of the regions where we are present. In addition to contributing to the growth of other industries, we want to boost the local market and generate value to the community.

All these initiatives contributed to the results achieved in 2017. Sales volume grew 7%, a record volume in commodities as well as the volume sold in pre-marketing to the United States due to the new *site* and growth in the domestic market. On the other hand, the average price of the Real, 9% more appreciated, mitigated, in parts, these effects.

Our results and initiatives are regularly disseminated among our employees, suppliers, clients, communities and other publics, as part of a process that aims to add transparency to the relationship we maintain with all of them and of which the *Sustainability Report* is an essential part. In the following pages, we share with you, the reader, the main advances and challenges of our company in 2017.

Good reading!

**João Benjamin Parolin**  
**Oxiteno's Superintendent**  
**Director**

# About the report

The *Sustainability Report 2017* brings together the main results of the year related to the nine topics relevant to Oxiteno and its stakeholders, pointed out during the materiality process carried out in 2015 by the company. In the process, the perceptions of more than 300 employees, suppliers, customers and communities were collected, as well as the analysis of strategic documents of Oxiteno and its industry. The content also brings information pertinent to updating the company's

governance structure, performed as part of the internationalization strategy. The financial amounts originally given in Reais (R\$), Brazilian currency, were translated into US Dollars (US\$), considering a conversion rate of 3.19. [G4-18](#), [G4-23](#), [G4-24](#), [G4-25](#), [G4-26](#) and [G4-27](#)

Oxiteno thanks all the employees who contributed to the preparation of the Sustainability Report.

More than

# 300

people were heard during the materialization process.



Employees, suppliers, customers and communities supported Oxiteno in identifying its strategic topics.



## MATRIX OF MATERIALITY G4-19

Oxitenó presents in its matrix of materiality nine important topics for its action, with a look at the economic, social and environmental impact of its activity.



### Know more

Learn how each material issue impacts Oxitenó's relationship public with the SDG on pages 30 and 31.

This is the fourth consecutive year that Oxitenó publishes its *Sustainability Report*, according to the Essential option - G4 version, of the Global Reporting Initiative (GRI) methodology. Every year, the publication maintains the record in the period between January 1 and December 31, 2017. **Questions and inquiries about the document should be sent to the email [oxiteno@oxiteno.com](mailto:oxiteno@oxiteno.com) G4-28, G4-29, G4-30, G4-31, G4-32**

# Oxiteno

Oxiteno products contribute to increasing productivity in several sectors, improving the quality of life, hygiene, well-being and health of society.

Oxiteno is a leader in the production of surfactants and specialty chemicals in Latin America. Oxiteno develops solutions for Agrochemicals, Personal Care, Home Care and I&I, Oil and Gas and Paints and Coatings.

The surfactants are used in a wide range of products, such as detergents, wetting agents, emulsifiers, cosmetic foam formers or dispersants, agricultural defenses or paint additives. These are products that reduce surface tension

or influence the contact surface between two liquids, between liquid and solid or between liquid and gas that, when used in formulations of Oxiteno customers, contribute to increase productivity in several sectors, quality life, hygiene, well-being and health of society. [G4-3](#) and [G4-4](#)

# 2017 highlights

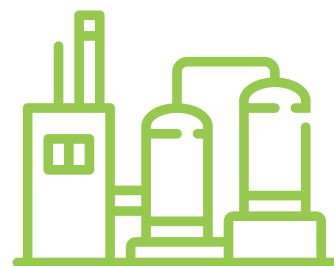
## OXITENO G4-8 G4 9

Global chemical company, leader in the production of surfactants and specialty chemicals in Latin America

The US unit will have a productive capacity of

**170**  
thousand tons a year

**10 years**  
of presence in the North American market: Oxiten's internationalization plan involves the expansion of the Pasadena (Texas) plant that will start operations in 2018



**Management of results:** Oxiten's relevant sustainability topics are correlated to the Sustainable Development Objectives (SDG)



**See the infographic about the material topics** on pages 30 and 31



## Financial results G4-9

US\$  
**93**  
**mill.**

of EBITDA



US\$  
**145**  
**mill.**

invested in 2017

US\$  
**1.25 bi**

of net revenue, growth of 7%

US\$  
**16**  
**mill.**

were directed to research  
and development

## Innovation in the portfolio

**26%**

of raw materials from renewable  
sources. In volume, 12% of the  
raw materials used by Oxiteno  
are of renewable origin



**19**

patents placed in  
2017



**530**

products available on  
the market

**29**

launched products



# Good environmental practices

15%

of all used water come from reuse



71 thousand

tons of CO<sub>2</sub> were not released into the atmosphere thanks to partnerships made for energy efficiency



## ZERO LANDFILL FOR INDUSTRIAL WASTE IN BRAZIL:



98%

energy recovery and recycling



2%

incineration



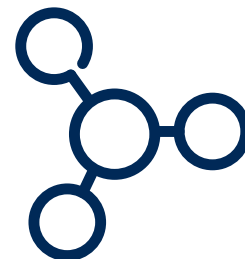
## Organizational management



**1,991**

employees in Brazil and eight other countries

Evolution of the organizational model to support Oxiten's strategy, broadening its focus on regional operations, without losing sight of global optimizations



Leadership of the units divided into three blocks: **Mercosur, MAC (Mexico, Andean and the Caribbean) and United States**

## Safe environment and processes



Management dedicated to process security

Review and implementation of global emergency care guidelines

**40%**

reduction of process accidents with hazardous products in relation to the previous year



# Safe products



Start-up of the new system  
for managing product  
safety information

Restructuring of product  
safety management for  
global service

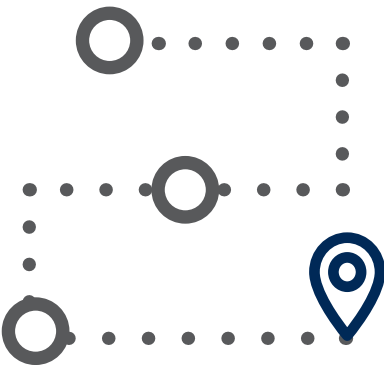
# Value chain



Responsible purchase  
program with  
environmental and social  
requirements

98.6%

traceability for palm oil  
derivatives



90%

of acquisition costs at local  
suppliers in Brazil



## Operations in Latin America and the United States, and commercial offices in Europe and Asia G4-5, G4-6 and G4-8



12

Industrial units:



3

Research and  
development  
centers (R & D)



9

Offices







Oxiteno will strengthen its presence in the world's largest surfactant market with the Pasadena (Texas) plant.

#### **1 PASADENA (UNITED STATES)**

Located in one of the main industrial centers of the world, the Alkoxylation plant in Texas will begin operation in 2018. There is also an R&D center in Hattiesburg, Mississippi, in partnership with the University of Southern Mississippi (USM), which seeks to encourage innovation and development of solutions for local customers.

#### **2 GUADALAJARA (MEXICO)**

It has a R & D center focused on product portfolio innovation and technical support for customers in the Nafta region. It produces nonionic ethoxylated and propoxylated surfactants, as well as fatty esters, which serve the food, pharmaceutical, cosmetic, agrochemical, textile and oil industries.

#### **3. SAN JUAN DEL RÍO (MEXICO)**

It is located in the region with the highest commercial concentration of chemical products in Mexico. It produces anionic surfactants, solvents and sulphated products. There is also a distribution center for Oxiteno products for the Northern Hemisphere - strategically positioned near the Pacific and Atlantic oceans.

#### **4. COATZACOALCOS (MEXICO)**

Located near the port, the unit is a reference in efficiency in the logistics operation, mixing the rail and maritime transport. Produces nonionic surfactants.

#### **5. SANTA RITA (VENEZUELA)**

It produces non-ionic surfactants and polyols, which serve the local market, Central America, the Caribbean and other countries in the Andean region. It also has the Polyurethane Applications Laboratory, responsible for the testing of polyols used in the mattress, household appliance and auto parts industries.

#### **6. CAMAÇARI (BRAZIL)**

Located in the Industrial Complex of Camaçari (BA), with two plants, it is the largest industrial unit of ethylene oxide and derivatives in Latin America. It also produces ethylene glycols, ethanolamines, glycol ethers, nonionic surfactants (Oxiteno), alcohols and fatty acids (oleochemistry).

#### **7. CAMAÇARI (BRAZIL)**

Also located in the Industrial Complex of Camaçari, it produces white mineral oils and vaseline.

#### **8. SUZANO (BRAZIL)**

Installed near the city of São Paulo (SP), it produces sulphated and sulphonated anionic surfactants for the hygiene

and cleaning industries and paints and coatings, as well as esters and chemical specialties for agrochemicals and performance products.

#### **9. TREMEMBÉ (BRAZIL)**

Located near the city of São Paulo and also in the city of Rio de Janeiro (RJ), it produces anionic surfactants, cosurfactants, esters and chemical specialties for the agrochemical, functional fluids and hygiene and cleaning industries.

#### **10. MAUÁ (BRAZIL)**

Located near the largest consumer markets in South America, the unit produces non-ionic surfactants, ethylene oxide, glycols, oxygenated solvents (glycol ethers and acetates), solvents from renewable sources from sugarcane (isobutanol and isopentanol) and functional fluids. The unit is also the first and most robust Oxiteno R&D Center.

#### **11. TRIUNFO (BRAZIL)**

Located in the South Petrochemical Complex (RS), it is the only Brazilian producer of the oxygenated solvents methyl ethyl ketone (MEK) and sec-butanol, used in the paint and coatings industry.

#### **12. MONTEVIDEO (URUGUAY)**

Installed near the port of Montevideo, the plant manufactures sulphated and sulphonated surfactants.



## Advances in 2017 support future plan G4-DMA

**Strengthening the international presence** is part of strategic planning.

Throughout 2017, Oxiteno performed several actions that contributed to the achievement of its objectives, such as the consolidation of its international presence, the basis of its strategic planning.

The internationalization plan contemplated the expansion of the plant in Texas (USA), which starts operations in 2018 with a productive capacity of 170 thousand tons. As a preliminary move, in 2017, Oxiteno implemented a pre-marketing strategy, which enabled the sales of the products that will be manufactured in the new site, anticipating the structuring of the sales channels and the presence of the

market. The investments in capacity increase that Oxiteno has made in the last 10 years, mainly in plants in Brazil and Mexico, were fundamental to the pre-marketing success for the USA.

The internationalization process involved the reorganization of the company's operating structure (read more in Corporate Governance, page 24) and the development of partnerships with US research centers to develop appropriate solutions for local clients. With the presence of a strengthened market, the plant begins its operations in 2018 with guaranteed demand and can generate immediate effect on the company's revenue.

Part of the internationalization process is the reorganization of the company's governance structure that has created new areas, such as Innovation Management.

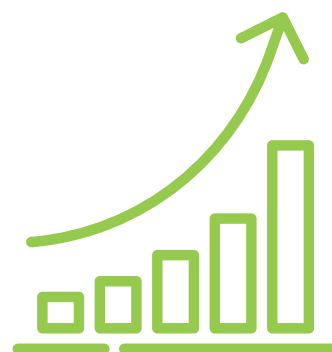
## Oxitenos net revenue was **US\$ 1.25 billion** in 2017.

The year of 2017 registered a 7% growth in Oxitenos sales volume, a positive effect despite the increase in operating costs. The result reflects the global economic recovery, especially in Europe and Asia. Net revenue for the year totaled US\$ 1.25 billion. EBITDA reached US\$ 93 million, down from US\$ 144 million in 2016, affected by factors such as the appreciation of the real against the US dollar, commodity price volatility, pre-operational costs and expenses due to construction of the new North American plant. Investments continued strong in the period, with US\$ 145 million – especially with the construction of the plant in Pasadena (Texas).

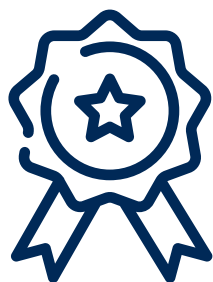
In a transversal way, it was also the year in which Oxitenos followed initiatives to improve efficiency, but also prioritized product quality, safety of the production process and care for the environment, including projects focused on reducing consumption of energy, in the treatment of effluents and waste, and reduction of greenhouse gas (GHG) emissions. Actions were also organized to strengthen the culture of health promotion and safety of Oxitenos professionals and the relationship and partnership with the company's value chain.

# 7%

in **sales growth** in the year.



## Management of excellence G4-DMA



Certifications attest to processes such as **safety, protection of the environment, quality and efficiency.**

Oxiteno's certifications attest to the management capacity of the operation, follow an international management standard and comply with all legal requirements. This has repercussions in the conduct of the processes, guaranteeing safety, quality and efficiency, always in accordance with the best practices of the international market.

In 2017, Oxiteno achieved ISO 9001: 2015 quality management certification for its operations in the United States (Houston office, Pasadena industrial plant and Hattiesburg Research and Development Center). Also in 2017, the Suzano (Brazil) unit was awarded OHSAS 18001 certification; in the same

year, all units in Brazil were awarded the Responsible Performance certification.

In the coming years, the goal is to obtain certification in the new version of standard 14.001: 2015, environmental management, for all national and international units. In Brazil, since 2002, the company's Environmental Management System has been certified by ISO 14001, and in 2016, Guadalajara, Mexico, was the first international plant to achieve certification. The two other plants in Mexico (Coatzacoalcos and San Juan del Río), as well as the Montevideo plant in Uruguay, are being prepared for certification in 2018.

G4-EN27

CERTIFICATIONS			ISO 9001	ISO/TS 16949	ISO 22716	BRC Food Safety	ISO 14001	OHSAS 18001	Responsible Care	RSPO
Mercosur	Brazil	Camaçari	●		●		●	●	●	●
		Petrochemical	●		●		●	●	●	●
		Mineral Oils	●				●	●	●	
		Mauá	●	●	●		●	●	●	●
		Suzano	●				●	●	●	●
		Tremembé	●	●	●		●		●	●
		Triunfo	●				●	●	●	
	Uruguay	Montevideo	●						●	●
MAC	Mexico	Coatzacoalcos	●			●			●	●
		Guadalajara	●			●	●		●	●
		San Juan del Río	●		●				●	●
	Venezuela	Santa Rita	●							
U.S.	U.S.	Pasadena	●							



Oxiteno has achieved ISO 9.001:  
2015 quality management  
certification for operations in the  
United States.



The Camaçari (BA) Oleoquímica plant has renewed the SPIE (Self Inspection of Equipment) certification, granted by the Brazilian Institute of Petroleum, Gas and Biofuels (IBP), valid for boiler and pressure vessel inspections, required by Regulatory Norm 13 (NR-13), of the Ministry of Labor, which ensures the availability of equipment, integrating the select group of 14 companies in Brazil that are certified.

Oxiteno's three units in Mexico - Coatzacoalcos, Guadalajara and San Juan del Río plants - and the Uruguayan plant have been awarded the *Roundtable on Sustainable Palm Oil* (RSPO), certification, an organization that works

to boost the use of palm oil in a sustainable manner through a series of actions, such as the adoption of standards. The certification demonstrates compliance with the demands of the consumer markets and is aligned with the company's commercial strategy in the Mexican, Andean and Caribbean (MAC) region and also in the United States. The four plants were RSPO SCC certified in Mass Balance. In Brazil, five units are already RSPO-certified: Oxiteno Camaçari, Oleoquímica, Tremembé, Mauá and Suzano.

**Since 2002,  
the Environmental  
Management System  
of the company,  
in Brazil, has been  
certified by ISO 14.001.**

In 2016, Guadalajara, Mexico, was the first international plant to achieve certification.

The Camaçari (BA) oleochemical plant has renewed the SPIE (Self Inspection of Equipment) certification. It is part of the select group of 14 certified companies in Brazil.

# Awards and Recognitions

## AMONG THE BEST COMPANIES



### CDP Best Practices

Oxitenno was highlighted by its water management practices in the CDP (Carbon Disclosure Project) Latin America Supply Chain program report. The study gathered data from 500 companies across Latin America in the management of GHG emissions and water resources.

### Greater Exporter Award (Union of Exporters of Uruguay)

For the second consecutive year, Oxitenno Uruguay received the Greater Exporter award in the sector of Miscellaneous Products of the Chemical Industry.

### Best & Largest (Exame)

For the second consecutive year, the Oxitenno Northeast Unit is among the best and largest companies in the ranking. It occupies the second place between the chemical and petrochemical ones.

### Exame's Sustainability Guide (Exame)

Ultra, the controlling company of Oxitenno, was once again present in the ranking of companies with better management of sustainability, with emphasis on its compliance practices, and Oxitenno contributed with its practices in sustainability.

## INNOVATION AND PRODUCT QUALITY



### Prêmio Valor Inovação 2017 (Valor Econômico + PWC)

For the third consecutive year, Oxitenno is among the 150 most innovative companies in the country, according to the newspaper *Valor Econômico*.

### Kurt Politzer Award (Abiquim)

For the fifth time, Oxitenno was recognized with the Kurt Politzer Award from the Brazilian Chemical Industry Association (Abiquim). In this edition, the project "Development of continuous phase for drilling fluids of low toxicity and high biodegradability", Oil and Gas technology, was highlighted.

### Oxygenated Solvents Award (magazines Tintas & Vernizes and Paint & Pintura)

Oxitenno has been recognized by the two main publications of the paint sector in the category of oxygenated solvents, which indicates the preference of professionals of the industry and of readers for the quality of the product.

## FEATURED IN BUSINESS PARTNERSHIP



### No Hard Times (Anjo Tintas)

Oxiteno was recognized in 2017 for its partnership in 2016, the year of adverse economic scenario in Brazil, as a partner supplier of the Anjo Tintas company.

### Axalta Supplier of the year (Axalta)

The company was awarded in 2017 for being among the top ten global suppliers of Axalta in 2016.

## BEST FOR EMPLOYEES



### Oxiteno is Top Employer of Brazil

### Great Place to Work – Mexico

*Great Place to Work*, international reference in analysis and evaluation of work environments, recognized Oxiteno among the best companies to work for. Recognition is the result of policies and practices that improve the organization's internal ambience and engage its leaders, reflecting the quality of the relationship with the teams. It was the first time that Oxiteno Mexico participated in the ranking.

