

# COMMUNICATION ON PROGRESS IPIRANGA 2015





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Ipiranga's Profile

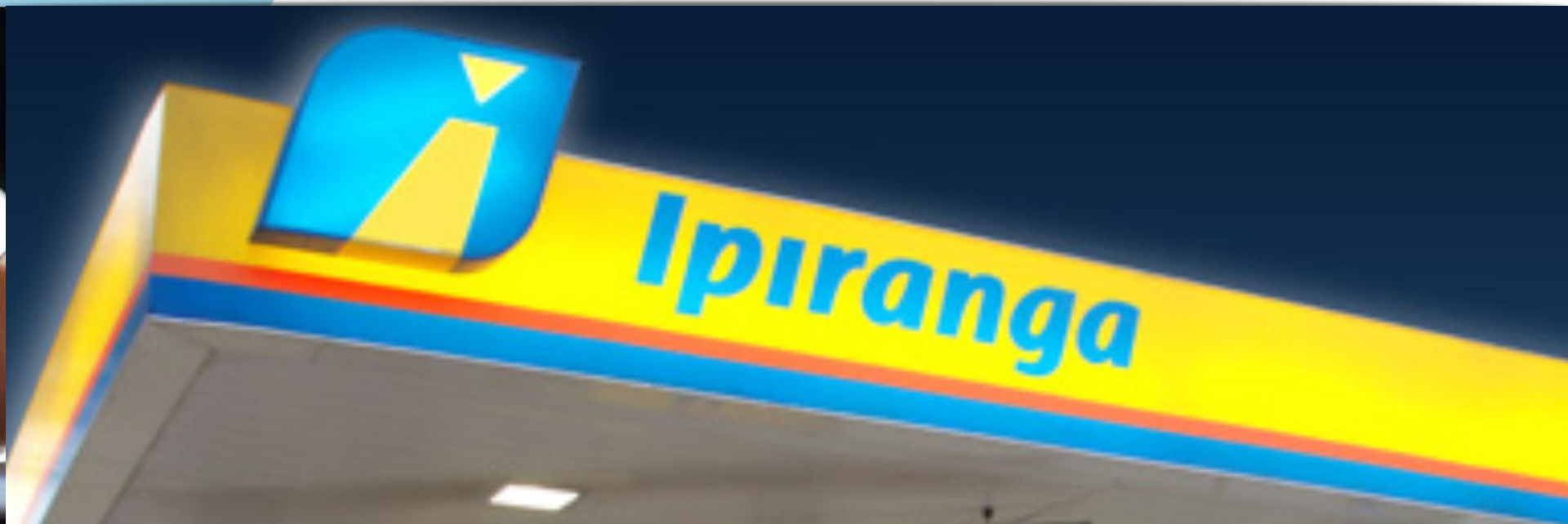
The 10 principles of  
the Global Compact

Initiatives

Credits

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# Ipiranga's Profile



Ipiranga is one of the largest companies in the fuel distribution segment in Brazil. Its chain of outlets — with over 7,130 service stations geared to meet the daily needs of consumers — offers everything from fuel and lubricants to convenience products. There are more than 1,760 am/pm stores and more than 1,370 Jet Oil units offering specialized services for cars and motorcycles through wholly-owned franchises set up in the chain's stations.

With a clear vocation for the retail trade, Ipiranga's service stations stand out for wide diversification of products and services, offering convenience and expanded consumption possibilities for its clients. In addition to the franchises, the brand operates in the field of e-commerce, notably with the 1st Posto na Web (service station on the web site), and has its own means of payment through the Ipiranga Cards line. It also operates Brazil's largest loyalty program: Km de Vantagens (“Miles of Advantages”) has over 20 million participants.

The quest for sustainable environmental, social and economic development also is part of what we do. The number of its Eco-Efficient Service Stations, whose guiding principle is to achieve energy, water, waste and materials efficiency from the construction process right through to the operational phase, is continuously growing. There are now over 955 facilities with this profile in operation throughout the country.

