



IPIRANGA 2018

COMMUNICATION ON PROGRESS

Contents

Ipiranga's Profile

The Global Compact's 10 Principles

Initiatives

Credits



Ipiranga's Profile



Ipiranga's Profile

With over 8,000 service stations in the country, Ipiranga is one of the largest fuel distributors in Brazil and is geared to meet the needs of its customers, ranging from fuels and lubricants to convenience services.

The chain employs approximately **3,000 direct employees and 80,000 indirect** employees. Ipiranga is a leader in the convenience store segment, with **2,468 am/pm stores** and the largest bakery chain in the country, the **Bakery am/pm with 905 units**, and **Beer Cave, which is now present in more than 528 stores** am/pm stores. In addition, the company has its own-brand products and a diversified line of lubricants for automotive, industrial and marine use; is the owner of the largest network of automotive services in Brazil, **Jet Oil, with 1,765 units**; and has the largest Loyalty Program in Brazil, **Km de Vantagens, which has 28 million** participants and about 160 partner companies to offer the best benefits to customers.

The company invests in sustainable business models and has **1,238 Eco-efficient Stations** that are based on the efficient management of energy, water, waste and materials used from the construction process to the operation phase.

Ipiranga is part of Ultra, a multi business company that operates in the retail and specialized distribution sector through Ipiranga, Ultragas and Extrafarma, in the specialty chemical industry with Oxiteno and in the liquid bulk storage segment through Ultracargo .

Governance

Ipiranga is committed to ethical behavior and best practices in corporate governance. The Ultra Ethics and Compliance Program is one of the tools used by the company to disseminate its ethical values, raise awareness and educate its employees on the issues of corruption, competition, non-compliance in business and unethical behaviors. In addition, our relationship with external representatives and business partners is preceded by reputational research and our contracts contain an anti-corruption clause.

The following were our main actions in 2018:

- Re-launching of the Code of Ethics and Corporate Anti-Corruption Policy and Relationship with Public Agents, as well as the training of all employees;
- Relaunch of the Corporate Competitive Policy;
- Face-to-face training on the theme of Competition for our employees and business partners;
- Dissemination of an educational booklet on the Corporate Anti-Corruption Policy;
- Movie release in tutorial format about the Ultra Open Channel.











It is important to note that we have also adopted the Corporate Conflict of Interest Policy.

All training and communication actions seek to reach into behavioral aspects, promoting engagement, which is one of the main focal points of the Program, reaffirming our commitment to fully integral business conduct.

The Global Compact

The Global Compact's 10 Principles

A signatory of the UN's Global Compact since 2012, Ipiranga has voluntarily undertaken to adopt the principles of the Compact in its business practices.

HUMAN RIGHTS			LABOR RIGHTS			ENVIRONMENT			CORRUPTION
									
RESPECT <i>and support the human rights international recognized in your area of influence</i>	ENSURE <i>non-complicity in human rights violations</i>	SUPPORT <i>freedom of association and effective recognition of the right to collective bargaining</i>	ELIMINATE <i>all forms of forced or compulsory labor</i>	ERADICATE <i>all forms of child labor in the chain of production</i>	ENCOURAGE <i>practices that eliminate any type of employment discrimination</i>	ASSUME <i>a precautionary, responsible and proactive approach to environmental challenges</i>	DEVELOP <i>initiatives and practices that promote and disseminate social and environmental responsibility</i>	ENCOURAGE <i>the development and disclosure of environmentally friendly technologies</i>	BATTLE <i>corruption in all its forms, including extortion and bribery</i>

The Sustainable Development Goals



Throughout this Communication on Progress report, it is possible to verify the correlation between Ipiranga's initiatives and the UN's Sustainable Development Goals.