## COMMUNICATION



### Caio Award, category event or stand held abroad (Revista Eventos)

Oxiteno Music Lounge 2017, held in Orlando, United States, which marked the opening of the *Annual Meeting & Industry Convention*, organized by the *American Cleaning Institute (ACI)* for cleaning industry companies, was recognized by one of the most important awards of events, the Caio Award. The event was held with the objective of strengthening Oxiteno's presence in the sector and strengthening its relationship with customers, suppliers, global partners and the region.

# Corporate Governance G4-34

## MATERIAL TOPIC



### COMMUNICATION

See the infographic on **Oxitenos material topics** on pages 30 and 31.

To support the vision of the future that intends to make Oxitenos a world reference in surfacing and its applications, the need to evolve the company's operational model was identified. The *Evolution Project* was then designed to increase regional focus without losing sight of global optimizations, accelerating growth in Mexico and the United States; leverage strategic management and institutional representation in the regions; to prepare the company for the future keeping the focus focused on innovation and customer relationships; and develop succession planning, including training future leaders at various levels of the company.

In February 2017, the boards that made up the new structure of Oxitenos - Administration and Control, Technology and Operational Excellence, Marketing and Innovation, Human Resources, USA, MAC (Mexico, Andean and Caribbean) and Mercosur - were created, created and adjusted to meet the company's strategic challenges.

Global structures have come to support all regions with unique strategy, vision and policies. They are also responsible for activities capable of generating scope or scale advantages, as well as managing risk and protecting the company from major threats. The regions, in turn, have gained more autonomy in decision making and can make the necessary customizations to their context of operation.

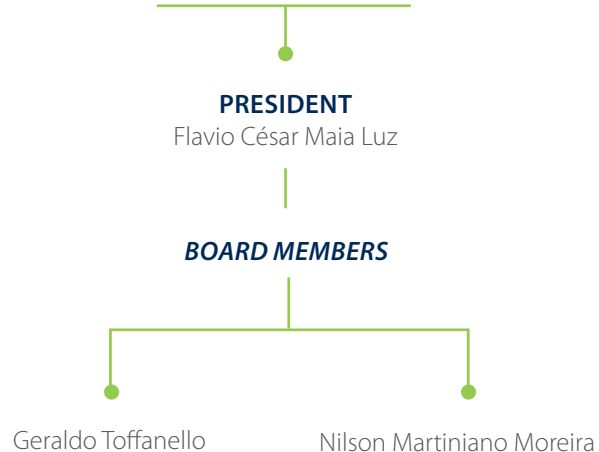
The restructuring added new concepts for the organization, widely discussed in various forums throughout the year, involving a clearer definition of roles and responsibilities. It also included the formalization of new processes, the change of mindset and a new way of working. The process has given rise to opportunities in a number of areas - some have been reorganized, others have gained new responsibilities or scope, and about 80% of new positions have been taken over by Oxitenos employees. There was also a review of some functions and the structuring of new positions.



## Ultra's Board of Directors



## Fiscal Board



# Ultra

## DIRECTOR PRESIDENT

Frederico Curado

## DIRECTORS

Rodrigo  
Pizzinatto

André Pires de  
Oliveira Dias

João Benjamin  
Parolin

Leocadio de  
Almeida Antunes  
Filho

Pedro Jorge  
Filho

Ricardo Isaac  
Catran

## RISKS DIRECTOR, COMPLIANCE AND AUDITING

Denis Celso Marques Cuenca

## CORPORATE DIRECTOR OF HUMAN CAPITAL

Luciana Domagala

## CORPORATE CENTER \*\*

### FINANCE AND IR SUPERINTENDENT DIRECTOR

André Pires de Oliveira Dias

### DIRECTOR OF ADMINISTRATION AND CONTROL

José Manuel A.  
Borges

### IT DIRECTOR

Fredson Carlos  
Javurek de Oliveira

### IR AND COMMUNICATION DIRECTOR

Marcello De Simone

### DIRECTOR OF STRATEGY AND BUSINESS DEVELOPMENT

Roberto Kutschat  
Neto

### TREASURY AND PLANNING DIRECTOR

Maristela Akemi  
Utumi Seiler

# Oxiteno Executive Board



\* Independent directors.

\*\* New structure in force since February 2018.

\*\*\* Took the position in January 2018.

<sup>1</sup> On May 2, 2018, Ultra announced succession to the chairmanship of the Board of Directors. Pedro Wongtschowski took over as Chairman of the Board succeeding Paulo Guilherme Aguiar Cunha, who became Chairman Emeritus of the Council. Lucio de Castro Andrade Filho took the position of vice-chairman of the Board of Directors.

In the market since 1973, Oxiteno is a privately held corporation, part of the multinational company Ultrapar Participações S.A., which operates in retail, specialized distribution (Ipiranga / Ultragaz / Extrafarma) and storage for liquid bulk (Ultracargo). [G4-7](#)

Ultra is a publicly traded company with shares traded on B3 (Brasil, Bolsa, Balcão) and the New York Stock Exchange (NYSE). The holding is listed in the New Market segment, for voluntarily adopting benchmark corporate governance standards, and also integrates B3's Carbon Efficient Index (ICO2).

Oxiteno reports quarterly its performance to the members of Ultra's Board of Directors. The Managing Director of Oxiteno is a member of the Executive Board, composed of the Superintendents of Finance and Investor Relations and other Ultra businesses (Extrafarma, Ipiranga, Ultracargo and Ultragaz), the Human Capital Board and the Risks Board, Compliance and Auditing.

# Ultra's Leadership Renewal

The planned succession process is performed regularly in the management of Ultra and its business. In October 2017, the new CEO of the company, Frederico Curado, took over. With solid executive experience, he replaced Thilo Mannhardt, who was responsible for strategic moves to strengthen and expand the company.

In the first half of 2018, Paulo Guilherme Aguiar Cunha continued the process of his succession on the Board of Directors after serving as president of the company until 2006 and chairman of the Board of Directors since 1998. In recognition of his dedication and contribution over 50 years in Ultra, Paulo G. A. Aguiar was elected President Emeritus of the Board.

To occupy the position of chairman of the Board of Directors at Ultra, Pedro Wongtschowski was appointed, who until then occupied the position of vice-chairman of the collegiate and who has been at Ultra since 1985. The position of vice-chairman was then occupied by Lucio de Castro Andrade Filho.

## Governance Sustainability

Sustainability is one of the key foundations of Ultra and its business. On a day-to-day basis, this commitment materializes thanks to a culture that values information transparency, financial soundness, business ethics and the value of citizenship. Ultra defines the general guidelines that must be observed by all businesses, and each company, among them Oxitenó, maintains its own policies, according to the specificities of its markets.

The Ultra Sustainability Model covers five pillars - Safety, Environment, People, Products and Services and Value Chain - and has 28 performance and management indicators, in line with corporate sustainability guidelines. The KPIs (monitoring and performance indicators) monitor actions, and the data is part of Ultra's decision matrix. A sustainability committee brings together managers from all businesses, including Oxitenó, and is responsible for periodically monitoring and promoting business sustainably.

As part of the continuous improvement of sustainability actions, Ultra is part of the B3 Efficient Carbon Index (ICO2) portfolio, composed of public companies that have accepted the invitation to adopt transparent practices regarding their emissions. It also

participates in the research of the *Carbon Disclosure Program* (CDP), an international organization that encourages and provides a global system for companies and cities to manage, disclose and share information about the environment, and also participates in *Guia Exame de Sustentabilidade*, in the Top ranking *Melhores da Dinheiro* and in the Bovespa business index, since 2007.

In 2017, the global sustainability area linked to the Technology and Operational Excellence Board was also restructured. Working in a horizontal manner, involving all areas of Oxitenó, the department has the mission of meeting stakeholders' demands, as well as leverage, together with other areas, the management of material issues for the company, considering the risks and opportunities, and best practices. Oxitenó's material topics, also called priority ones, include nine issues related to innovation, safety, people management and environmental management, among others - are also correlated to the five pillars of the Ultra Sustainability Model (*read more in Oxitenó's Material Topics, pages 30 and 31*).

Oxitenó's controlling shareholder,  
**Ultra is part of the Carbon Efficient Index portfolio (ICO2), of B3.**

# Ultra's Sustainability Guidelines

To value the culture of **citizenship** and business ethics.

Ensure the integrity of the **corporate governance model**, especially the treatment and transparency of relevant information and the continuous management of risks and opportunities.

Maintain and improve **financial capacity, flexibility and operational excellence**, in order to minimize vulnerability to economic variations, seeking growth opportunities in each of our segments.

Guide the offer of products and services to the **needs and expectations of customers and consumers**.

Maintain active representation in the class associations and a **transparent relationship** with the public agencies, in order to improve and strengthen the business.

Maintain state of readiness, awareness and education for the permanent **valuation of economic, environmental and social sustainability**.

Support, disseminate, promote and integrate into the organizational culture the principles of the **UN Global Compact**, related to Human Rights, Labor Rights, Protection of the Environment and Combating Corruption in all its forms.

To value the employees by stimulating the professional growth and the quality of life, improving the conditions and the work environment.

To act, selectively, as an agent of evolution of the neighboring communities and society, through initiatives of dissemination of culture, **education and social inclusion**.

Adopt policies to maintain excellence in **health, safety and environmental** standards.

Identify, control and mitigate the risks inherent to the **business**, continuously, through policies and practices of risk management and crisis management, in the operational, regulatory, environmental, fiscal, judicial and social fields.

Promote the management of **greenhouse gases** of companies, aiming to mitigate our effects on climate change.

Prepare **periodic sustainability reports**, considering their economic, environmental and social dimensions.

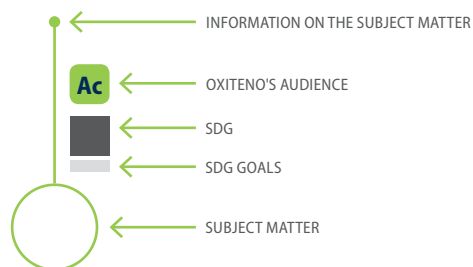
# Oxitenos material topics

G4-19, G4-20 and G4-21

The following infographic presents the material topics of Oxitenos, important aspects for the management of sustainability in the organization. In each topic its public, the Objects of Sustainable Development (SDG) and the goals of the SDG are identified.

## HOW TO READ THIS INFOGRAPHIC

Each Oxitenos material topic is related to one or more audiences, to the SDG and respective goals, identified in the legend below.



## OXITENO'S AUDIENCE

<b>Ac</b> Shareholders	<b>Go</b> Government
<b>CF</b> End Customer	<b>Im</b> Press
<b>Cl</b> Customers	<b>ON</b> NGOs
<b>Co</b> Communities	<b>Si</b> Unions
<b>CP</b> Potential Customers	<b>Te</b> Outsourcing
<b>Fo</b> Suppliers	<b>Tr</b> Haulers
<b>Fu</b> Employees	<b>UI</b> Ultra

## SDG



Oxiteno guarantees and promotes a safe work environment. It invests in risk management and behavioral aspects, reinforcing the culture of safe attitude and responsible behavior, and ensuring the health and safety of employees and industrial processes.

**Fu Te Cl Fo**



The chemical sector is present in most segments, acting as a lever for other industries. Oxiteno also prioritizes the development of local companies and suppliers.

**Fo Co**



### HEALTH AND SAFETY

GRI HEALTH AND SAFETY



### SUPPLIER MANAGEMENT

GRI ENVIRONMENTAL  
EVALUATION OF SUPPLIERS



### LOCAL DEVELOPMENT AND DEVELOPMENT OF OTHER INDUSTRIES

GRI INDIRECT ECONOMIC  
IMPACTS AND PURCHASING PRACTICES



### VALUATION OF WORKFORCE

GRI EMPLOYMENT, TRAINING AND EDUCATION,  
DIVERSITY AND EQUAL OPPORTUNITIES

Oxiteno promotes, among suppliers, compliance with legal requirements and good practices that guarantee protection of human and labor rights, ethics, health and safety - of people and the environment.

**Fo**



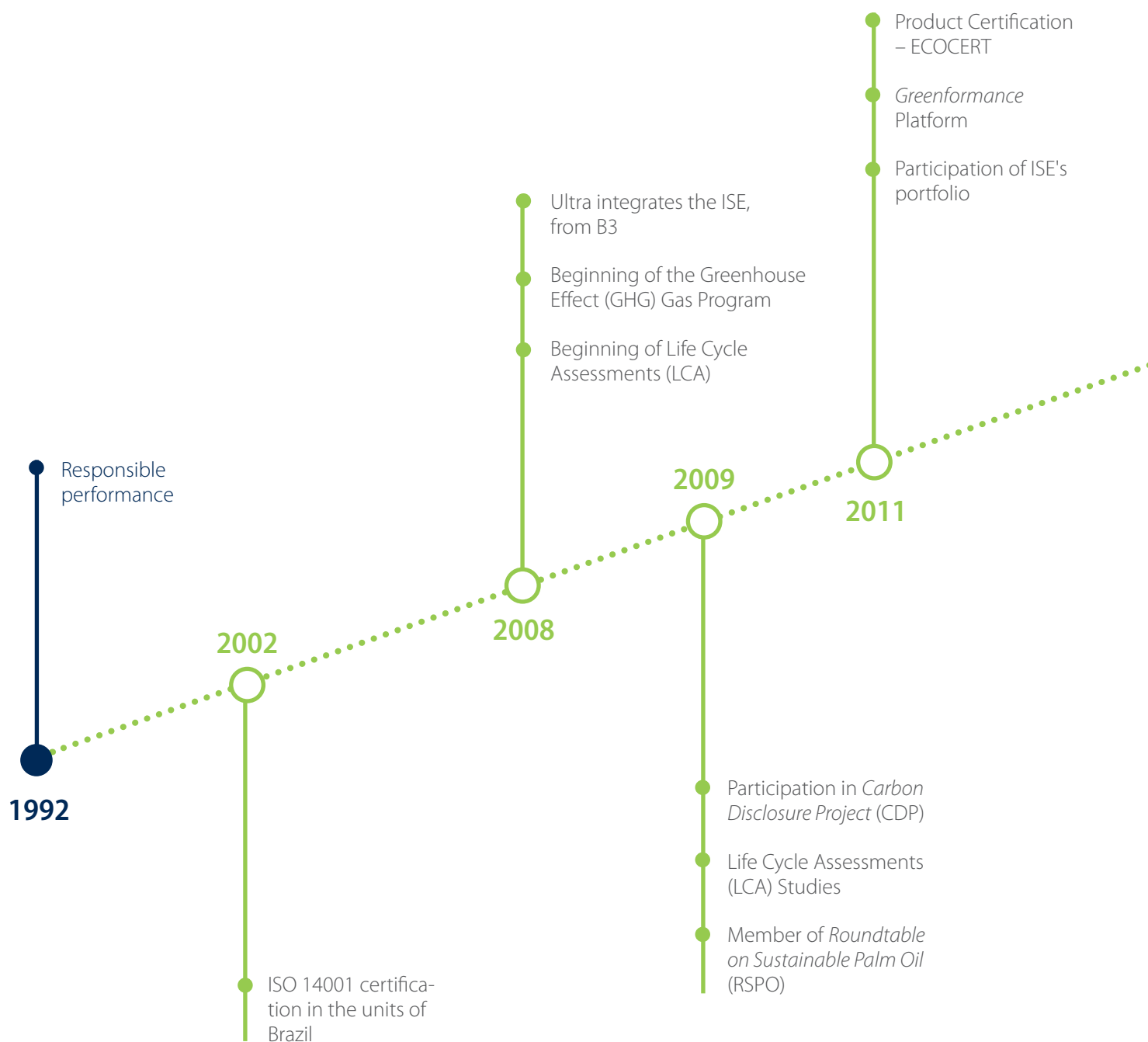
The workforce is essential for the differentiation of Oxiteno, so investments are made in qualification and career management, attraction and retention, as well as the granting of benefits.