Other actions related to sustainability are increasingly incorporated into Ipiranga's business activities. Among them are those described in this Global Compact Communication on Progress, with their developments.



# The 10 principles of the Global Compact



Signatory of the Global Compact of the United Nations since 2012, Ipiranga voluntarily committed to adopt the pact's principles for all of its business practices.

Learn more about the actions taken by the company related to these principles in the pages that follow.

## The 10 principles of the Global Compact

### HUMAN RIGHTS



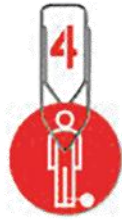
Businesses should support and respect the protection of internationally recognized human rights



Ensure non-complicity in human rights violations



Support freedom of association and effective recognition of the right to collective bargaining



Eliminate all forms of forced or compulsory labor



Effectively abolish child labor



Eliminate discrimination in employment



Support a precautionary approach to environmental challenges



Undertake initiatives to promote greater environmental responsibility



Encourage the development and disclosure of environmentally friendly technologies



Battle corruption in all its forms, including extortion and bribery

### LABOR RIGHTS

### ENVIRONMENT

### CORRUPTION

# Initiatives





# Corporate Governance



Ultrapar's shares are listed on the BM&FBOVESPA and the New York Stock Exchange (NYSE) and, since 2011, have been part of the BM&FBOVESPA's Novo Mercado.

As a member of the Ultra group, Ipiranga adopts best Corporate Governance practices and guidelines, complying with the market's highest corporate governance requirements.

The main practices and guidelines of Ipiranga's Corporate Governance are:

- Sarbanes-Oxley certification without reservations;
- Risk Matrix;
- Code of Ethics.

Based on the principles: Ethical Management, Ethics in Relationships, Ethics in the Workplace and Code of Ethics Management. Designed to encourage deeper reflection on the moral and ethical issues involved in the organization's activities and work environments.

As a highlight of 2015, Ipiranga completed online training on the Code of Ethics with 96% of the company's employees.

| Principles involved |   |   |   |   |   |  |  |  |    |
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# Institutional Policies

Ipiranga amply demonstrates its commitments through the dissemination of its seven Institutional Policies.

Disclosure to the workforce is through internal communication media, training sessions and its standards and policies system. For the general public, the policies are available on the company's website ([www.ipiranga.com.br/politicas](http://www.ipiranga.com.br/politicas)) and are attached to all new contracts that are signed.

In 2015, Ipiranga updated and improved the following policies:

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## Anti-Corruption Policy

Approved by the Ultra Conduct Committee, the Anti-Corruption Policy consolidated the guidelines to be adopted in dealing with public administration bodies, whether domestic or foreign, in order to preserve the integrity and transparency of the company's businesses.

Ipiranga has clauses in its contracts to orient implementation of the Policy and effected, in 2015, internal training disclosure of Policy and awareness of regulatory guidelines established in the Anti-Corruption Law (Law nº12.846/13 and Decree No. 8,420/15), in order to reaffirm the principles and its commitment to fight corruption in all its forms.

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# Communications and Marketing Policy

A review of this policy reinforced how personal data provided voluntarily by registered consumers in the company's programs and client information that comprise Ipiranga's databases is handled, emphasizing protection and confidentiality.

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# InPACTO

**National Institute of the Pact  
for the Eradication of Slave  
Labor**



Ipiranga has been a signatory of the National Pact for the Eradication of Slave Labor since 2005 and seeks to operate more actively in this regard.

Through its association with InPACTO (National Institute of the Pact for the Eradication of Slave Labor), the company strengthens its position in relation to ethical conduct, of fundamental importance to maintain itself in the market in a sustainable manner.

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# Organizational Climate Survey

The Climate Survey is an important management tool that contributes to higher employee engagement, regarding improvements in the workplace and in the production process. The goal of staff participation is to receive feedback on employee perceptions and is voluntary.