Initiatives

SUMMARY

- 12 [Quality of Life Program \(Viva Mais\)](#)
- 13 [Social Responsibility Programs](#)
- 14 [On the Right Track Pact \(Pacto na Mão Certa\)](#)
- 15 [Sustainability Actions for the In-company Audience](#)
- 16 [Health on the Highway Program \(Programa Saúde na Estrada\)](#)
- 17 [Cinema on the Highway \(Cinema na Estrada\)](#)
- 18 [Eco-efficient Service Station \(Posto Ecoeficiente\)](#)
- 20 [Competition Training for the In-company Audience](#)
- 21 [National Pact for the Eradication of Slave Labor Institute \(Instituto Pacto Nacional pela Erradicação do Trabalho Escravo - InPACTO\)](#)
- 22 [Ipiranga Committed Supplier Program \(Programa Fornecedor Comprometido Ipiranga\)](#)
- 23 [Sustainability Positioning](#)
- 24 [Friend Service Station \(Posto Amigo\)](#)
- 25 [Zero Carbon Program \(Programa Carbono Zero\)](#)
- 27 [Green Logistics Program - Brazil \(Programa de Logística Verde Brasil - PLVB\)](#)
- 28 [Energy Efficiency](#)
- 29 [Electric Vehicle Recharging](#)
- 30 [Safety Program](#)
- 32 [SIGA+ \(Ipiranga's System of Management applied to Health, Safety, Environment, Quality and Social Responsibility\)](#)
- 33 [Sustainability Indicators](#)

Principle 1

Respect and support the protection of internationally proclaimed human rights in its area of influence

Principle 2

Ensure the company is not complicit in human rights abuses

Principle 3

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

Principle 4

Eliminate all forms of forced and compulsory labor

Principle 5

Eradicate effectively all forms of child labor in its production chains

Principle 6

Stimulate practices that eliminate any type of workplace discrimination

Principle 7

Assume a precautionary approach to environmental challenges

Principle 8

Develop initiatives and practices to promote and disseminate environmental responsibility

Principle 9

Promote the development and diffusion of environmentally friendly technologies

Principle 10

Fight all forms of corruption, including extortion and bribery

Quality of Life Program (Viva Mais)



Principles involved									
1	2				6				

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Viva Mais is Ipiranga's quality of life program, which promotes actions and campaigns on issues related to wellness and health.

As part of this program, every year the company conducts a free anti-flu vaccination campaign for employees and trainees, as well as disseminating educational reports on health that are available on the Intranet, addressing issues such as diabetes, dyslipidemias, hypertension, encouraging healthy eating and practicing physical activities, among others.

In addition to these actions, the Medical Control and Occupational Health Program (*Programa de Controle Médico e Saúde Ocupacional - PCMSO*) monitors annual staff medical examinations, focusing on the prevention of possible occupational diseases and fostering health care for them.



The Volunteer Program is one of Ipiranga's main Social Responsibility actions, based on investments in educational initiatives.

Volunteer staff and trainees introduce educational programs designed to promote dialogue and knowledge to children and teenage students from the public school systems near Ipiranga's facilities. This also is aimed at developing the skills and professional values of the participating employees. In 2018, we reached more than 3,000 young people in some 30 Brazilian municipalities.

Ipiranga's Young Apprentices in Rio de Janeiro also benefited from Junior Achievement's "Advantages of Remaining in School" and "Connected with Tomorrow" programs, further contributing to their professional training.

Furthermore, in partnership with Hemorio, we conducted a blood donation campaign. About 110 employees set aside a time to be involved. In total, 93 bags were collected during the day-long campaign, which could save an average of up to 370 lives.



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Social Responsibility Programs



Principles involved									
1	2		4	5	6		8		

On the Right Track Pact (Pacto na Mão Certa)



Principles involved									
1	2		4	5					

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Ipiranga is a signatory of the **Business Pact against the Sexual Exploitation of Children and Adolescents on Brazilian Highways**. In order to support the eradication of sexual exploitation on the roads, we support the On the Right Pact (*Pacto na Mão Certa*).

To make drivers aware of the issue and express their positions, Ipiranga organizes a number of actions as part of the events put on during the Highway Health Program, through the distribution of educational materials. In addition, it discloses the Dial Human Rights telephone hotline number on the Ipiranga Highway Service Station radio program.

On May 18, *National Day to Combat Sexual Abuse and Exploitation of Children and Teenagers*, we conducted the “*Faça Bonito*” (Do Right) campaign, communicating the subject with LED strips on highway signposts, articles on the Ipiranga network portal, internal and external communication pieces over all internet channels, as well as the distribution of informational pamphlets. In this action, more than 8,000 pieces of educational materials were distributed.