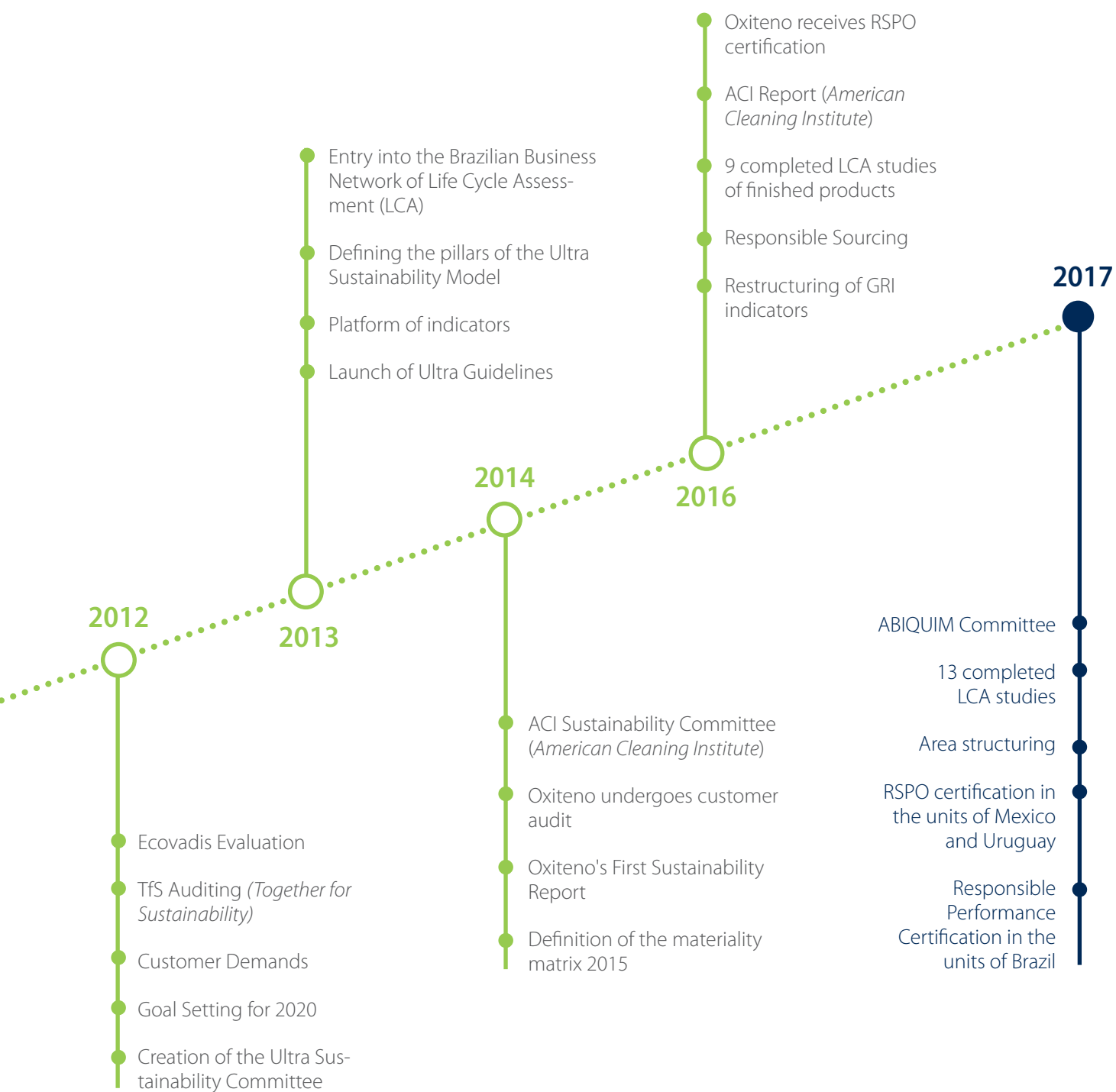
**Fu Si Cl**





## In the path of sustainability





Ultra defines the general guidelines that must be observed by all businesses, and its companies maintain their own policies, according to the specificities of their markets.

## Ethics and transparency G4-56

Oxiteno adopts Ultra's Ethics and *Compliance* Program, one of the tools used to disseminate its ethical values, raise awareness and educate employees about corruption, nonconformities in business and unethical behavior.

Ultra's corporate policies go through constant updates and improvements, with new regulatory and legal approaches. In 2017, the Code of Ethics and Anti-Corruption Policy (which guides and regulates the guidelines of the so-called Clean Company Law, No. 12,846, published in 2013, and other international anti-corruption guidelines) has been revised and all employees occurred in the first quarter of 2018. Ultra also implemented a new *Compliance*, governance structure, which started to have specific management in all businesses, with the purpose of ensuring compliance with the guidelines of its Ethics and *Compliance* Program, strengthening internal controls, communication and trainings.

Also in 2017 *Compliance* Culture Diagnosis was started, which aims to verify the progress of the management of the topic in the Organization, to evaluate its business units and corporate areas, as well as to identify the activators of risk behaviors in its employees. With the results obtained, the Company is able to develop new tools and thus keep the program always consistent with its corporate principles, guidelines and ethical responsibilities.

The governance of the Ethics and *Compliance* Program is the responsibility of the Conduct Committee, which directly reports to the Board of Directors. The committee is formed by an independent president and the Superintendency of Finance and IR, Controllershship, Corporate Legal and Risk, *Compliance* and Audit, which also coordinates the program activities. In order to integrate the various governance bodies, representatives of the Conduct Committee meet with the president, the Audit

Committee and the Board of Directors to exchange information and initiatives, thus strengthening Ultra's control environment.

Training is also part of the Ethics and *Compliance* Program. Tenders with Public Agents, Relations with Public Agents and Competitive *Compliance* were the topics of the training carried out during the year.

All complaints and guidelines are treated confidentially.



## Ultra's open channel

Available to all audiences, the Ultra Complaints Channel can be accessed through the portal [www.canalabertoultra.com.br](http://www.canalabertoultra.com.br) or by calling 0800-7017172, accessible only for calls originated in Brazil. Operated by an outside and independent company, in the course of 2017, 238 reports were received, of which 51% were considered relevant. All complaints and guidelines are treated confidentially and cleared by the *Compliance* team with reporting to the Conduct Committee - a body linked to Ultra's Board of Directors.

## RISK MANAGEMENT

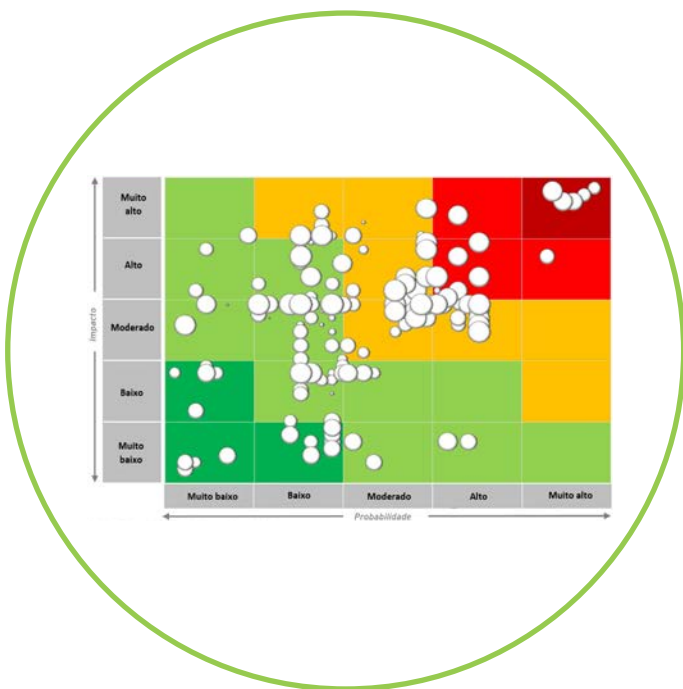
Ultra has continuously evolved its risk management and has specific governance to conduct the topic in all its businesses. Based on an Integrated Risk Matrix, approved by the Board of Directors in 2016, the discussion in the top management is carried out in a systemic and standardized way among all businesses, broadening its vision and understanding of Ultra's main risks.

Since 2017, the systematization of risk analysis has been ongoing with a detailed discussion with the management teams to identify mitigation

scenarios and plans. It is then consolidated with the business director and, later, with Ultra's Board of Directors and Board of Directors, thus reinforcing the culture of transparency and shared responsibility.

The Corporate Risks area also aims to permeate and develop the risk management culture at all levels of the Company and, therefore, seeks to present the results obtained in the various operational and administrative forums of each business, as well as in the Fiscal Council.

**Management teams discuss to identify mitigation scenarios and plans.**



Ultra's risk management evolves continually.

Ultra's Complaint Channel can be accessed through the portal [www.canalabertoultra.com.br](http://www.canalabertoultra.com.br) and through telephone 0800-7017172, available for calls originated in Brazil.

# Products and services

## MATERIAL TOPIC



## THE ROLE OF INNOVATION

Oxiten has a net worth of 219 patents placed throughout its history, a number that has grown considerably in the last ten years, an indicator of relevant innovation that demonstrates the company's efforts to reach and exceed the expectations and needs of the market and the final consumer resolution of key customer challenges.

In the last decade, the company's patent placement jumped from 7 to 19 each year, increasing the protected technology base and enabling the development of innovative solutions.

The sale of new products (those with up to four years since its launch) corresponded to 13.5% of the gross margin. Historically, a significant result for the company. There was also a 53% increase in the innovation rate when compared to 2016.

By 2018, the main growth projects should prioritize products for the agrochemicals market in Asia, Europe and Argentina; of oil and gas to Argentina, with the development of a portfolio that meets the demands of the region; and the Agrochemical, HPC and Oil and Gas segments in the United States. These are medium- to long-term investments that look at the next five years.



# 19

patents in 2017

## NEW STRUCTURE

Aiming at making the innovation strategy even more robust, continuing to offer quality and high performance products and developing new solutions, in 2017, the Marketing and Innovation Board was created, which integrates the company's new organizational structure.

A Oxiteno has implemented a series of new guidelines and governance rules for short-, medium- and long-term priorities, harmonizing processes with the strategy, adding robustness to project management. The changes included the presence of professionals

who act as *Project Management Officer* (PMO) in the area, responding to the management of innovation projects, including tasks such as defining the structure and resources needed to execute the pipeline projects and the management of systems and tools to support innovation.

In 2017, the process of developing new products was updated, making its stages simpler and more agile. Oxiteno's innovation governance was also approved, which established the project committees, executive committee and innovation committee.

Oxiteno has laboratories for the development and testing of products that support the innovation strategy and collaborate to control the quality and performance of the processes.

# 530

products available for the market

## Partnerships to generate new ideas G4-DMA

Oxiteno's presence in the innovation ecosystem is highly relevant as it provides interaction with the entities that make up the sector and can enable future partnerships, as well as sharing experiences and knowledge. It is also fundamental, since it allows the monitoring of emerging agendas in favor of innovation in Brazil and the interaction with government bodies.

Among the partnerships, Oxiteno is part of the committees of the National Association of Research and Development of Innovative Companies (Anpei).

# 29

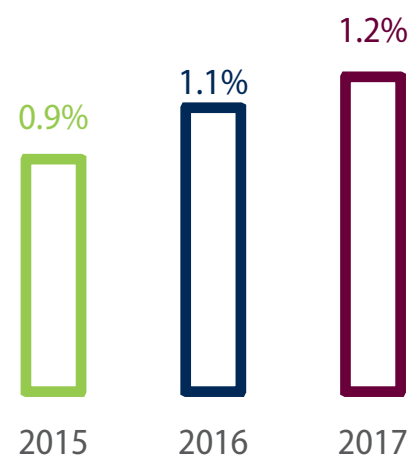
products launched in 2017

The company has more than R \$ 140 million in contracts repayable with Finep (Financiera de Estudos e Projetos) for application in its own research, development and innovation projects. Projects have also started in partnership with universities via Fapesp (Foundation for Research Support of the State of São Paulo) and IEL (InovaTec Program). In 2017, three projects were active in the Embrapii (Brazilian Association for Research and Industrial Innovation) program, in partnership with ICTs (Scientific and Technological Research Institutions) of São Paulo and Rio de Janeiro. The dialogs for new projects in this modality have already begun.

Oxiteno is part of the committees of the National Association of Research and Development of Innovative Companies (Anpei).

## INVESTMENTS IN R&D<sup>1</sup>

% Variation in Net Revenue



<sup>1</sup> Percentage in relation to the net revenue of Oxiteno.

## FINANCING FOR INNOVATION G4-EC4 (IN THOUSANDS OF R\$):

	2015		2016		2017	
	Finep	BNDES	Finep	BNDES	Finep	BNDES
Oxiteno S/A <sup>1</sup>	2.970	10.720	24.575	2.817	-	17.753
Oxiteno NE <sup>2</sup>	-	7.280	-	88.065	-	7.590
Oleochemical	-	2.470	-	93	-	1.206
Mineral Oils <sup>3</sup>	-	180	-	-	-	-
<b>TOTAL</b>	<b>2.970</b>	<b>20.650</b>	<b>24.575</b>	<b>90.975</b>	<b>-</b>	<b>26.549</b>

<sup>1</sup> The units of Tremembé, Suzano and Mauá are part of Oxiteno S/A.

<sup>2</sup> The units of Camaçari (except Oleoquímica) and Triunfo are part of Oxiteno NE.

<sup>3</sup> The Mineral Oils unit, also known as EMCA, is located in Camaçari.



## Eco-efficient products

### GREENFORMANCE

The pursuit of the development of innovative, sustainable products that meet the needs of society is the motivating line for Oxiteno's R&D area. To support this process, there is the permanent support of the *Greenformance* Platform, which guides the development of products based on raw materials from renewable sources, respect for the environment and promotion of health and well-being.

The *Greenformance* guidelines consider:

- Use of raw materials from renewable sources, replacing, wherever possible, synthetic inputs and petrochemical derivatives from inputs of plant origin.
- Care of the environment, which is reflected in concentrated and biodegradable products, allied to reducing energy use, water consumption and packaging.

- Promoting health and well-being through high performance formulations, minimal by-products and softness.

### LIFE CYCLE ASSESSMENT (LCA) OF PRODUCTS

Connected to the *Greenformance* platform, Oxiteno has since 2009 used Life Cycle Assessment (LCA) tools to help manage its eco-efficient products. The methodology, standardized by ISO 14040 and 14044, allows to quantify the environmental performance of a product considering all its cycle of existence. In practice, with the adoption of the tool, it is possible to identify in which stages (extraction of the raw material, distribution, manufacture, use or final destination) are the main environmental impacts of that product and, from this survey, to simulate changes in processes that maximize its benefits.



Oxiteno seeks to develop products and solutions that are **innovative, sustainable** and meet **the needs of society**.

## Oxiteno integrates reference-group companies for product impact analysis.



Rede Empresarial Brasileira de Avaliação de Ciclo de Vida

During nine years, Oxiteno accumulated a bank of 60 mapped products and 13 finished studies for the various segments of the company. In 2017, three reports were delivered for the Personal Care and Home Care and I&I segment and one for the Paints and Coatings segment. Another important advance for Oxiteno's leading position when it comes to the ACV methodology was formalization as a member of the Board of the Brazilian Entrepreneurial Network of the Life Cycle, now composed of the main companies in the most diverse segments. For 2018, the expectation is to carry out three new studies, in

addition to actively participating in the sixth edition of the Brazilian Congress on Life Cycle Management, in Brasília (DF).

### NEW RENEWABLE PRODUCT CERTIFICATION

In 2017, Oxiteno obtained the Cosmos Referential certification (for natural and organic cosmetics) for its OXISMOOTH® product line, which integrates the company's HPC portfolio. The seal was awarded by the specialized certifier Ecocert, and the expectation is to conquer the renewal in 2018.



## Agrochemicals

Oxiteno develops products that meet the challenges of its customers, as well as guarantee quality support with technical capacity. Its products increase the *performance* of the agrochemical assets and, mainly, the use of surfactants in agrochemical formulations, reducing the volume of active ingredients applied to the environment. In this way, its portfolio contributes to increased productivity in agriculture and food availability in a world that is expected to reach 9.2 billion people by 2050.

In synergy with the areas of R&D, Marketing and Innovation, and Sustainability, Oxiteno analyzes the adoption of new technologies and the entry of new products, and monitors the performance of products considered old in the market, verifying factors such as production volume, product and regulatory context. This process supports decisions about how the company's portfolio will adapt to future changes.

As part of the infrastructure implementation strategy in 2017, investments were made that added even more quality and efficiency to the portfolio.

The Hattiesburg R & D Center in Mississippi (USA) develops solutions for the North American market and collaborates with Oxiteno's expansion efforts in the region. With a trained team of masters and doctors, the laboratory enables the development of various types of solutions and formulations for agrochemicals and adjuvants in the United States.

## Highlights



Solutions for **crop protection** support the **productive process** of agricultural activities.

### BIOSOLUTIONS

In partnership with one of its customers, Oxiteno contributed to the development of a biopesticide that combats the helioverpa in cotton, soybean and corn, through the formulation of the microorganism with Oxiteno surfactants. There was progress in the validation of the final formulation and the field and industrial scale tests were started. The product will be launched in 2018. A partnership with the Senai Institute of Innovation also began to evaluate the compatibility of Oxiteno surfactants with common microorganisms in biopesticides. The data will make it possible to create the knowledge base necessary to formulate and innovate in biopesticides of regular use and in seed treatment.

### CROP PRODUCTION

Developed in an initial prototype in previous years, two innovations were commissioned and approved on a pilot scale in 2017. Both are part of the company's strategy to provide high-performance components for challenging formulations: the green solvent made from vegetable acid with favorable toxicological profile and the polymer dispersant developed in an innovative and more sustainable process.



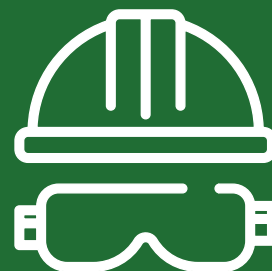
#### **SURFOM® MIX 8251**

In 2018, a *blend* will be launched for the adjuvant market that combines properties that ensure flexibility and reliability in the combined application of pesticides and fertilizers. The product solves a very common problem at the time the farmer prepares the tank mix, as it is called the product mix carried out before spraying in the field, ensuring safety and efficacy of the application. The differentials of the product technology further promote better scattering and less foaming during stirring.

#### **TANK MIX ADJUVANTS**

There have been advances in solutions in adhesive spreaders identified as performance enhancers for fungicidal herbicides and insecticides. Development is in the prototype phase, under evaluation, but tests started in 2017 have already shown the potential for the US-focused segment.

**More safety and less environmental impact** in the application of pesticides and fertilizers.





## Personal care & Home care and I&I (HPC)

The increase in the performance of formulations and the reduction of the environmental impacts of its ingredients are two of the main guidelines that guide the performance of the segments of personal care, domestic and institutional cleaning. By 2017, these goals have gained even more room in the company's innovation process, which has worked to add value to products and especially develop solutions to customer challenges.

Each year, there is an increase in the percentage of co-generation experiences with customers, which recognize in Oxiteno a reliable partner for the development of innovative or tailor-made solutions. This model begins

with a briefing, meeting, in which the customer exposes his challenges, giving rise to research and development projects carried out by the Oxiteno researchers.

There is also a growing number of companies requesting data on the raw materials used in Oxiteno products, reinforcing the weight that traceability has for the company and its customers. It is worth mentioning that Oxiteno is the only company in Brazil that produces fatty and sulphated alcohol derived from vegetable base, differentials that already revert in market gains for the company.