In 2015, the application of Ipiranga’s Climate Survey had a 91% compliance rate. The results were very positive, with an increase of nine percentage points in the internal favorability rate, which reached 74% this year. This rate places Ipiranga among the market’s best companies measured by the Hay Group consultancy.

The indicators with the most positive results were: Confidence in Leadership, Sustainability and Quality and Focus on the Client.

Building on this survey, Ipiranga will prepare action plans designed to reduce any gaps discovered and consolidate positive results already achieved.

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# Quality of Life Program

## Viva Mais



Ipiranga encourages, supports and invests in the well being of its teams through the actions of the Viva Mais (Quality of life Program), which promotes good health and quality of life of employees and family members.

In addition to a complete Health Plan, extended to dependents, the company offers health maintenance actions for employees, such as:

- Medical Control and Occupational Health Program, providing a greater number of preventive occupational examinations;
- Breast, gynecological, prostate, lung and intestine cancer prevention measures;
- Vaccination campaigns, free for staff and subsidized for dependents; food education program;
- Anti-smoking-program; monitoring of employees exposed to risk or carriers of serious diseases, involving hospital and home care for severe cases;
- Nutrition management: nutritional guidance in cases of medical diets;
- Alcohol and drug policy;
- Total coverage in cases of drug addiction and AIDS;
- Lectures and training about healthy habits;
- Promotion of physical activities, with its own gym in the Ipiranga Rio de Janeiro building and encouragement in other locations.

| Principles involved |   |  |  |  |  |  |   |  |  |
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# Social Responsibility Programs





The educational process is the basis of Ipiranga's social investments, focusing on inclusion, local development and benefits for the communities with which it interacts.

In addition, the company strengthens client relations through its social involvements and partnerships.

The company contributes to relevant social causes through the Programa de Voluntariado Ipiranga (Ipiranga Volunteer Program), mobilizing employees for voluntary work in schools and institutions in the vicinity. Furthermore, the program is an important tool for the development of skills and professional values.

One internal unpaid action is designed to combat school truancy and presents the benefits of studying to students through lighthearted activities and games. This is known as the Programa Vantagens de Permanecer na Escola (Benefits of Staying in School Program), conducted in partnership with Junior Achievement.

In 2015, about 50 of our professionals participated in this action in a number of cities around the country, reaching over 500 young people.

Another Ipiranga Social Responsibility initiative is the Projeto Integrar Arte e Viver (Art and Life Integration Project).

#### Princípio 1

Apoiar e respeitar a proteção de direitos humanos reconhecidos internacionalmente.

#### Princípio 2

Assegurar-se de sua não participação em violações destes direitos.

#### Princípio 3

Apoiar a liberdade de associação e o reconhecimento efetivo do direito à negociação coletiva.

#### Princípio 4

Eliminar de todas as formas de trabalho forçado ou compulsório.

#### Princípio 5

Abolir efetivamente o trabalho infantil.

#### Princípio 6

Eliminar a discriminação no emprego.

#### Princípio 7

Apoiar uma abordagem preventiva aos desafios ambientais.

#### Princípio 8

Desenvolver iniciativas para promover maior responsabilidade ambiental.

#### Princípio 9

Incentivar o desenvolvimento e difusão de tecnologias ambientalmente amigáveis.

#### Princípio 10

Combater a corrupção em todas as suas formas, inclusive extorsão e propina.

Created in 2015 in partnership with the Associação Nacional de Esportes – ANE (National Sports Association), it seeks to stimulate human development through culture and sport, offering new opportunities for the young people involved.

The project operates four core groups near Ipiranga's operating units of Paulínia (SP), Canoas (RS), São Caetano do Sul (SP) and Betim (MG).

At each site, some 780 or so municipal public school students participate in sports programs such as judo, dance, volleyball and futsal as extracurricular activities.

In this project, dance and sport act as primary tools for social inclusion, raising these young people's self-esteem and quality of life.