In December, Childhood Brasil held the 12th Annual Meeting on the Right Track. At the time, Ipiranga was awarded for its support to the causes of the program.



Ipiranga has a **Sustainability Committee**, which discusses initiatives and promotes actions for the in-company audience.

In 2018, we introduced a column through our **sustainability e-news** that focuses on social responsibility actions taken outside the company, aimed at inspiring other employees and interns.

In addition, we carried out a **campaign to raise awareness** regarding the separation of garbage, with the distribution of recyclable waste disposals, informing what needed to be discarded in each bin and featuring a training lecture for the auxiliary cleaning team to reinforce their fundamental role in this logistical operation.

On the international Environment Day, videos of some of our sustainability projects were screened at a **special luncheon** event, while the menu was planned to spotlight how to avoid waste in food preparation such as, for example, making a cake from fruit peels. On this same day, we kicked off a **campaign to collect used electronic** equipment for recycling. The materials were sent to a specialized cooperative.

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Sustainability Actions for the In-Company Audience



Principles involved									
						7	8	9	

Health on the Highway Program

(Programa Saúde na Estrada)



Principles involved									
1	2		4		6				

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In 11 editions of the Health on the Highway (*Saúde na Estrada*) Program, focuses on highway safety and quality of truckers' life.

Conducted exclusively in Ipiranga's "Rodo Rede" specialized highway service stations for truck drivers, the program has the support of Municipal and State Health Secretariats, the Ministry of Health, universities and Federal Highway and State Police forces. The action offers drivers free medical examinations and vaccinations, as well as nutritional and infectious disease guidelines, and has already assisted more than 430,000 persons.

Until September 2018, there were more than 950 events, going through more than 180 municipalities and 23 states.

Eco-efficient Service Station (Posto Ecoeficiente)



Principles involved								
						7	8	9

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Ipiranga merges service station environmental awareness and operational efficiency through its **Ecoefficient Station and Consultancy** system, bringing to its reseller client community specialized content on how to build, remodel and operate their entire service station operations to reduce energy and water consumption. This occurs not only when building and renovating the station but also, and mainly, throughout their subsequent operational lifetime.

These are not only specialized concepts; they are personalized, offering practical and ready-made solutions for its clients. It is a continuous work of technical curation regarding sustainable constructions, always attentive to new technologies, but with a critical awareness about the cost/benefit ratio and compliance with our business culture.

Eco-efficient Service Station (Posto Ecoeficiente)



Principles involved								
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This project has pioneered specialized and recognized certifications in 100% LED lighting, with information about photovoltaic solar energy and other sources. By the end of September 2018, there were **1,238 stations** featuring the complete concept, along with an entire network already engaged with the ecoefficiency concept.

In addition, for almost three years, since the launch of the **Ecoefficiency Consulting** operation, Ipiranga has invested in the dissemination of ecoefficiency concepts to its resellers. In 2018, the Consulting's content became even more focused on day-to-day operations, offering best practice tips that can be adopted immediately.

A **Eco-efficient Consultancy** publishes information in a clear and effective manner, contributing to better management and control of energy and water expenditures.

National Pact for the Eradication of Slave Labor

Institute (Instituto Pacto Nacional pela Erradicação do Trabalho Escravo - InPACTO)



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Ipiranga has been a signatory to the **National Pact for the Eradication of Slave Labor** since 2014, and through its association with *InPACTO*, the company reinforces its position in relation to ethical conduct, fundamental for maintaining itself in the market in a sustainable way.

In line with the association's commitments, in 2018 Ipiranga prepared a Plan of Action to implement its commitments with *InPACTO*, formalizing actions to prevent and eradicate slave labor. In this effort, Ipiranga's legal, supplies and Sustainability Committee areas were involved.

Ipiranga continues to take into account the Dirty List published by the Ministry of Labor (*Lista Suja do Ministério do Trabalho*) in its commercial relations.

In addition, it conducts training sessions/workshops with internal teams and representatives of its supply chain to educate, engage and reinforce development support regarding this theme.

The company, through the Sustainability Committee, developed the **Ipiranga Committed Supplier Program**. It is a Supplier Management program that evaluates the performance of key suppliers and encourages good practices, sustainable, ethical and transparent conduct.