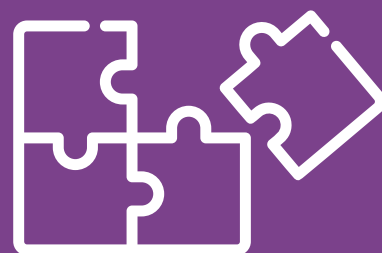
## Highlights

### JUST RIGHT FOR THE CUSTOMERS

In one of the co-creation projects, carried out in conjunction with a strategic client, it was possible to reformulate its product line, enhancing the *performance* of the items, while maintaining the same concentration of ingredients. In this way, the customer obtained quality gains and reduced production costs. Another action developed in partnership with a client of international action allowed the simplification of formulations, reducing the *mix* of ingredients, helping to optimize costs and facilitating their geographical expansion, since the standardization facilitated the access of these products in countries with different legislations. It was also possible to increase the use of raw materials of renewable origin, increasing the gain in relation to the environmental impact.

OXISENSE® F 1100 is a solution developed by Oxiteno based on polyalkoxylates and non-ionic surfactants for formulations of regular and concentrated fabric softeners.

The technology of OXISENSE® F 1100 enhances the action of cationic actives, favoring the substantivity of these ingredients in the textile fibers, making the fabrics softer, smoother, easier to iron and protected from the wear caused by day-to-day washing, extending its life. The product is from renewable source.



**Co-creation:** customers support Oxiteno in the development of solutions that enhance the value of products.





The Handbook addresses topics such as formulation, life cycle assessment and good practice and safety in laboratories.

## Paints and coatings

As a consolidated supplier of chemical solutions in the paint, adhesives and coatings market, Oxitenó has diversified its portfolio with the introduction of technological platforms for additives, building blocks, coalescents, emulsifiers and oxygenated solvents, in which Oxitenó is a benchmark in the Brazilian market. The expansion of the portfolio, through new technological platforms, allows the company to meet the needs of the paint market, being the basis for its growth in this segment.

A constant concern in product development is the reduction in toxicity and volatile organic compound (VOC) emissions, ensuring more safety during the application of the products. Highlighting the ULTRASOLVE® H product line, developed from the new market requirements for paints and varnishes

with low toxicity, with low impact on classification and labeling according to the GHS (*Global Harmonized System*), offering high performance and excellent competitiveness.

In 2017, researchers at Oxitenó developed the book *Manual Descomplicado de Tecnologia de Tintas* (Uncomplicated Paint Technology Handbook), to share knowledge in a didactic and objective way. The handbook addresses topics such as formulation, life cycle assessment and good practice and safety in laboratories, among others. The book, published by Editora Blucher, was launched at the congress of the Brazilian Association of Paint Manufacturers (Abrafati), the main fair of the sector in Brazil, and reinforces the position of Oxitenó as a reference in this segment.

## Highlights



Additives



Buildingblocks



Coalescents



Emulsifiers



Oxygenated Solvents

### OXITIVE® 7000

The Oxitenó line of additives consists of NPE free products (nonylphenol ethoxylate). With excellent wetting properties, fundamental to assist in the dispersion step of the pigment in the medium, the OXITIVE® 7000 line was developed for applications in water-based and pigment concentrate paints.

### OXIMULSION® 9800/9900

An innovation for paints and coatings, the OXIMULSION® 9000 line allows the processing of resins, generating oil-in-water emulsions used in paints for wood, metal and masonry painting. This line of surfactants enables the conversion of solvent-based enamel technology to water based, through a simple process that guarantees the same properties and quality of the final product, with a significant reduction of environmental impact. The effects of this innovation also generate a

significant reduction in the environmental impact of chemical inputs, which is a global need. Among the reduced impacts, we can mention: odor, toxicity and volatile organic compounds (VOCs).

### ULTRASOLVE® H

With a new generation of molecules derived from propanol, this line of oxygenated solvents is made up of products with different chemical functions and varied evaporation rates, which enables it to serve different segments such as automotive paints, industrial paint, wood paint and printing inks.

Because it is HSE-friendly, the ULTRASOLVE® H line enables the formulator to obtain paints and coatings with high performance and excellent competitiveness, as well as low toxicity and low impact on classification and labeling according to the GHS (*Global Harmonized System*).



## Oil and gas

In view of the trends in this market characterized by extreme conditions such as high and low temperatures, high pressure and critical salinity levels, Oxiteno also invested in the diversification of its Oil and Gas portfolio through technological platforms. With solutions for Drilling, Stimulation, Production Optimization, Asset Integrity and Flow Assurance, the portfolio delivers precision chemistry, helping customers cope with critical conditions with high *performance* and low environmental impact products.

In pursuit of a more robust performance in the United States, due to the commencement of operation of the Texas alkaloxing unit scheduled for 2018, R&D and business teams have intensified customer relationships and product benefits in the region. West Texas oil emulsion tests were also conducted to enable the launch of specific products that serve the North American oil. Oxiteno's new lab and pilot plant in Mississippi have enabled the

development and small-scale production of these new solutions as well as support for local customers. Previously, the molecules were only tested and produced in the Brazilian laboratory.

In addition to commercial partnerships, proximity to major global research centers and universities allows for the analysis of specific scenarios and accelerates the product development and approval process. In the national market, one of the partners is the Federal University of Rio de Janeiro (UFRJ), which studies the use of computer simulation to improve the selection process of the ingredients applied in the formulations and solutions. This partnership was the topic of a presentation held during the Abiquim Seminar on Technology and Innovation, sponsored by the Brazilian Chemical Industry Association (Abiquim).

## Highlights

### LINE OF FLOWBACK AIDS FOR STIMULATION FLUIDS

Composed of NPE-free surfactants (free of ethoxylated nonylphenol), the line provides reduced interfacial tension and optimizes both acidic and water-based fracturing systems.

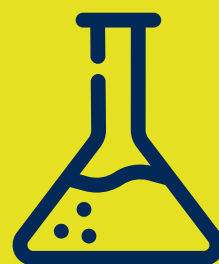
### LINE OF EMULSION PREVENTERS FOR STIMULATION

It brings together Oxiteno's leading products to act in the prevention of emulsion formation, promoting the instant separation between oil and fluids used in the stimulation activity, guaranteeing the integrity of the reservoir, avoiding damage to the formation and

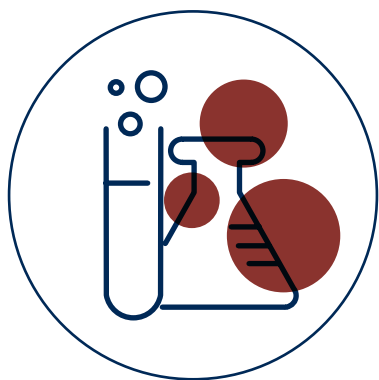
contributing to guarantee the efficiency of oil production and the quality of the water separated.

### AWARD

For the development of a synthetic solution for drilling fluids with high biodegradability and low toxicity, Oxiteno received the Kurt Politzer prize, promoted by Abiquim. The product is intended for offshore oil prospecting applications, while offering greater safety to the marine ecosystem and excellent *performance*.



Precision chemistry for extreme conditions.



**Diversified and versatile portfolio** for diverse applications.

## Performance products

With an eye on the main international trends and attentive to develop products tailored to the needs of customers, Oxiteno is enhancing the OXIPURITY line. The objective is to achieve more purity in the products and to assure the service to more demanding applications in the European market. One of the products, OXIPURITY 1410, 1410, is used in cosmetic, perfume and fragrance and pharmaceutical applications and has a low content of monoethylene glycol (MEG) – a by-product of the manufacture of *ethyldiglycol*. A new guideline of the European Union determines the reduction of the use of this substance.

Another product of the line, the solvent OXIPURITY 2170, is responsible for giving a characteristic banana odor to the final product and has its improved formula, making it smoother and more pleasant. This process of improvement was also highlighted by involving several areas of Oxiteno in a multidisciplinary and synergic team focused on meeting the needs of the customer.





The 2017 climate survey has a favorable rate of 73%.

# People

G4-DMA

## MATERIAL TOPIC



### PEOPLE

#### VALUATION OF WORKFORCE

See the infographic on  
**Oxiteno's material topics** on  
pages 30 and 31.



**60%** of global board  
positions **are filled by  
women.**

With Oxiteno's new governance structure, the people management strategy adds force to the regional operations, centralizing governance in corporate areas. The great challenge of the process is the cultural change and the adoption of a more global look for a company with an increasingly expressive presence abroad.

Oxiteno employs approximately 2,000 employees, most of them in Brazilian units, but there are also professionals in eight other countries. Although with a majority of men in total staff – a feature of the industry – the gender distribution shows balance in the global board, consisting of three women and two men.

Oxiteno works to continually evolve its management model, seeking to keep Human Resources practices in line with the best practices in the sector. The union of the efforts resulted in the obtaining, for the fourth consecutive

year in Brazil, of the certification Top Employer, for the attention and dedication in the professional development to its collaborators. For the first time, Mexico's operation was awarded the *Great Place to Work*.

In 2017, a new climate survey was carried out, which pointed to a 1% increase in the favorability index – totaling 73% –, a positive percentage that reflects the characteristic impact of the organizational change scenario.

## EMPLOYEE PROFILE G4-10

EMPLOYEES BY FUNCTIONAL LEVEL AND GENDER - BRAZIL	2015 <sup>1</sup>		2016 <sup>1</sup>		2017	
	Men	Women	Men	Women	Men	Women
Director level <sup>2</sup>	3	2	3	2	3	3
Management	58	22	59	21	71	38
Coordination/Supervision	62	21	65	25	55	11
Administrative	108	181	147	189	188	207
Operational	551	76	554	83	586	110
Young learners	18	14	13	12	16	13
Intern	61	38	45	38	54	62
<b>Total by gender<sup>3</sup></b>	<b>800</b>	<b>316</b>	<b>841</b>	<b>332</b>	<b>919</b>	<b>382</b>
<b>TOTAL<sup>3</sup></b>	<b>1,116</b>		<b>1,173</b>		<b>1,301</b>	

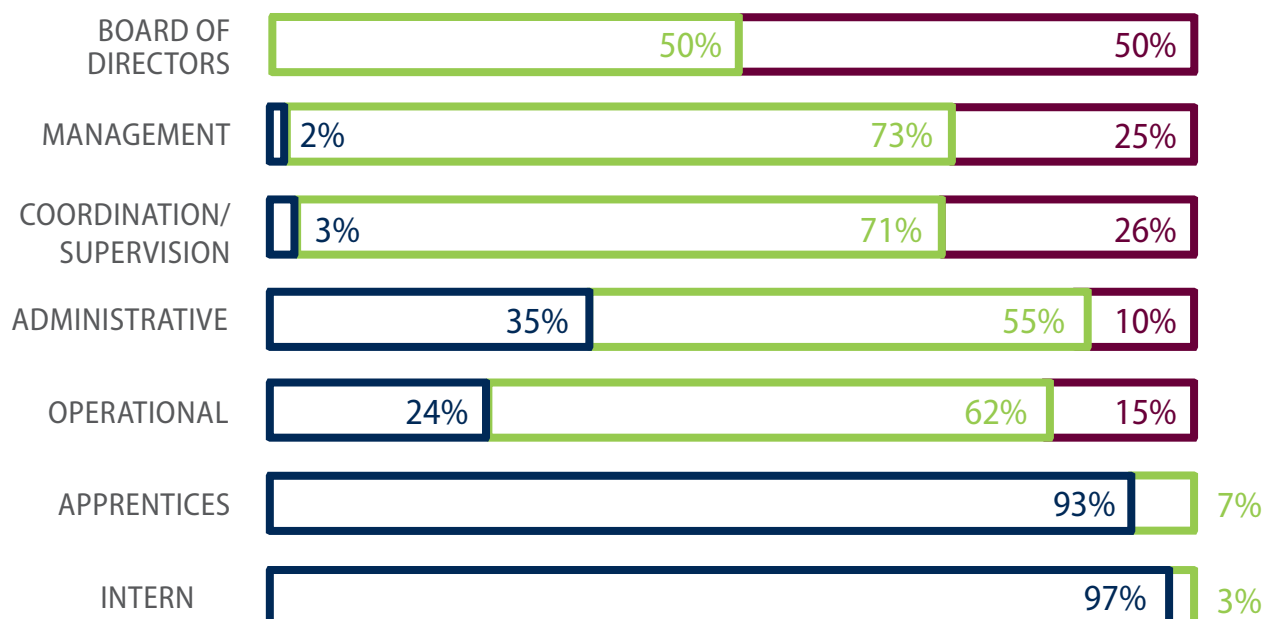
<sup>1</sup> The total values for 2015 and 2016 were revised in 2017 and diverge from values published in previous years because they now consider directors and do not include intern. The need for adjustment is due to the fact that Ultra has published an organization chart with data after 12/31/2017, reflecting the updating of Oxiten's data.

<sup>2</sup> The data in the table consider the number of directors in Brazil. Considering international operations, Oxiten has eight directors in total (five global and three regional). Of the five global directors, three are women and two are men. All three regional directors are men. See Oxiten's chart on page 27.

<sup>3</sup> The total numbers do not consider intern.

## PERCENTAGE OF EMPLOYEES BY AGE GROUP (2017) – BRAZIL G4-LA12

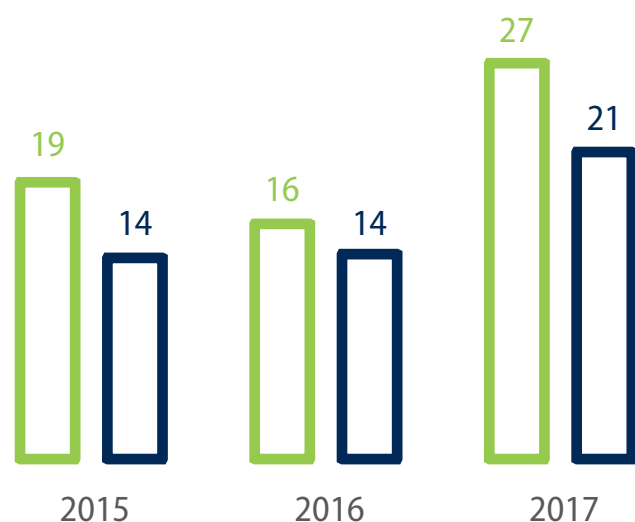
■ Under 30 years of age ■ Between 30 and 50 years of age ■ Over 50 years of age



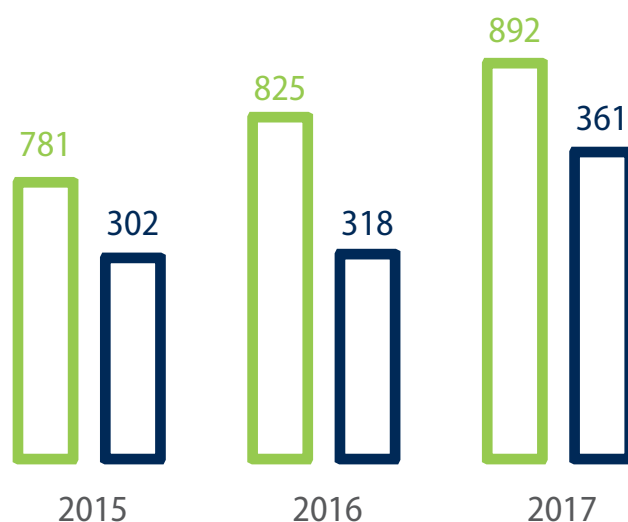
## EMPLOYEES BY TYPE OF EMPLOYMENT CONTRACT – BRAZIL G4-10



### DETERMINED TIME



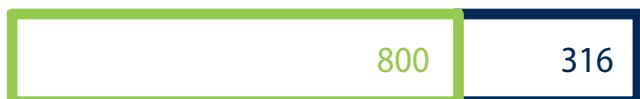
### UNDETERMINED TIME



### TOTAL BY GENDER



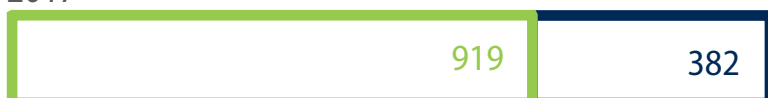
2015



2016



2017



### TOTAL<sup>1</sup>



<sup>1</sup> Values in 2017 do not consider intern; values in 2015 and 2016 do not consider the board level.