**Principles involved**

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# Recruitment and Selection

In line with the company's Code of Ethics, Ipiranga ensures respect for ethnic, cultural, social and physical diversity, among others, through its recruitment and selection practices and does not tolerate any kind of discrimination. Likewise, the company neither admits nor condones child labor or any forced or degrading labor practices.

In 2015, Ipiranga received the following recognition:

- One of the 10 Best Companies in Personnel Management Practices - Gestão RH magazine;
- One of the 50 Best Psychologically Healthy Companies - EPS - with special emphasis on Pillar Health and Safety at Work - Gestão RH magazine .
- Top Employer Brazil International Certification, awarded to organizations that demonstrate the highest standards of career offerings in the Brazilian market

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# Ipiranga University



UNIVERSIDADE  
IPIRANGA

Ipiranga has always supported and stressed the importance of employee training as the basis for the entire organization's growth. In order to achieve a high degree of expertise, in 2014 the company established Universidade Ipiranga (Ipiranga University).

In 2015, the University's work was consolidated through the expansion of distance training programs, available to all employees and trainees. These courses have become strategic tools for self-development, capacity building and training of the company's workforce.

In addition, a specific learning track was designed for the sales area, aligned with the business's strategic objectives and based on Ipiranga's educational benchmarks. Adjusted to the organization's needs, this track offers the clarity and planning needed for professional development.

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# SuperAction Program

(Programa SuperAção)



This Program was kicked off in 2013 at the Ipiranga Lubricants Unit, and is based on Total Productive Maintenance (TPM) methodology, which seeks continuous and systematic improvement of the industrial process to reduce such resources as lost time, personnel, materials and costs.

It works through specific projects involving teams of employees, developing and preparing them to attain operational excellence.

The Program already has launched 30 projects, each with specific themes and goals aimed at demands for improvements in processes, quality, safety and the environment. Results have included the enhancement of 67% of the organization's operating processes, an increase in one plant's capacity by approximately 18% and a 13% reduction in the Lubricants Unit's energy consumption.

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|                     |  |  |  |  |  |  | 7 | 8 | 9 |  |

# Ipiranga Committed Supplier Program



**FORNECEDOR  
COMPROMETIDO  
IPIRANGA**



This Program is designed to improve relations with this stakeholder group and encourage sustainable, ethical and transparent behavior. The company's Suppliers Policy Statement is the Program's basic framework, explaining the principles for a solid relationship with Ipiranga.

In 2015, the self-assessment tool was upgraded; when filled out, it automatically generates an improvement plan that facilitates the supplier management process. This year, the program involved more than 900 suppliers in 12 different areas. The rate of return for completed forms was approximately 60%.

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# Client Relations





# Eco-Efficient Service Station



The purpose of this distinctive model for Ipiranga's service stations is preservation of natural resources in an economically viable manner, from construction planning to operations.

With actions focused on energy, water, materials, waste and soil protection management, its philosophy is to optimize the consumption of natural resources, by maintaining — and even boosting — the quality of its services.

The builders follow the guidelines for the construction or renovation of stations, observing the same construction management model, standardizing new eco-efficiency procedures and the records that must be kept.

The guidelines for the construction routines are designed to reduce the use of materials, ensure proper waste disposal and a safe workplace and environment.

By the end of October 2015, there were 955 Eco-Efficient Service Stations located around the country. Each of them contains eco-efficiency aspects that reduce consumption of energy, water, materials and waste generation.

Through November 2015, seven 955 Eco-Efficient Service Stations received the Procel Energy Savings Seal for Buildings.

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Moreover, this initiative was featured in Guia EXAME de Sustentabilidade 2015 (EXAME Magazine's Sustainability Guide 2015), which recognizes and supports actions that contribute to the responsible development of the country.

One of these, Posto Carioca Jardim in Rio de Janeiro, was submitted for international LEED (Leadership in Energy and Environmental Design) certification and awarded the Gold category. LEED is a comprehensive international certification for ecologically correct ("green") buildings awarded by the U.S. Green Building Council (USGBC), which evaluates six other dimensions besides energy use.