This year, within the scope of the Program, **Ipiranga made available a booklet** created in 2017 on how to use the [link](#) to acquire information about the main socio-environmental and business issues addressed in its Suppliers Policy, available at portal.ipiranga/politicas.

The booklet has become a must-read item when new suppliers are registered. And, in addition, sustainability-related aspects have remained in the company's supplier monitoring program.



Ipiranga Committed Supplier Program

(Programa Fornecedor Comprometido Ipiranga)

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Sustainability Positioning



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In 2018, in order to make the company's actions regarding sustainability better known by the resellers and the general public, Ipiranga launched its sustainability positioning - *#AquiOndeSustentabilidadeAcontece*.

In alignment with the character of innovative communication and in step with the new information consumption habits - more focused on digital channels - a website was developed on which videos are hosted featuring Ipiranga's sustainability actions.

The strategy was to merge some actions of the company in the *"aquiondesustentabilidadeacontece.ipiranga"* hub to publicize and spread the news to resellers, clients and consumers regarding the brand, designed to foster adherence to Ipiranga's initiatives. It simultaneously stimulates and promotes the topic on its in-company and public networks, raising public awareness of the benefits generated to society.



Since 2016, Ipiranga has been working with the dealers with the **Environment and Community Friendly Service Station Project**. The objective of the action is to encourage the more than 8,000 Ipiranga Service Stations to promote actions that generate positive impacts in the communities in which they are inserted.

In addition to the idealization of the initiatives, Ipiranga maintains an open channel of dialogue with the resellers to receive case histories of other actions in which the stations already have been involved. The examples today have gone beyond its own communication outlets and have reached the public social networks.



Friend Service Station (Posto Amigo)



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Principles involved						
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					9	

Zero Carbon Program

(Programa Carbono Zero)



Principles involved									
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The Ipiranga Zero Carbon Program (*Programa Carbono Zero*) encompasses all actions related to **carbon management by the company**, from measurement and reduction though to offsetting greenhouse gas (GHG) emissions. In addition to its direct and indirect emissions and the emissions of the Ipiranga Racing Team in Stock Car events, Ipiranga offers its customers the option to offset their emissions.

In the Km of Advantages (*Km de Vantagens*) program, the customer can exchange points for neutralization and, on the Web Site, acquire fuel already neutralized through the site itself. In Ipiranga Cards, it is enough that the customer uses for purchases in the network of stations of Ipiranga so that their purchases are converted into an estimated fuel consumption and their emissions neutralized by Ipiranga.

Since 2012, the emissions inventory has been verified by a third party and published in the [Public Emissions Registry](#) platform developed by the Brazilian GHG Protocol Program, with a Gold Seal.



Zero Carbon Program (Programa Carbono Zero)



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Since launching the Zero Carbon Program (*Programa Carbono Zero*), Ipiranga has neutralized **more than 370,000 tons of CO₂**. Since 2016, the company's strategy is based on the REDD+¹ incentive, a mechanism that attributes a price to the conservation of forests that suffer from deforestation pressures.

The projects that support not only conservation and recovery in green areas of the Amazon, but also help the development of local communities, are today the source of the credits that Ipiranga makes available to its clients. The actions range from local empowerment and the improvement of the population's quality of life to the monitoring of vulnerable species, creating a continuous process regarding knowledge and monitoring of the local biodiversity.

Seeking a closer view into the supported project, **Ipiranga conducted a one-week expedition through Amazonian forests and rivers** and filmed the reserves that generated the carbon credits acquired. In addition to in-company dissemination, the video was available on Ipiranga's social network outlets to promote the theme within the client communities.

Check out the [Ipiranga Expedition](#)

¹Reduction of Emissions Deriving from Deforestation and Forest Degradation



In 2018, Ipiranga once again demonstrated its commitment to sustainability by becoming a corporate member of the **Green Logistics Program - Brazil (PLVB)**, actively participating in discussions alongside other large companies that are united around the environmental issue.

The PLVB is a strategic initiative of companies that are committed to corporate social and environmental responsibility, through which they seek to capture, integrate, consolidate and apply knowledge **to reduce the intensity of greenhouse gas emissions** and while also improving **logistics efficiencies**. The Program is coordinated by the Cargo Transportation Laboratory of COPPE¹/UFRJ², with the support of a number of institutions that are active in the field, such as the *Smart Freight Centre*, which works with a number of different sectors around the world on the topic.