EMPLOYEES BY REGION – BRAZIL G4-10	2015		2016		2017	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
South	37	4	34	4	43	5
Southeast	470	246	505	265	556	309
Northeast	293	66	302	63	320	68
Total by gender	800	316	841	332	919	382
<b>TOTAL<sup>1</sup></b>	<b>1.116</b>		<b>1.173</b>		<b>1.301</b>	

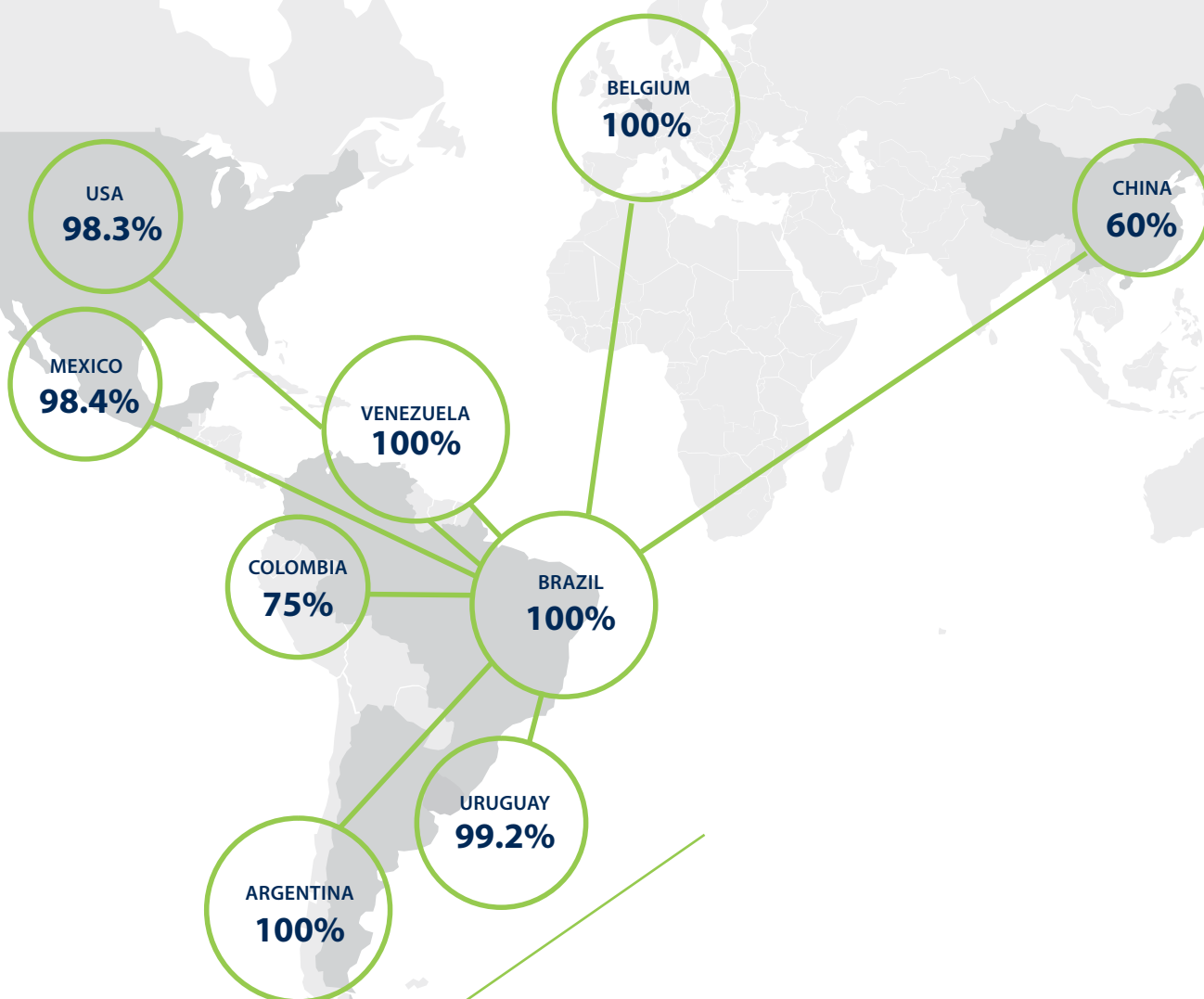
<sup>1</sup> Values in 2017 do not consider intern; values in 2015 and 2016 do not consider the board level.

EMPLOYEE BY AGE GROUP – BRAZIL G4-LA12	2015	2016	2017
Below 30 years of age	317	306	389
Between 31 and 50 years of age	632	700	726
Below 50 years of age	167	167	186
<b>TOTAL<sup>1</sup></b>	<b>1.116</b>	<b>1.173</b>	<b>1.301</b>

<sup>1</sup> All figures exclude intern and include directors.

EMPLOYEES IN INTERNATIONAL UNITS G4-10	2015	2016	2017
Mexico	355	365	374
Uruguay	128	127	126
Belgium	4	4	4
China	4	4	5
Colombia	4	4	4
Argentina	6	6	5
United States	63	98	116
Venezuela	64	69	56

PERCENTAGE OF LOCAL LABOR – 2017 G4-10



COMPOSITION OF GROUPS RESPONSIBLE FOR GOVERNANCE AND DISCRIMINATION OF EMPLOYEES BY FUNCTIONAL CATEGORY G4-LA12

BOARD MEMBERS <sup>1</sup> , BY GENDER (%)	2015	2016	2017
Male	60	60	62.5
Female	40	40	37.5

<sup>1</sup> Scope: CEO and the directors of all units.

Oxiteno employs approximately 2 thousand employees considering operations in Brazil and abroad.

## TOTAL NUMBER AND RATES OF NEW HIRES AND EMPLOYEE TURNOVER – BRAZIL G4-LA1

NUMBER OF LAYOFFS BY GENDER	2015	2016	2017
Male	105	61	81
Female	41	40	48

NUMBER OF LAYOFFS BY AGE GROUP	2015	2016	2017
Below 30 years of age	44	44	50
Between 31 and 50 years of age	39	35	66
Below 50 years of age	25	22	13

NUMBER OF LAYOFFS BY AGE GROUP	2015	2016	2017
South	0	2	1
Southeast	88	58	106
Northeast	20	41	22

TURNOVER RATE BY GENDER <sup>1</sup> (%)	2015	2016	2017
Male	11.36	7.64	10.28
Female	27.70	18.34	13.48

<sup>1</sup> The turnover rate is calculated considering: (total severances + total number of employees / 2) / (total number of employees in the category) \* 100. Intern are not accounted for in this calculation.

TURNOVER RATE BY AGE GROUP <sup>1</sup> (%)	2015	2016	2017
Below 30 years of age	17.42	15.20	18.89
Between 30 and 50 years	6.35	6.25	8.88
Below 50 years of age	7.06	7.45	4.30

<sup>1</sup> The turnover rate is calculated considering: (total severances + total number of employees / 2) / (total number of employees in the category) \* 100. Intern are not accounted for in this calculation.

TURNOVER RATE BY REGION <sup>1</sup> (%)	2015	2016	2017
South	5.00	3.19	3.13
Southeast	12.99	9.08	13.87
Northeast	5.19	10.83	6.31

<sup>1</sup> The turnover rate is calculated considering:  $(\text{total severances} + \text{total number of employees} / 2) / (\text{total number of employees in the category}) * 100$ . Intern are not accounted for in this calculation.

NUMBER OF HIRES BY GENDER	2015	2016	2017
Male	90	74	108
Female	55	50	55

NUMBER OF LAYOFFS BY AGE GROUP	2015	2016	2017
Below 30 years of age	102	70	97
Between 31 and 50 years	43	52	63
Below 50 years of age	0	2	3

NUMBER OF LAYOFFS BY AGE GROUP	2015	2016	2017
South	5	1	2
Southeast	119	88	134
Northeast	21	35	27

RATE OF NEW HIRES BY GENDER (%) <sup>1</sup>	2015	2016	2017
Male	10.16	8.48	11.75
Female	15.45	13.93	14.40

<sup>1</sup> The rate of new hires is calculated considering:  $(\text{number of employees in the category} / \text{total number of employees in the category}) * 100$ . Intern are not accounted for in this calculation.



RATE OF NEW HIRES BY REGION (%) <sup>1</sup>	2015	2016	2017
South	10.00	2.13	4.17
Southeast	14.93	10.95	15.49
Northeast	5.32	9.19	6.96

<sup>1</sup> The rate of new hires is calculated considering: (number of employees in the category / total number of employees in the category)\*100. Intern are not accounted for in this calculation.

RATE OF NEW HIRES BY AGE GROUP (%) <sup>1</sup>	2015	2016	2017
Below 30 years of age	24.34	18.67	24.94
Between 30 and 50 years of age	6.66	7.47	8.68
Below 50 years of age	0	1.24	1.61

<sup>1</sup> The rate of new hires is calculated considering: (number of employees in the category / total number of employees in the category)\*100. Intern are not accounted for in this calculation.

## Compensation

Oxiteno's Remuneration Policy is aligned with the business strategy, with the definition of internal rules, methodologies, concepts and procedures that guarantee a level of competitiveness suitable for attracting and retaining its professionals, without making any gender distinction. [G4-LA13](#)

PROPORTION OF AVERAGE REMUNERATION FOR WOMEN AND MEN BY FUNCTIONAL CATEGORY (BRAZIL) <sup>1</sup> <a href="#">G4-LA13</a>	2015	2016	2017
Management	0.98	1.04	0.90
Coordination/Supervision	1.09	1.05	1.03
Administrative	0.90	0.95	0.91
Operational	0.99	1.03	0.88
Young learners	1.04	0.95	0.99
Interns	1.02	1.04	1.05

<sup>1</sup> The historical values of this indicator were revised from the reorganization of the functional categories.



# 50%

of the actions of the **development plans** are carried out through **Portal DNA**, an online education tool.

## Training G4-DMA, G4-LA9, LA10

Oxiteno adopts a global competency management model, used as a guideline for employee development and career management processes. The competency assessment allows the mapping of development for the whole company and the creation of development plans that unite the needs of each professional to the demands of the company.

Looking at the medium and long term, leadership training is one of the main objectives when it comes to people management. In line with the internationalization process of Oxiteno and the approximation of all of Ultra's businesses, the *Essência Ultra* Program was again carried out in 2017. In it, group leaders broaden their knowledge and multi-business perspective in decision-making, with a focus on the market and trends. In addition to

providing more flexibility to the company and promoting synergy among the group's companies, the training opens up new career opportunities for managers, who have a broader look at all Ultra's business.

Oxiteno also maintains a policy of granting scholarships and languages for graduation, post-graduation (*lato sensu* or *stricto sensu*) and university extension program, continuing or executive, of short or medium duration. There is also the possibility of unpaid leave for employees wishing to study abroad.

Evaluation by competences enables the elaboration of a development plan aligned to the needs of each professional and of Oxiteno.

In 2017, the company did not perform the evaluation cycle of the teams due to the implementation of the Evolution Project. During the year, only managers participated in the competency assessment. Training was given to support the sales and brand positioning strategies, which provide process efficiency and reinforce Oxiteno's health and safety culture.

The employees also have at their disposal Portal DNA, an online education tool used in 50% of the actions of the development plans, in which training modules aligned with the training demands are published. R&D teams also go through a lengthy training process on strategic business issues.

Skills management programs create a dynamic of continuous learning in which professionals share experiences, create perspectives for new ideas and take on challenges of self-development and professional evolution.

In 2017, the internship program was adapted to the format of the trainee development model, a process of mentoring being part of the process, which will contribute to the entry of young people into the organizational world.

In all, more than 47,500 hours of training were offered in 2017, a volume almost 15% higher than the previous year. On average, more than 33 hours of training per employee per year were spent.

To assist employees near retirement, the company provides support with a transition plan for replacement and removal of the professional. Regarding the recycling of employees who intend to continue working, there is no pre-established program. The cases are evaluated on a timely basis and monitored by the HR consultants.



# 90.2 thousand

**hours of training in 2017.**

63.7 hours per employee  
in Brazil.



The competency management programs create a dynamic of continuous learning, sharing experiences among Oxitenor professionals.

TOTAL HOURS OF TRAINING BY FUNCTIONAL CATEGORY AND GENDER – BRAZIL G4-LA9	2015		2016		2017	
	Men	Women	Men	Women	Men	Women
Director level <sup>1</sup>	36	76	8	0	144	144
Management <sup>1</sup>	3.409	1.990	2.079	964	22.541	11.762
Coordination/Supervision <sup>1</sup>	1.292	549	2.491	374	10.555	1.912
Administrative	3.445	4.763	4.891	5.729	5.590	5.187
Operational	10.058	1.127	22.227	2.955	23.727	2.899
Apprentices	0	0	0	0	0	0
Interns	0	0	6	60	3.399	902
Total by gender	18,240	8,505	31,702	10,082	65,956	22,806
<b>TOTAL</b>	<b>26,745</b>		<b>41,784</b>		<b>90,202</b>	

<sup>1</sup> Starting in 2017, the indicator began to consider corporate training conducted by Ultra for these audiences.



Oxiteno's competency management model is global and guides the development and career management processes of employees.

AVERAGE HOURS OF TRAINING BY FUNCTIONAL CATEGORY – BRAZIL G4-LA9	2015	2016	2017
Director level <sup>1</sup>	22.4	1.6	288.0
Management <sup>1</sup>	67.5	38.0	314.7
Coordination/Supervision <sup>1</sup>	22.2	31.8	188.9
Administrative	28.4	31.6	27.3
Operational	17.8	39.5	38.3
Apprentices	0.0	0.0	0.0
Interns	0.0	0.8	37.1
<b>Total average (women)</b>	<b>24.0</b>	<b>27.3</b>	<b>51.4</b>
<b>Total average (men)</b>	<b>21.2</b>	<b>35.8</b>	<b>67.8</b>
<b>Total Mean</b>	<b>22.0</b>	<b>33.3</b>	<b>63.7</b>

<sup>1</sup> Starting in 2017, the indicator began to consider corporate training conducted by Ultra for these audiences.

**160** professionals have been hired since the beginning of the Trainee Program.  
**29%** of these hold management positions.



## Attracting talents

Oxiteno has developed the Trainee Program in Brazil since 1989. The initiative aims to attract talents that bring results and contribute to the growth of the organization. Since 2015, the company has expanded the program to Mexico, including a period of integration in Brazil. Since the beginning of the program, 160 professionals have been hired. Of these, 29% currently hold management positions.

Youth training is recognized by the Ministry of Education.

### TRAINING OF YOUNG PEOPLE

#### FOR THE MARKET

Held by the Instituto Ultra in partnership with the lochpe Foundation, the Ultra Formare Program focuses on education and the insertion of young people in the job market. For this, it offers a professional course of administrative and commercial services assistant, with a workload of 25 hours per week in 14 subjects.

The training is recognized by the Ministry of Education and is offered at Ultra's headquarters in São Paulo (SP) for young people who are in high school. In addition to classroom study, the course also provides visits to Ultra and internships in any of its businesses for eight weeks.



**Instituto Ultra offers** courses for the training of Administrative and Sales Agents.

In 2017, the company reviewed the management of environmental aspects and impacts related to Oxiteno products, processes, projects, services and activities.

# Environment

## MATERIAL TOPIC



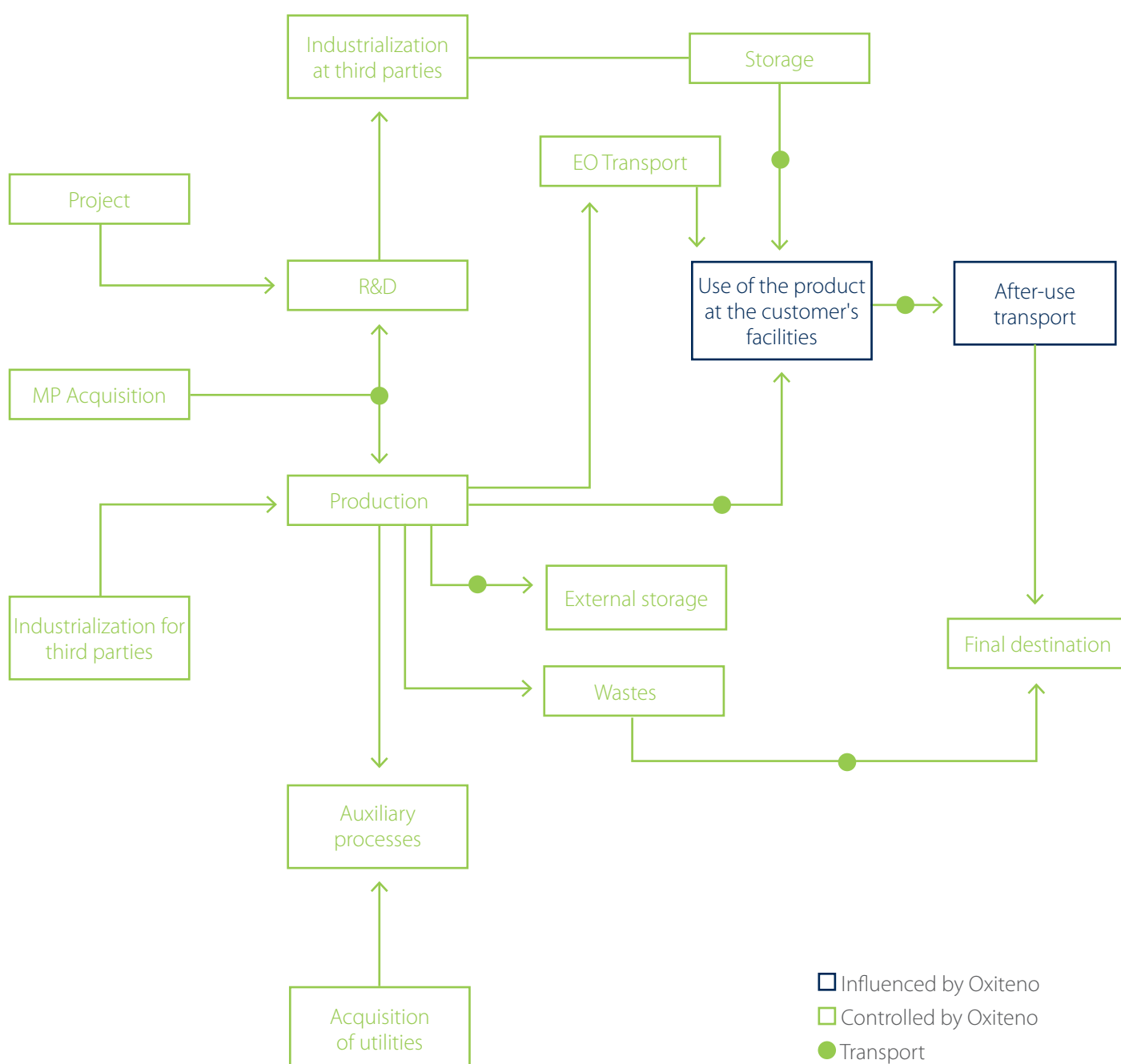
See the infographic on **Oxiteno's material topics** on pages 30 and 31.

With the ISO 14001 certified environmental management, committed to the responsible performance of the chemical industry and in line with the business strategy aimed at process excellence, Oxiteno invests continuously in the improvement of its facilities, processes and controls to improve efficiency levels, avoid waste and environmental impacts and, consequently, reduce costs. For the company, efficient environmental management contributes directly to business results, optimizing resources and reducing losses.

In 2017, there was a significant advance in environmental management, with a review on the management of environmental aspects and impacts related to Oxiteno's products, processes, projects, services and activities, also considering a life cycle approach, which includes everything the company controls and what the company influences along its value chain (see figure below).

All environmental aspects are identified and classified for their significance. For those mapped as significant, there are a number of controls, which include the adoption of equipment and instruments and the implementation of procedures and training - all monitored periodically. [G4-EN27](#)

## Environmental management: a life cycle approach



## 100% of Oxiteno's processes and activities have their controlled environmental aspects and impacts.

It is also important to highlight that, in the stage of developing products and solutions for customers and their consumers, the premise adopted is the search for innovative and sustainable solutions from the *Greenformance platform* (read more on page 39).