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# Ipiranga Zero Carbon Program

(Programa Ipiranga Carbono Zero)



The Ipiranga Zero Carbon Program includes all of the company’s carbon management actions — from measurement and reductions through to the offsetting of greenhouse gas (GHG) emissions.

In line with best market practices, the Program is designed to encourage initiatives that minimize environmental impacts, such as use of renewable energy and consumer awareness campaigns, as well as offering different stakeholder groups the option of offsetting GHG emissions.

In the last three years, Ipiranga published its greenhouse gas inventory on a public platform (Public Emissions Registry) and reached the Gold Seal level.

Since 2014, the company has neutralized its direct emissions (Scope 1 and 2) and its other offsetting actions now total more than 250 tons of carbon.

In addition, between January and July 2015, the offsetting of all gasoline with additives sold in its Eco-Efficient Service Stations through automation was carried out at no additional cost to the consumer.

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# SIGA+

Ipiranga's Management System applied to Health, Safety, Environment, Quality and Social Responsibility



SIGA+ includes a set of tools for Health, Safety, Environment, Quality and Social Responsibility (HSEQSR) management. Its procedures, records, controls and performance goals are aligned with the strictest regulations and national and international standards.

As a distinguishing characteristic, the system is participation based, including annual reviews of requirements specific to the company's needs. Yearly audits are carried out to verify each unit's performance — that is, to evaluate compliance with the requirements and motivate developments in the system's various aspects. Consistent with performance, they are classified into five groups, making it possible to measure all of them.

At the end of 2015, the system was already implemented in 81% of Ipiranga's operating facilities.

- Principles involved 1**  
Respect and support the protection of internationally proclaimed human rights in its area of influence
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- Principles involved 3**  
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- Principles involved 4**  
Eliminate All forms of forced and compulsory labor
- Principles involved 5**  
Eradicate effectively all forms of child labor in its production chains
- Principles involved 6**  
Stimulate practices that eliminate any type of workplace discrimination
- Principles involved 7**  
Assume a precautionary approach to environmental challenges
- Principles involved 8**  
Develop initiatives and practices to promote and disseminate environmental responsibility
- Principles involved 9**  
Encourage the development and diffusion of environmentally friendly technologies
- Principles involved 10**  
Combat all forms of corruption, including extortion and bribery

| Princípios envolvidos |   |  |   |   |   |   |   |   |    |
|-----------------------|---|--|---|---|---|---|---|---|----|
| 1                     | 2 |  | 4 | 5 | 6 | 7 | 8 | 9 | 10 |



# Play Clean Institute

( Instituto Jogue Limpo )



**JOGUE  
LIMPO**

The Programa Jogue Limpo (Play Clean Program) grew and became the Instituto Jogue Limpo (Play Clean Institute), of which Ipiranga is one of the Founding Members. The reverse logistics system and recycling of post-consumer plastic lubricants packaging received approval from CADE, and now has its own Statutes and Bylaws.

From now on, the Play Clean Institute will assume the commitments made by manufacturers associated in the reverse logistics of such packaging. Among these commitments is the fulfillment of the Sectorial Agreement, the first ever signed with the Ministry of the Environment as part of the National Solid Waste Policy (Law 12.305).

Delivering better-than-expected performance, the targets set for 2016 were met early — in 2015. Some 96 million packages — about 4,900 tons — were properly handled through operations in more than 3,000 municipalities in 14 states and the Federal District.

Throughout 2015, the Institute focused on the challenge of improving the system. The idea is for increased participation of all stakeholders in compliance with the principle of planned shared responsibility foreseen in the National Policy, studies and planning papers to expand the system to the Center-West and North regions and the states of Maranhão and Piauí, as of 2017.

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In addition, the Institute received the Chico Mendes Award in the Responsible Environmental Management Category and the Green Seal awarded by the Chico Mendes Institute. The goal of the latter is to recognize and encourage good practices imbued with the principle of sustainability, social justice and respect for life.