The PLVB launched a Reference Guide on Sustainability and, as a result of this, the Application Manual: Good Practices for Cargo Transportation, aiming to guide companies in the choice, application, evaluation and reporting of sustainable practices in logistics activities.

1 Alberto Luiz Coimbra Institute for Engineering Postgraduate Studies and Research
2 Rio de Janeiro Federal University

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Green Logistics Program – Brazil

(Programa de Logística Verde Brasil - PLVB)



Principles involved									
						7	8	9	

Energy Efficiency



Principles involved									
						7	8	9	

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In addition to offering solutions to its retailers through Eco-Efficiency Consulting (*page 19 of this document*), Ipiranga evaluates the best opportunities for energy efficiency in its units through internal groups involving several company areas.

This year, Ipiranga began preparation of an **Energy Efficiency Guide**, aiming to provide guidelines for optimizing the consumption of electric energy in its operating units. And, it also started a feasibility study for the migration of the units to the **Unregulated Energy Market** (*Mercado Livre de Energia*), where the electricity purchased comes from 100% renewable sources.

In parallel, **awareness campaigns** are carried out continuously through Ipiranga's sustainability e-News, aiming to disseminate good practices of efficiency and savings for the units spread throughout Brazil.

Transport energy efficiency solutions, in turn, have been addressed under the PLVB (*on page 27 of this document*).

Since 2017, Ipiranga has been offering **refueling stations** for electric vehicles in some Brazilian states.

In July, in partnership with BMW and EDP, we launched a **corridor with electric recharging stations** installed in six Ipiranga gas stations between Rio de Janeiro and São Paulo, which today represent the largest electric corridor in Latin America. In addition to these six electric recharging points, the company has another 40 vehicle electric supply stations in Brazil, reaching 50 by the end of the year, which reinforces the company's pioneering spirit.

Our view is that the energy industry, like many others, is evolving and undergoing uninterrupted transformations. Incorporating electric recharging into its business strengthens Ipiranga as a company that is developing with the market, providing the technological and innovative solutions necessary for its clients to reach their destinations – always making its Complete Service Station chain available as a point of support offering a wide range of products, services and conveniences.

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- Principle 2**
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- Principle 3**
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- Principle 4**
Eliminate all forms of forced and compulsory labor
- Principle 5**
Eradicate effectively all forms of child labor in its production chains
- Principle 6**
Stimulate practices that eliminate any type of workplace discrimination
- Principle 7**
Assume a precautionary approach to environmental challenges
- Principle 8**
Develop initiatives and practices to promote and disseminate environmental responsibility
- Principle 9**
Promote the development and diffusion of environmentally friendly technologies
- Principle 10**
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Electric Vehicle Recharging



Principles involved									
						7	8	9	

Safety Program



Principles involved									
1	2		4						

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The Safety Program (*Programa de Segurança*) centralizes **all of Ipiranga's safety actions**, such as security inspections at the units, investments in improving the safety of physical conditions, safety guidelines for contractors and carriers, and so on.

In 2018, a leadership incentive program was implemented with the focus of transforming them into agents of behavioral change at the units. This program, called "Owner's Attitude," focuses on the most engaged leaders in terms of safety.

In addition, 100% of the operating units implemented the new Emergency Care Plan standards, which reflect the main market practices on the subject. Also this year, a behavioral observation process was implemented that aims to recognize employees who practice safe behavior and correct unsafe behavior.



Safety Program



Principles involved									
1	2		4						

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Focused on further engaging all employees, **communication campaigns** were conducted about cultural engagement actions for regarding Individual Protection Equipment, Workplace Commuting Accidents and Active Awareness topics.

As a result, there was a 83%* reduction in the rate of the lost time personal accident frequency rate compared to 2017.

* rate until September/18.



SIGA+ is a system that includes a set of guidance tools for **Management of Health, Safety, Environment, Quality and Social Responsibility (HSEQSR)** aligned with the strictest national and international standards and norms.