Among the investments in environmental management during 2017, the contributions in automation, such as the one made in Camaçari (BA), with the implementation of the factory's advanced production control system, and the improvements of the facilities in the Brazilian units, such as the elevation of the effluent network from a new configuration that allows to perform visual inspections and periodic preventive maintenance, among other advances.

It is also worth mentioning that Oxiteno works to obtain certification in the new version of 14.001: 2015, environ-

mental management, for all units outside Brazil. In the country, since 2002, the company's Environmental Management System has been certified by ISO 14.001 and, in 2016, Guadalajara, Mexico, was the first international plant to achieve certification. The other two plants in Mexico (Coatzacoalcos and San Juan del Río), as well as the plant in Montevideo, Uruguay, are being prepared for certification. [G4-EN27](#)

Oxiteno's three units in Mexico and the Uruguayan plant have been awarded the *Roundtable on Sustainable Palm Oil (RSPO)* certification, an organization that works to boost the use of palm oil in a sustainable way through a series of actions, such as the adoption of standards. In Brazil, five units are already RSPO-certified: Oxiteno Camaçari, Oleoquímica, Tremembé, Mauá and Suzano (read more about certifications on page 20).

## Seeking efficiency

### OXITENO SET TARGETS FOR THE MANAGEMENT OF THE MAIN ENVIRONMENTAL IMPACTS OF ITS OPERATION

COMMITMENTS FOR 2020 <sup>1</sup>		Status 2017	Context
Greenhouse Gases (GHG)	Reduction of 25% in relative emissions, based on 2008 data	2% reduction achieved	There were a number of projects that reduced emissions, however, Oxiteno stopped marketing the CO <sub>2</sub> produced in Mauá, impacting the index. There are other projects underway in the search for this reduction.
	Reduction of global absolute emissions by 70,000 tCO <sub>2</sub> e/year	Target reached (71,086 tonnes)	Emissions avoided from the use of residual gas for energy generation through partnership.
Water	Increase by 25% in water reuse, 2008 base	19% of the reuse water in Brazil's operations and 15% in the global index	Other feasibility studies for the reuse of the industrial effluent are in progress.
Wastes	Zero landfill for industrial waste	Hit target	98% is recycled and only 2% of industrial waste that can not be reused and incinerated. There is no shipment to landfills.

<sup>1</sup> Targets only consider operations in Brazil.



# Energy G4-DMA, G4-EN5

Oxitenó had a slight increase in relative energy consumption to 6.6 gigajoules per ton of product. In relation to absolute consumption, there was a proportional increase to the production growth, especially due to the expansion in the glycol manufacture and the ethylene oxide catalyst exchange in Camaçari (BA), which improves reaction efficiency, but, on the other hand, requires increased steam production. The replacement caused a 15% increase in steam consumption in 2017.

Energy optimization is a permanent agenda in Oxitenó's management and operating meetings. Part of the investment made by the company is also aimed at improving energy performance, especially optimizing the steam grid, boilers, furnaces, turbines and the search for cleaner energy alternatives that prove viable for the business. It should be noted that energy consumption is predominantly of thermal

origin, so initiatives that involve improvements in energy efficiency also contribute to the reduction of emissions and costs. In the consumption of electric energy with lighting, the use of LED bulbs is increasing, especially in the units of Tremembé and Mauá.

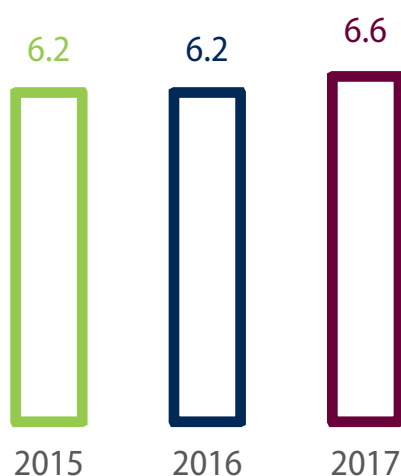
When it comes to the energy consumption of steam by the units, the initiatives to exploit the waste gas of partner companies and neighboring plants of Mauá and Camaçari, currently with the highest levels of consumption, are highlighted. Also noteworthy is the process that allows the use of the hydrogen generated in the production in Triunfo (RS). In Tremembé, the project to replace fuel oil with natural gas, the most used fuel in Oxitenó's plants, is underway.

In 2017, the Camaçari unit (BA), which is the company's largest plant, recorded a record of turbo generator power

generation (32.5 GWH), a volume corresponding to 20% of the energy consumption of the site. This was the highest absolute annual result in the history of this operation - 40% more than in 2016 - and represented an economy of R\$ 9.7 million, equivalent to the internal energy bill. For 2018, the objective is to perpetuate the operating gains of Camaçari.

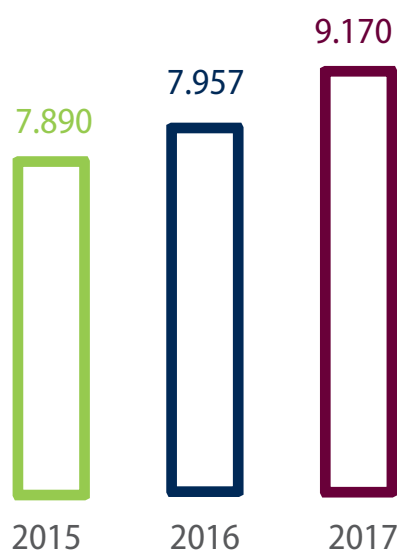
## ENERGY INTENSITY<sup>1</sup> G4-EN5

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



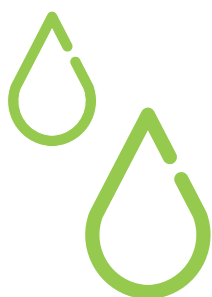
<sup>1</sup> Scope: Brazil, Mexico, Venezuela e Uruguay

## ENERGY CONSUMPTION WITHIN THE ORGANIZATION (tJ)<sup>1</sup> G4-EN3



<sup>1</sup> Scope: Brazil, Mexico, Venezuela e Uruguay

## Water and effluents G4-DMA, G4-EN8



Water risks of Oxiteno plants in Brazil were identified, with respective **mapping of actions to ensure operational continuity**.

The supply area surveyed the water risk of Oxiteno's plants in Brazil, mapping possible measures and actions to ensure the operational continuity of the units. In addition, the area of environment led, together with the process engineering teams of the industrial units, the evaluation of the water balance of each plant, also defining actions for reduction, recovery and direct reuse. There were also studies to evaluate the feasibility of adopting the reuse of industrial effluent after treatment.

Due to a water crisis in the state of Bahia in 2017, all companies were encouraged to reduce consumption. The eco-efficiency efforts of the Camaçari

(Brazil) unit reduced water use by 10% in the period. At the Mauá (Brazil) operation, 97% of the water used in the production process comes from reuse.

In Coatzacoalcas (Mexico), US \$ 2,631 was invested in a rainwater harvesting project, with a storage capacity of 5 thousand m<sup>3</sup> of water used in the cooling tower and with the possibility of reducing water consumption in the rainy season by up to 230 m<sup>3</sup> - 3.38% of the unit's monthly consumption. The operation can save up to US\$ 2.421 between January and September, when the rains are heavier.

### TOTAL WATER WITHDRAWAL BY SOURCE (m<sup>3</sup>) G4-EN8

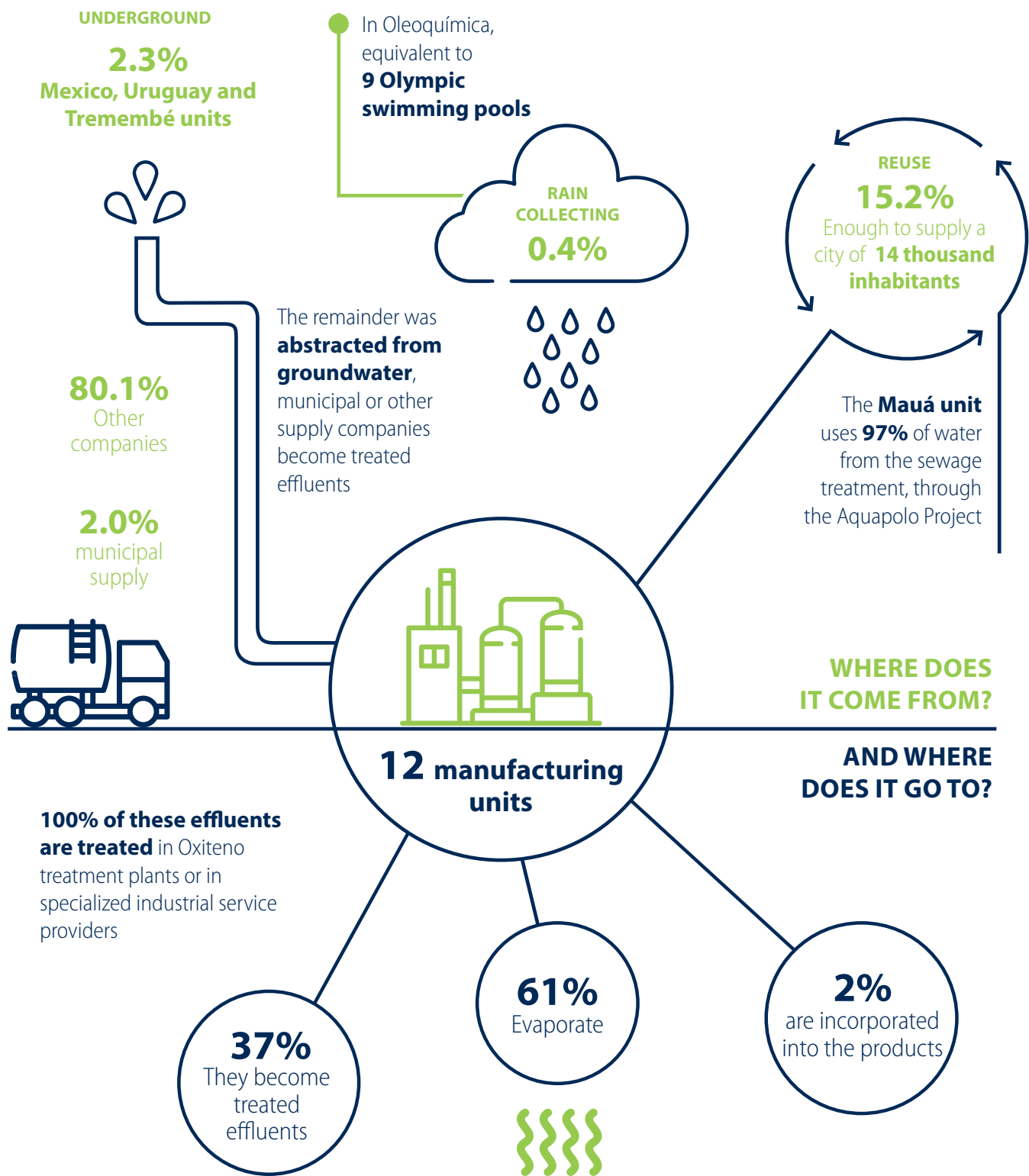
SOURCE	2015	2016	2017
Brazil <sup>1</sup>	0	0	13,333
Mexico	69,077	69,314	54,981
Uruguay	53,078	54,761	57,739
Andean	0	0	0
<b>Groundwater</b>	<b>122,155</b>	<b>124,075</b>	<b>126,053</b>
<b>Rainwater<sup>2</sup></b>	<b>55,892</b>	<b>29,131</b>	<b>22,011</b>
<b>Effluents from another organization<sup>3</sup></b>	<b>774,950</b>	<b>814,139</b>	<b>818,079<sup>3</sup></b>
Brazil	4,457,807	4,273,356	4,384,112
Mexico	75,383	91,599	100,424
Uruguay	34,652	26,641	26,849
Andean	45,770	35,068	23,414
<b>Municipal water supply or outsourced companies</b>	<b>4,613,612</b>	<b>4,426,664</b>	<b>4,534,799</b>
<b>TOTAL WATER WITHDRAWN</b>	<b>5,566,609</b>	<b>5,394,009</b>	<b>5,500,942</b>

<sup>1</sup> In 2017, the use of groundwater in the Tremembé unit (SP) was resumed, in processes that do not have microbiology problems, such as in the cooling tower.

<sup>2</sup> Oleoquímica (Camaçari-BA) only.

<sup>3</sup> Aquapolo (Mauá-SP) only.

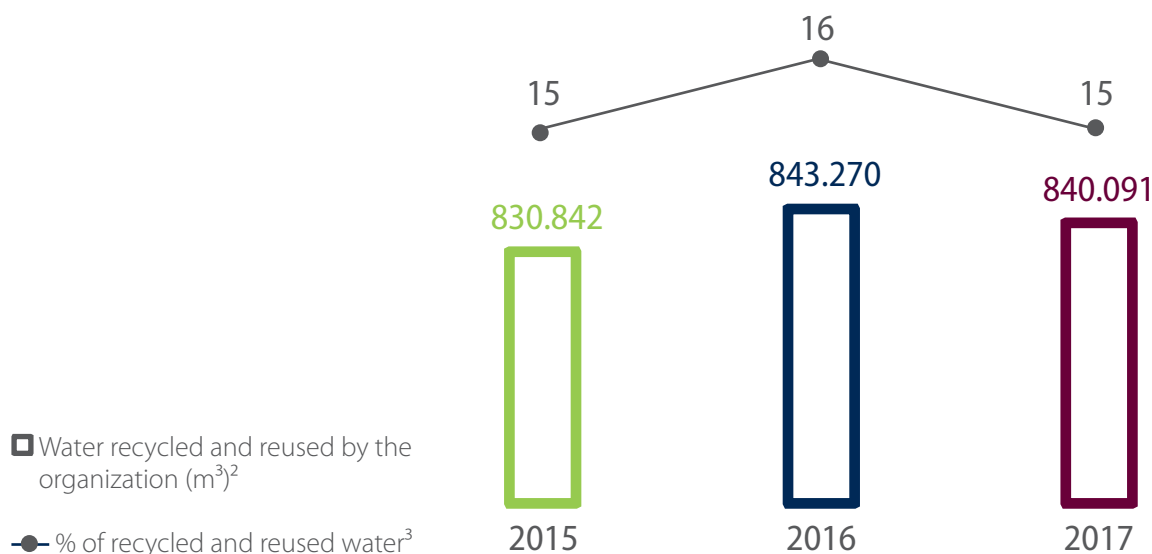
98% of the water abstracted is returned to the environment – 37% effluent and 61% evaporation



On a consolidated basis, there was an increase in absolute water consumption in the Oxitenno operation proportional to the increase in production and due to the Good Manufacturing Practices (GMP) and the evaporation rates. The plants started to carry out

specific cleaning for the sanitization of the equipment and to guarantee the quality of the products. However, the relative consumption was below the previous year. And, of this total consumed, 15% comes from reuse.

#### RECYCLED AND REUSED WATER<sup>1</sup> G4-EN10



<sup>1</sup> Rainwater collected on the roofs and reused effluents from other organizations.

<sup>2</sup> Scope: Brazil (Mauá, Mineral Oils and Camaçari)

<sup>3</sup> Scope: global.

Considering the total consumption, 98% of the water consumed by Oxitenno returns to the environment, 2% is incorporated into the products. About 60% of this water evaporates during the production process and 37% becomes an industrial effluent – in this case, which amounts to approximately 2.0 million m³, are treated in their own stations or by specialized companies and return to the environment following the standards established by law. New equipment installed in the Camaçari (BA) unit resulted in a significant reduction of 27 thousand tons in the generation and loss of effluents.

Oxitenno was highlighted by its water management at CDP Water, which recognizes the best companies in the world regarding the management of the use of this resource.

# Emissions G4- DMA, G4-EN18



**Direct and indirect emission sources** are recorded monthly.

Oxiteno maintains a program to monitor and reduce emissions of Greenhouse Gases (GHG) and local pollutants. To manage GHG, all sources of emissions (direct and indirect) and annually verified by third parties are accounted for on a monthly basis. This process has already identified different opportunities for reduction - of the total, 19 were prioritized to be more deeply analyzed, eight are already implemented and two projects are underway.

The main sources are steam generation, ethylene oxide production and electricity consumption. For the generation of steam, Oxiteno continues to invest in the adoption of cleaner fuels, in addition to the optimization of the

steam mesh and the energy utilization of waste gases from neighboring companies. To reduce emissions in the manufacture of ethylene oxide, the gases produced are destined for other purposes.

In the scope of emissions of local pollutants, Oxiteno conducts an inventory of its emissions and periodic sampling of the sources, according to its emission monitoring plan. It also assesses the impact of its emissions through a dispersion study, having met the legal emission and air quality standards.

520 thousand tons of CO<sub>2</sub>e avoided and 8 reduction projects implemented since the beginning of the GHG emission reduction program.

## PERFORMANCE

Emissions of Greenhouse Gases (GHG) are directly related to production. There was an increase of approximately 10% of the productive operation in 2017, compared to 2016, leading to an increase in these emissions.

During the year, the generation of approximately 71 thousand tons of CO<sub>2</sub>, via partnerships, was avoided for the energetic use of waste gases from the companies neighboring the Mauá and Camaçari plants. Considering the year 2009, at the beginning of the program, so far, 520 thousand tons of CO<sub>2</sub> are no longer released into the atmosphere.

Oxiteno also monitors relative indicators, which assess GHG emissions for the total produced. The monitoring

showed close values for the years 2016 and 2017 - were about 0.49 tons of CO<sub>2</sub>e per ton of product. G4-EN18

In 2017, the project for the sale of carbon dioxide, the residual product of the ethylene oxide reaction, to White Martins in Camaçari (BA) was followed up. The project began its operation in August 2016, and 24,175 tonnes of carbon dioxide was sent to White Martins in the year. G4-EN15 and G4-EN16

In the plant, an advanced process control system was also installed that provided an increase in the selectivity of the reaction of formation of oxide of ethene. This cutting-edge technology has significantly reduced CO<sub>2</sub> emissions. G4-EN19

In 2017, Oxiteno avoided the production of 71 thousand tons of GHG.