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# Eco-Efficient Exchange



This is a system designed to reduce the use and disposal of drums or plastic containers, and improve quality management and lubricant spills.

It works through the sale of lubricating oils in bulk, which customers receive in a 500-liter polyethylene tanks for storage of the product, replacing the traditional metal drum. The equipment allows clients control and visualization of the amount of lubricants acquired, permitting expansion of storage capacity by connecting tanks in series.

Since 2012, the adoption of the Eco-Efficient Exchange has avoided improper disposal of more than 1 million plastic packaging units.

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# Ecolubrificant



Due to its concern about the environmental impacts of its products and because it wants to be aligned with sustainability issues, in 2014 Ipiranga surprised the market with the launch of Ipiranga F1 Master Green Performance 5W30 SN.

In 2015, the Ipiranga Green Lubricants Line grew through introduction of another lubricant with sustainable distinguishing characteristics: Ipiranga F1 Master Synthetic Green 0W20 SN.

The green line is another innovation benefitting the environment, developed under the concept of sustainability in all stages of the production chain.

- Offers fuel economy;
- Reduces CO2 emissions;
- Packaging made of vegetable compounds (sugarcane), reducing at least 51% of conventional plastic use;
- Environmentally friendly production processes (based on sugarcane vegetable oil).

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# Health on the Highway Program

(Programa Saúde na Estrada)



The Health on the Highway Program is crisscrossing Brazil's roadways, offering truck drivers a significantly improved quality of life and a safer roadway. The activity offers drivers free clinical examinations — such as blood glucose, blood pressure and visual acuity tests — the calculation of the Body Mass Index (BMI) and vaccinations. The initiative also involves passing along information to participating drivers about Sexually Transmitted Diseases (STDs) and dengue fever.

The traveling Campaign, which has the support of state and local health departments, the Ministry of Health, universities and the Federal Highway Police and State Police, is carried out exclusively in Ipiranga's Rodo Rede - service station network's stores specialized in serving the traveling public, in this case with special services for truckers.

In 2015, the program was run in the states of Pará, Bahia, Ceará, Pernambuco, Paraíba, Piauí, Espírito Santo, Rio de Janeiro, São Paulo, Minas Gerais, Tocantins, Goiânia, Maranhão, Mato Grosso, Paraná, Rio Grande do Sul and Santa Catarina. The Saúde na Estrada (Health on the Highway) has existed for eight years and has assisted over 320,000 people.

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# Fuel Quality Control Program

(Programa de Controle de  
Qualidade do Combustível)

The program was designed to promote and ensure the quality of Ipiranga's fuels, in addition to satisfying consumer complaints.

Through mobile laboratories-on-wheels that make daily visits to the network's service stations, origin and quality tests are performed according to criteria set by Agência Nacional do Petróleo, Gás Natural e Biocombustíveis (ANP) - Brazil's National of Petroleum, Natural Gas and Biofuels Agency. The stations that are comply with specifications receive a Quality Seal of Approval.

The initiative strengthens the perception of Ipiranga as the company that best qualifies its dealers, boosting the sense of trust in its products and services. It also contributes to minimizing environmental impacts and the emission of greenhouse gases, because it only sells products that fall within the specifications.

In 2015, the program innovated and conducted analysis on network service stations that sell Arla-32 by the bulk. It, thus, became a pioneer in this type of field analysis.

More than 10,000 visits to network's service stations were carried out, totaling more than 265,000 fuel field analyses. Since the focus of the program is preventive action, Ipiranga conducted over 1,000 training sessions, with instruction given to some 3,000 people.

As a result of all of these preventive initiatives, Ipiranga is the company with the lowest product non-compliance rate in the SINDICOM market.

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# CREDITS

Communication on Progress  
Ipiranga Produtos de Petróleo S.A. | 2015



PROGRAMA IPIRANGA  
DE SUSTENTABILIDADE



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