The system performs audits to verify the performance of each unit and acts in a participatory manner, promoting annual reviews of the requirements directed to the needs of the company. According to their results, the units are classified into five groups, leading to an overall performance rating.

In 2018, we started to apply the new system model through the implementation of new tools that aim to strengthen the safety culture and its integration with day-to-day operations. Examples include task safety analysis, work instructions, unified procedures in the MANOP (*Manual de Operações - Operations Manual*), performance committees, and incentive and engagement campaigns. It should be noted that the units demonstrate a continuous process of evolution through the improvement of their scores.



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SIGA+ (Ipiranga's System of Management applied to Health, Safety, Environment, Quality and Social Responsibility)



Principles involved									
1	2		4	5	6	7	8	9	10

Sustainability Indicators



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1	2		4	5	6	7	8	9	10

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Ipiranga manages its sustainability performance indicators, which are annually disclosed in Ultra's Annual Report. We highlight the information regarding the Safety, Environment, People, Products and Services, and Value chain Pillars.

Pillar 1: Safety

Indicator	2015	2016	2017
LOST TIME ACCIDENT RATE (PER MILLION HOURS WORKED) ¹	3.6	4.0	3.8
ACCIDENT RATE WITH NO LOST TIME (PER MILLION HOURS WORKED) ^{1; 2}	0.4	0	1
NUMBER OF FATALITIES	1	0	0

1. Rate is calculated based on the number of accidents/HH (calculated according to NBR 14.280) of the number of employees on 12/31/2017.

2. The increase in the accident rate with no lost time in 2017 was due to the incentive to report this type of occurrence, in order to effectively manage minor accidents so as to avoid larger accidents (with lost time).

Sustainability Indicators



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1	2		4	5	6	7	8	9	10

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Pillar 2: Environment

Indicator	2015	2016	2017
EMISSIONS			
GHG EMISSIONS (SCOPE 1) (tCO ₂ e)	15,282	16,706	14,716
GHG EMISSIONS (SCOPE 2) (tCO ₂ e)	3,261	1,750	3,048
DIRECT AND INDIRECT GHG EMISSIONS, PER TON OF COMMERCIALIZED PRODUCT (tCO ₂ e)	0.001	0.001	0.001
WATER			
TOTAL WATER CONSUMPTION (M ³)	157,823	163,373	164,972
WATER CONSUMED (M ³) PER TON OF COMMERCIALIZED PRODUCT	0.01	0.01	0.01
ENERGY			
DIRECT, RENEWABLE AND NON-RENEWABLE ENERGY CONSUMPTION (GJ)	153,023	153,055	165,493
ENERGY CONSUMPTION (RENEWABLE AND NON-RENEWABLE) (GJ) PER TON OF COMMERCIALIZED PRODUCT	0.01	0.01	0.01
WASTE			
SOLID, NON-HAZARDOUS WASTE (TONS)	6,330	4,073	4,552
SOLID, NON-HAZARDOUS WASTE (TONS)	2,044	2,335	2,262

Sustainability Indicators



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Pillar 3: People

Indicator	2015	2016	2017
NUMBER OF EMPLOYEES 1	2,864	2,903	3,051
TURNOVER RATE (%)	12	16	15
PERFORMANCE ANALYSIS (%) 2	100	100	100
COMPETENCES ANALYSIS (%) 2	100	100	100
HOURS OF TRAINING PER EMPLOYEE	38	48	61

1. Does not include trainees

2. Percentage of employees who received performance and competency analysis

Pillar 4: Products and Services

Indicator	2015	2016	2017
CUSTOMER SATISFACTION INDEX (%)	n/a	80%	81.1% BETWEEN SATISFIED AND VERY SATISFIED
NUMBER OF EXTERNAL PRODUCT NON-COMPLIANCES	892	677	659
NUMBER OF EXTERNAL SERVICE NON-COMPLIANCES	6,460	7,920	10,405

Pillar 5: Value chain

Indicator	2015	2016	2017
MARKET SHARE (%)	n/a	20.4%	20.3%

Credits

Communication on Progress
Ipiranga Produtos de Petróleo S.A. | 2018

General Coordination
Texts, Editorial Production and Review
Graphic Project and Layout
Ipiranga Sustainability Committee



PROGRAMA IPIRANGA
DE SUSTENTABILIDADE