Still in Camaçari, a new catalyst was tested, in partnership with a supplier of Oxiteno, which proved selectivity gains, being a new ally in the strategy to reduce CO<sub>2</sub> generation.

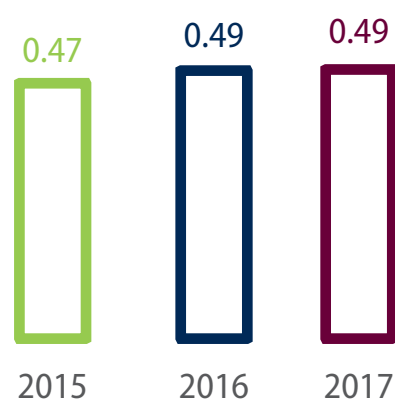
All of these actions contributed to the decrease in the variable cost of the Camaçari operation – the largest ethylene oxide and derivatives unit in Latin America, with three plants (*read more em in Oxiteno, page 17*) – with a saving of R\$ 12 million baseline compared to the period.

Due to the significance of the Camaçari operation for Oxiteno, the result positively impacts the operations of the company as a whole.

On the other hand, the Mexican units of San Juan del Río and Coatzacoalcos have formally initiated the production of Kosher products, which demand special cleaning in the tanks and greater energy and fuel costs, increasing the emissions in these plants. [G4-EN15](#) and [G4-EN16](#)

## EMISSION INTENSITY OF GREENHOUSE GASES<sup>1,2</sup> G4-EN18

Relative emissions (tCO<sub>2</sub>e/t produced)



<sup>1</sup> Scope: Brazil, Mexico, Venezuela e Uruguay

<sup>2</sup> The figures presented are different from those presented in previous years due to the verification of the third part of the inventories of Greenhouse Gases, carried out in 2017, considering the Brazil, Mexico, Uruguay and Venezuela units.

EMISSIONS OF GREENHOUSE GASES (tCO <sub>2</sub> e) G4-EN15 AND G4-EN16	2015	2016	2017
Direct emissions (Scope 1)	455,881	442,345	497,436
Indirect emissions (Scope 2)	160,685	178,241	183,364

REDUCTION/COMPENSATION OF GREENHOUSE GAS EMISSIONS (GEE) <sup>1</sup> G4-EN19	2015	2016	2017
Reduction of CO <sub>2</sub> (tCO <sub>2</sub> e) emissions	54,540 <sup>2</sup>	66,457 <sup>2</sup>	71,087

<sup>1</sup> Oxiteno's GHG inventory is verified by a third party company, Green Domus.

<sup>2</sup> The figures presented are different from those presented in previous years due to the verification of the third part of the inventories of greenhouse gases, carried out in 2017, considering the Brazil, Mexico, Uruguay and Venezuela units.

## Wastes G4-DMA, G4-EN23

For plants in Brazil, for more than 16 years the company has the **Zero Landfill Policy for industrial waste contaminated with chemical**.

Oxitenó has the Zero Landfill Policy for industrial waste (contaminated with chemical products) for more than 16 years. In Brazil, for example, 98% of industrial waste is recycled and 2% incinerated.

Concern about waste management is present from the design of the products, when the possibility of non-generation is evaluated and, in case the waste can not be avoided, a survey is made on possible uses of the waste in other productive processes, reuse or re-

cycling, seeking circular economy. The company uses incineration only when there is no viable alternative.

For waste from aftermarket products, the company prioritizes the sale in bulk and, when in agreement with the customers, uses returnable packaging, which, after being decontaminated, are reused, characterizing a type of reverse logistics.

Oxitenó classifies waste generated in industrial – those that are contaminated with chemicals from the productive processes – and not industrial.

### PERFORMANCE

The increase in waste disposal from 2015 to 2017 is due to the inclusion of the Uruguay unit in the indicators, as reported in the previous year.

In Uruguay, there was a significant advance with the disposal of segregated waste, adequately conditioned and stored in the plant since the acquisition and deactivation of the inorganic chromium reduction plant. Continuing the works of waste disposal, the plant has already managed to allocate 48% of this waste stored in plants until 2017 and work continues in 2018; in Uruguay, the waste was destined for landfills, the existing alternative for this type of material. The process follows

the requirements of the Uruguayan environmental agency and was qualified via audit by Oxitenó.

There was an increase in the generation of hazardous waste in Tremembé (SP), due to a stoppage of the plant to carry out improvements in the treatment process, mainly in the effluent aeration system. During the shutdown, 141 tons of effluents were destined with waste. Since 2015, Oxitenó has made investments and improvements in its facilities, such as the upgrading of the industrial effluent drainage system; for this reason, there has been an increase in the generation of non-industrial waste from works in recent years.

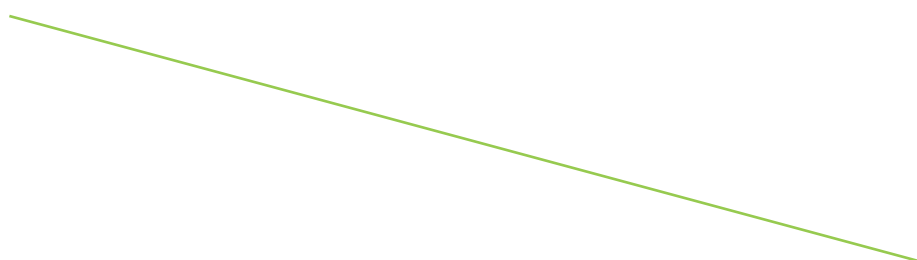
The site in Camaçari (BA) started to classify as hazardous some waste not considered as such in 2016, which justifies the slight increase in the destination of hazardous waste. The challenge for 2018 is to improve this ratio, although Oxiten's generation-for-production data are low.

The activity of the Guadalajara plant was the one that contributed the most to the increase of waste generation in Mexico. Using a higher number of raw materials in drums, for the production of esters, the site increased the use of pallets and drums.



# 44%

of hazardous and non-hazardous waste **are recycled or used energetically.**



DISPOSAL OF HAZARDOUS WASTE (t) G4-EN23	2015	2016	2017
Recycling	278	396	484
Recovery (including energy recovery)	2,703	2,870	3,416
Incineration (burning of mass)	58	65	58
Landfill	0	1,340	1464
On-site storage	43	3,150 <sup>1</sup>	3,289 <sup>1</sup>
Others	2	2	141 <sup>2</sup>
<b>TOTAL<sup>4</sup></b>	<b>3,084</b>	<b>7,823</b>	<b>8,852</b>

<sup>1</sup> Waste stored in the Uruguayan plant, since its acquisition and subsequent decommissioning of the chrome plant in the destination process.

<sup>2</sup> Treatment of Tremembé effluents in an external station due to ETE shutdown.

<sup>3</sup> Industrial waste destined for landfill is exclusive to Uruguay, as commented above. There was an increase in waste recycling and reduction of incineration.

<sup>4</sup> The significant increase in waste generated is linked to the design of obsolete and non-compliant products.



The concern with the management of wastes exists since the development of the products, when the possibility of non-generation is evaluated.



## Oxiten's operations in Brazil: **98% of industrial waste is recycled and 2% incinerated.**

DISPOSAL OF NON-HAZARDOUS WASTE (t) G4-EN23	2015	2016	2017
Recycling	799	1,254	1,280
Recovery (including energy recovery)	665	750	1,018
Incineration (burning of mass)	418	478	445
Landfill	1,426	3,165	2,403
On-site storage	19	49	46
Others	0	0	28
<b>TOTAL</b>	<b>3,327</b>	<b>5,696</b>	<b>5,220</b>

<sup>1</sup> Oxiten has an internal classification of waste: a) industrial - those contaminated with chemicals from the production processes; and (b) non-industrial. There is hazardous and nonhazardous waste in both categories. Industrial wastes are considered to be intrinsic wastes in the production process, such as filter elements, resins, leftover waste, contaminated absorbent material used to contain leaks, contaminated cloths and towels, packaging such as drums, cylinders and IBCs, among others. Non-industrial wastes are those that are not contaminated with process chemicals and waste from administrative areas, tree pruning, organic restaurant waste and recyclable materials in general, among others.

Rmk.: For non-industrial waste, there was a reduction in generation when compared to the previous year, with an increase in the destination for recycling, reducing the destination for incineration and landfill.



Control Room of the pilot plant in Mauá (SP).

Reinforcement of safe attitude is part of Oxiten's organizational culture.

# Safety

## MATERIAL TOPIC



SAFETY



HEALTH AND SAFETY

See the infographic on **Oxiten's material topics** on pages 30 and 31.

Oxiten's culture provides for the permanent reinforcement of the safe attitude. The performance is the result of a management focused on the hazards and their potential impacts through the identification of the risk at each stage of the production process and also in the various complementary activities carried out, reducing the probability of a failure and investing in the capacity of the employees in detect deviations and correct them.

## Occupational health and work safety G4-DMA

The production processes use products with potential health risks, but all preventive measures are taken and rigorous medical supervision is carried out. There is no case of specific disease related to contact with these products or in relation to the work environment. Reinforcing safe practices, occupational hygiene programs aimed at worker exposure prevention are widely disseminated and disseminated by the company. G4-LA7

The pillars of the OHSAS 18.001 standard are incorporated into the company's integrated management system and guide management in occupational health and safety. In 2017, the Suzano unit (SP) went through the certification process, integrating

the group of units already certified: Camaçari (BA), Mauá (SP) and Triunfo (RS). The focus in 2018 will be at the Tremembé (SP) unit, which is preparing to obtain certification. In relation to the international units, the planning is elaborated for execution in the next years.

In 2017, the company faced the corporate challenge of reviewing the work permit procedure. The process involved the units of Brazil, Mexico and Venezuela and aims to ensure a single procedure that meets the needs of the regions.

In the pillar of emergency care, the advance was in the consecration of the guidelines, the first related to the

preparation and development of the Emergency Care Plan, and the second related to the inspections and tests of emergency care equipment. The units of Brazil have advanced in the publications of their respective contingency plans in 2017. The efforts in 2018 will be directed to the international units, starting with Uruguay and Mexico. It should be stressed that this new model is part of the work started in 2015, with Ultra's demand, whose objective was to carry out an evaluation process that covered the capacity to respond to eventual emergencies in the context of the elements of Preparation, Planning and Emergency Response.

## Management in health and safety has as guideline the standard OHSAS18.001.

**There are no recorded cases of diseases related to contact with products.**

With this same scope, the unit of Uruguay passed the diagnosis in 2017, finalizing the activity in the Mercosur region. By 2018, the proposal is to move forward with the model for the Mexican units, which will allow a broad diagnosis to direct the efforts for the management of emergency response. Also to meet the scope of Ultra, in 2017, qualitative and quantitative

assessments of fire protection systems and components were completed in Tremembé (SP). This initiative has already been carried out at the Mauá unit (SP). The result allows identifying if the resources and equipment available to fight emergencies are efficient when required.



**The largest and most complete emergency simulation** of the history of the *site* in Mauá (SP) was held at the Grande ABC Petrochemical Complex.

### TRAINING AND AUDITS

In December 2017, the Mauá (SP) operation carried out the largest and most complete emergency simulation of its history at the Grande ABC Petrochemical Complex. A product leak was simulated, followed by the complete abandonment of the petrochemical complex, with the participation of fire-fighters, companies that integrate the Mutual Assistance Plan, civil defense and other security agencies to evaluate the operation of prevention and mitigation of impact in the region.

The company also sponsored the first course focused on safe behavior for professionals in the region of São Paulo ABC, conducted in partnership with a consulting firm. Twenty employees from Oxitenor and 12 professionals from the region participated.

In Uruguay, the elaboration of the Task Risk Assessment (TRA) began in 2017, which contributes to the future certification process in OHSAS 18001 and includes risk analysis and mapping

of the tasks of Oxitenor employees and contracted companies. The objective is to increase risk analysis, strengthening the culture of the safe attitude, which has gained strength with the intensification of training in the last two years. There were 45 trainings in 2017, two per week.

At the Mauá unit (SP), audits focused on employee behavior were intensified, with approximately 1,300 behavioral observations being performed in the year.

Finally, with regard to health and safety information systems, the company has completed the implementation of the system adopted in Brazil at the units of Mexico, consolidating a single base for data management and equalizing processes, which brings more speed to the access to information. For the units in Brazil, the system is being prepared to meet the demands required by the e-Social, which has its period of validity at the beginning of 2019 for health and safety issues.

### RATES OF INJURIES, OCCUPATIONAL DISEASES AND LOST DAYS G4-LA6

HEALTH AND SAFETY RATES <sup>1</sup>	2015	2016	2017
Rate of accidents with leave (per million hours worked)	3.1	1.0	3.4
Rate of accidents without leave (per million hours worked)	6.4	5.8	8.0
Rate of layoffs <sup>2</sup>	1,374.43	48.23	44.54
Number of LAYOFFS	1	0	0

<sup>1</sup> Data consider unit in Brazil + Headquarters + GEDEA (employees, interns and third parties). The health and safety data recording system does not discriminate data by gender or type of hiring.

<sup>2</sup> Calculated from the total number of days lost related to typical work accidents \* 1,000,000 / HHT Total. In 2015, 6,000 days were lost due to the fatality in the period, according to the guidance of NBR 14280.

## Safety and process

In 2017, Oxiten's Process Hazard Analysis (PHA – ) Program now covers the Guadalajara and San Juan del Río units in Mexico, as well as Oleoquímica, in Camaçari. Currently, the program goes through the second cycle of revalidation of its five-year plan - 65% of the units have been revalidated, a rate that

will reach 100% in 2019. The periodic recycling of the process hazards and risks assessment reinforces the implementation of prevention and mitigation barriers for possible deviations, as well as ensuring the value of the safety topic in the company.

Periodic recycling of hazard and process risk assessment reinforces the implementation of prevention and mitigation barriers.

## Product safety G4-DMA G4-PR1

Oxiten maintains structured processes to classify physical, health and environmental hazards and ensure compliance with national and international safety and environmental requirements in the manufacture, use, storage, transportation and final destination of its products.

Toxicological and ecotoxicological information is analyzed to carry out the hazard classification of chemicals. There is also monitoring national and international trends to identify risks that may affect business through the use of legislation monitoring tools and participation in industry organizations.

G4-14

Products and raw materials meet the classification and labeling standards for chemical products and transport in force. 100% of the new products developed in 2017 were evaluated according to the Globally Harmonized

System of Classification and Labelling of Chemicals (GHS).

Chemical Safety Data Sheets (SDSs), Emergency Sheets and Labels are also produced, with data on components contributing to hazards and precautionary, storage, handling and disposal recommendations, as well as legal requirements.

Oxiten provides a corporate system for project management that records and retrieves the information of all products sold. Audits, dissemination of information, guidelines and alerts are also carried out to comply with laws, resolutions and regulatory standards, in order to minimize incidences of non-conformities and improve operations.



For information on Oxiten products, go to [www.oxiten.com.br](http://www.oxiten.com.br)

# Value chain

G4-DMA

## MATERIAL TOPIC



See the infographic on **Oxitenos material topics** on pages 30 and 31.

The business partners, who make up the Oxitenos value chain, are essential for the success of the company and its customers. In a joint effort, suppliers and distributors ensure both the delivery of quality raw materials to Oxitenos production processes and the efficient distribution of the portfolio manufactured by the company.

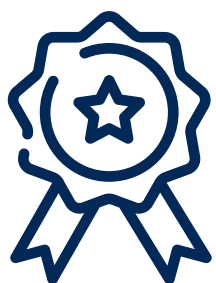
## Customers

The focus on meeting customer demands and positioning as a partner to develop solutions that positively impact your products and services are strategic premises.

In this way, Oxitenos performs joint actions, adding sustainability attributes and more efficient application alternatives to the products. The main goal is to strengthen the construction of more lasting relationships, with the narrowing of the commercial relationship to meet the increasing demands of the market.

As a result, there was a substantial increase in business and greater interaction with customers that generated innovative solutions aligned to market trends in the various segments that Oxitenos operates (read more in Products and Services, on page 36).

Investments made in 2017 have improved the distribution channel, increased efficiency and optimized the logistics and packaging capabilities of the products.



During the year, Oxiteno **recognized and awarded the distributor that best fulfilled the objectives and goals of the management plan.**



## Distributors

The distributors, in particular, support the company's sales extension strategy, guaranteeing the service to 90% of small and medium-sized companies that consume some type of chemical in Brazil, in addition to the big players in the market. These partners help strengthen the relationship with Oxiteno's customers and further support the company's innovation processes.

Distribution system guarantees service to

**90%**  
of small and medium-sized companies that consume some type of chemical in Brazil.

## Logistics

In 2017, investments were made to add improvements to the distribution channel, increasing efficiency and optimizing resources directed to the logistics and packaging stages of products transported to the final customer. One example is the adoption of smaller trucks to serve smaller customers in long distance routes. The measures still significantly reduce the environmental impacts on the chain.

# Suppliers G4-DMA, G4-12 and G4-EN32

Oxiten's Supply area, which is responsible for supplying raw materials, packaging and utilities of all industrial units and contracting (tolling), is composed of a Global structure based in São Paulo and three regional units: Mercosur, MAC (Mexico, Andean and Caribbean) and the United States.

As part of the organizational restructuring promoted by the *Evolution Project* (read more on page 24), the Global Supply area has taken important steps towards the globalization of its processes in 2017. In partnership with the three regional areas of Supply and with the Global Quality Management area,

all processes were reviewed, making them clearer, more aligned, more robust and more efficient.

The relationship with suppliers is guided by the *Ultra's Code of Ethics* and specific Ultra policies (Conflict of Interest Policy, Anti-Corruption Policy, Anti-Corruption Policy and Relationship with Public Agents and Corporate Competitive Policy), which are standards that meet technical guidelines and commercial. The company also develops a responsible purchasing program with environmental, social and quality requirements.

Expenditure on raw materials of renewable origin accounts for approximately 26% of expenditure on raw materials and accounts for 12% of the total (in tonnes) of raw materials consumed.

The contracting strategy of suppliers considers criteria such as price, availability, relationship and lead time. Although the geographical location of the supplier may influence, there are no specific policies or practices that prioritize the hiring of local suppliers. "Locals" are all suppliers located in the same country as the corresponding industrial unit.

90% of Oxiten's acquisition costs are allocated to local suppliers in Brazil.

PROPORTION OF SPENDING ON LOCAL SUPPLIERS (%) <sup>1</sup> G4-EC9		2016	2017
Brazil	Domestic	89.59	74.66
	Foreign	10.41	25.34
Mexico	Domestic	62.92	65.97
	Foreign	37.08	34.03
Uruguay	Domestic	18.72	15.73
	Foreign	81.28	84.27
United States	Domestic	14.85	5.45
	Foreign	85.15	94.55
Venezuela	Domestic	n.d. <sup>1</sup>	n.d. <sup>1</sup>
	Foreign	n.d. <sup>1</sup>	n.d. <sup>1</sup>

<sup>1</sup> Information not available up to the date of publication of this report.



**PALM KERNEL OIL (PKO)** G4-12

Palm kernel oil (PKO) is the most consumed vegetable oil in the world. Malaysia and Indonesia account for more than 90% of the production of this renewable source material. Oxitenno, with its Oleoquímica unit, located in the Industrial Complex of Camaçari (Brazil), is the only company in Brazil that manufactures fatty acids, fatty alcohols and glycerine from PKO.

These three derivatives are the basis of the manufacture of numerous Oxitenno products in the segments of personal care, domestic and institutional cleaning and food. They are present in shampoos, conditioners, skin creams, oral hygiene products, among others.

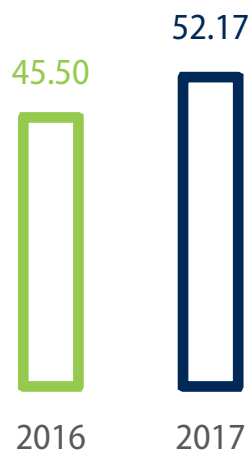
The palm oil production chain, including palm kernel oil, still presents challenges in social, environmental and economic aspects. The Malaysian-based non-governmental organization Roundtable on Sustainable Palm Oil (RSPO), develops and implements global standards for the sustainable palm oil chain. Oxitenno is an ordinary member of this NGO and, in support of the cases defended, has established a (Responsible Palm Oil Sourcing Policy) that defines specific requirements for suppliers of this raw material of strategic importance for your business. This document is available at [www.oxitenno.com](http://www.oxitenno.com). G4-15



**Oxitenno's goal is to exclusively use PKO**  
RSPO certificate by 2024.

Oxitenno has 98.6% traceability for palm derivatives up to the stage of processing the (palm kernels) in the mills.

**NEW SUPPLIERS SELECTED BASED ON SUSTAINABILITY CRITERIA (%)** G4-EN32





# 74.66%

**of the inputs were acquired** from companies located in Brazil.

## Social development G4-DMA

In order to put into practice its vision and its values, Oxiteno focuses its efforts to make possible different socio-environmental actions that impact the entire chain of relationships. There are, for example, specific initiatives aimed at the selection and monitoring of suppliers of raw materials, or even actions that positively impact communities around the operational units. Throughout the process of product development, the company also remains committed to the health and well-being of society.

Thinking about the development of the supply chain, the company, whenever possible, opts for the contracting of local suppliers. In the year, 74.66% of the inputs were purchased from companies located in Brazil. Another relevant point is the supplier qualification policy, which monitors and develops suppliers following the best sustainability practices.

Oxiteno carries out socio-environmental initiatives to select and monitor suppliers of raw materials.

### INITIATIVES IN MEXICO AND URUGUAY

In San Juan del Río (Mexico), the Safety, Quality and Health Week is organized annually, with actions that engage customers, suppliers and local communities. The San Juan del Río unit also maintains agreements with three major universities in the city to implement initiatives that help promote these issues.

Oxiteno's management team in Mexico includes a group of 45 executives, representatives of Brazilian and foreign companies in the country, with the objective of contributing to the development of markets close to the region, with great potential for growth due to its natural resources and location geographical proximity to the Atlantic and Pacific Oceans, a strategic location for exports, especially to the United States and other regions of Mexico itself.

In Coatzacoalcas, also in Mexico, Oxiteno participates in the local mutual aid committee, which includes the Adopt a School program. The unit provides training, courses, lectures and shares knowledge with the school community on weekends. It also organizes visits so that the community knows Oxiteno's company facilities, production process and good practices. The plant also participates in the *Reciclon*, program for the recycling of electronic products, maintaining its presence in the organizing committee of the initiative.

In Uruguay, the company shares and exchanges knowledge with the students of a training center located near the plant, which is one of the poles forming human capital accessed by Oxiteno. There are scheduled visits to Oxiteno's site where the company has the opportunity to boost local development and generate environmental, economic and social value.

### INITIATIVES IN BRAZIL

The manager of the unit in Mauá (SP) took over the chairmanship of the Industrial Promotion Committee of Polo Grande ABC (Cofip), which disseminates best practices among companies in the region. In the unit, the Open Doors program takes place, an initiative that aims to present Oxiteño and its products to the surrounding community and family members of the employees, thus strengthening the company-society tie.

Also in Mauá, Oxiteño supports the social project Integrating Art and Life, carried out in partnership with the municipal government and the local education secretariat. The purpose of the initiative is to complement the educational process to avoid school dropouts, offering alternatives such as cultural and sports workshops. In 2017, the project 100% sponsored by Oxiteño, involved monthly about 210 children of the Municipal School Cora Coralina, who participated in extracur-

ricular activities – artistic and sports workshops – covering judo, dance and soccer. This project is maintained by resources of sports incentive laws and managed by the National Sports Association (ANE) and National Association of Sports and Education Development (Andee).

Oxiteño Camaçari (BA) has a theater group formed by its employees and third parties, which deals with issues relevant to the unit, such as safety and good manufacturing practices. Due to the commemoration of the 40th anniversary of the Camaçari Complex in 2018, the unit will join, along with 14 other companies, a Cofic initiative to carry out a study on the competitiveness of the Polo. This project, led by SENAI Cimatec, will involve academics and experts over the coming year.

Also highlighted is the Coral initiative, in the Camaçari and Mauá units, which promotes culture and collective responsibility in these communities,

strengthening relationships between the company and society.

The units of Mauá (SP), Tremembé (SP), Suzano (SP), Triunfo (RS) and Camaçari (BA) relate to the surrounding communities through the Community Councils. representatives of the communities (leaders, civil defense, schools, health posts, among others) are held bi-monthly meetings to align topics related to health, safety and the environment.

We also highlight the Formare Program, which is managed by the Ultra Institute, which focuses on the student and professional education of young people from the less favored classes (read more about Formare on page 57).

## Promoting science among children G4-DMA, G4-EC8

Oxiteño conducts Nau dos Mestres (Masters' Ship), a science teaching program that awakens curiosity, playful learning and the investigative instinct of children. Equipped with a mobile laboratory and a collection of books combining chemistry, physics, biology and optics, the project seeks to encourage students' interest and learning from scientific experiments and interactive challenges.

In 2017, Oxiteño enabled the execution and distribution of Nau dos Mestres in five schools in the cities of Santo André and Mauá, in the metropolitan region of São Paulo, benefiting 4,339 students between the ages of nine and 13, attending Elementary School, and 18 teachers. The program, developed by Evoluir, in partnership with Science in Show, is funded by the Ministry of Culture through the Rouanet Law.

# GRI content summary <sup>G4-32</sup>

## GENERAL STANDARD CONTENTS

	Page/answer	Omission
<b>Strategy and analysis</b>		
<b>G4-1</b> Message from the President	5	
<b>Organizational Profile</b>		
<b>G4-3</b> Name of organization	10	
<b>G4-4</b> Major Brands, Products and Services	10	
<b>G4-5</b> Location of organization's headquarters	16	
<b>G4-6</b> Countries where the main operations are or those most relevant to the sustainability aspects of the report	16	
<b>G4-7</b> Type and legal nature of the property	27	
<b>G4-8</b> Markets in which the organization operates	16	
<b>G4-3</b> Size of organization	12	
<b>G4-10</b> Profile of the employees UNGC	47 and 50	
<b>G4-11</b> Percentage of employees covered by collective bargaining agreements UNGC	98% because it disregards the Executive Managers that are managed by an Ultra Corporate Policy.	
<b>G4-12</b> Description of the organization's supply chain	76 and 77	
<b>G4-13</b> Significant changes in size, structure, shareholding and supply chain	There were no significant changes in the size, shareholding and chain of suppliers.	
<b>G4-14</b> If and how the organization adopts the precautionary approach or principle	73	
<b>G4-15</b> Letters, principles or other initiatives developed externally	77	
<b>G4-16</b> Participation in associations and organizations	Oxiteno actively participates in the Brazilian Chemical Industry Association (Abiquim) and its committees. Among the initiatives, it is part of the Responsible Action® Program, which establishes the commitment for the implementation of actions related to health, safety and environmental management systems.	
<b>Material aspects identified and limits</b>		
<b>G4-17</b> Entities included in the consolidated financial statements and entities not covered by the report	The information presented in this report refers to Brazil, a more significant operation, and, where possible, extends to international units. The financial statements are disclosed by Ultrapar <i>holding</i> company and include all Oxiteno units.	

	Page/answer	Omission
<b>G4-18</b> Process of defining the content of the report	8	
<b>G4-19</b> List of material topics	9 and 30	
<b>G4-20</b> Limit, within the organization, of each aspect	30	
<b>G4-20</b> Limit, outside the organization, of each aspect	30	
<b>G4-22</b> Reformulations of information provided in previous reports	Reformulations, when they occur, are indicated in the notes of the tables.	
<b>G4-23</b> Significant changes to the scope and limits of material aspects over previous reports	There were no significant changes in the scope and limits of material aspects.	
<b>Stakeholder Engagement</b>		
<b>G4-24</b> List of stakeholders groups engaged by the organization	8	
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## SUSTAINABILITY REPORT ASSURANCE STATEMENT

Members of Senior Management and other stakeholders of Oxitenó

### Introduction

Green Domus Desenvolvimento Sustentável (Green Domus) was hired by Oxitenó to assure its Sustainability Report for 2017.

Oxitenó was responsible for preparing and presenting the information on its sustainability performance in its 2017 Sustainability Report, as well as presenting the evidence necessary for the assurance procedures; while Green Domus proceeded with the independent assurance in a systematic and documented manner, based on the required evidence produced by Oxitenó.

### Assurance Standards

The assurance process was conducted based on the *AA1000 Assurance Standard* 2008; *AA1000 Accountability Principles Standard* 2008 and on the Guidelines for Sustainability Report, version G4, 2013, of the *Global Reporting Initiative* (GRI).

### Assurance Level and Type

The assurance conducted by Green Domus was moderate and of type 1, according to the concepts defined by *AA1000 Assurance Standard* 2008; thus, it was verified the adherence to the Principles of Inclusion, Materiality and Capacity of Response, and how the organization communicates this performance on the sustainability report; the presentation of the information requested in the essential “agreed” option defined by GRI and following the criteria to define the content and quality assurance of the report.

### Assurance Limits

The assurance was limited to the evaluation of the preliminary information in the 2017 Sustainability Report of Oxitenó and the other evidence that based its content.

### Methodology

The assurance began with the preliminary evaluation of the information in the 2017 Sustainability Report of Oxitenó and in the documents that based its preparation. A visit was made to the centralizing unit of the information used in the sustainability report, aiming at interviewing the stakeholders involved and gathering evidence of the reported information.

Through the Assurance Protocol, adjustments to the information presented in the report were requested, and improvements were suggested for adequacy to the assurance standards used. The assurance procedures were finalized only after the completion of the indications made.

### Independence and Impartiality

For the assurance purposes, Green Domus states that it has no relationship with Oxitenó that might prevent it from issuing this Assurance Statement in an independent and impartial manner. It should also be noted that all professionals involved in this assurance process are aware of and trained in Green Domus's Corporate Management System, whose content includes policies and procedures that set a neutral operation pattern for and mitigate possible technical risks in the development of the company's activities.



### Comments and Recommendations

Without interfering in the positive conclusion of this assurance, Green Domus recommends some improvements and the adoption of good practices for Oxiten's report:

- Redo and/or update the company's materiality matrix to ensure its adhesion to the reality of the sector and a closer relationship with its stakeholders.
- Adapt, in the next report cycles, the development process of the sustainability report to observe the version of GRI Standards.
- Expand the description of the management of the reported relevant topics to implement the recommendations of the GRI Guidelines and move towards the compliance with the requirements of GRI Standards.

- Deepen the management of quantitative data of the reported indicators, in order to increase the capacity to respond to the relevant issues of the organization.

### Conclusions

In the opinion of Green Domus Desenvolvimento Sustentável, the 2017 Sustainability Report of Oxiten is an adequate representation of the company, which relates its strategies, policies, and actions to its sustainability performance.

Based on the procedures performed, it can be affirmed that nothing came to Green Domus's knowledge that would lead it to believe that the information contained in the 2017 Sustainability Report of Oxiten was not compiled, in all material respects, in accordance with the Guidelines for GRI Sustainability Report, version G4, related to the Essential "agreed" option, with the 2008 AA1000 AccountAbility Principles Standard, and with the organizational guidelines that based its preparation.

São Paulo, November 1, 2018



**Nino Sergio Bottini**  
Independent Reviewer



**Marina Dall'Anese**  
Lead Auditor



## Credits

### GENERAL COORDINATION

Global Sustainability Management (Oxiteno)

### GENERAL COORDINATION OF GRAPHIC DESIGN

Global Management of External Communication (Oxiteno)

### WRITING, EDITING, GRAPH DESIGN AND GRI CONSULTING

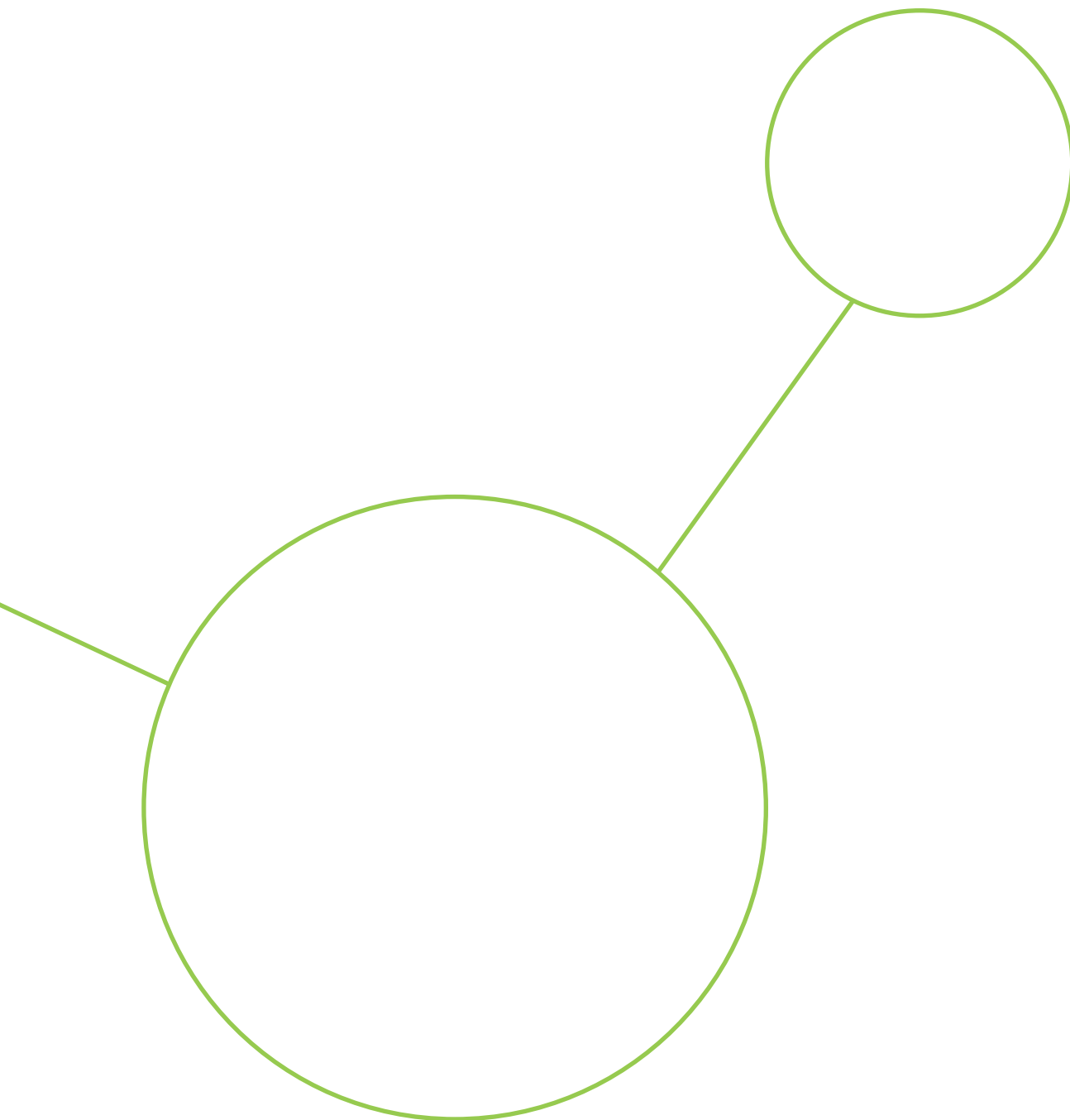
Report Sustentabilidade

### TRANSLATION

Better Traduções

### PHOTOGRAPHY

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and image bank





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