This year, we have sought to expand the scope of the annual report by including socio-environmental performance indicators. The information relating to our sustainability pillars has been defined by taking into account the level of maturity of the Company in mapping and monitoring this information and its materiality to the stakeholders. All the companies report their performance to Ultra on priority items. However, it has not been possible to raise certain indicators for Extrafarma, especially those relating to environmental management. The company was incorporated by Ultra in 2013 and work is underway to standardize this information in alignment with what is already monitored by the other businesses.

We believe that, to present these details on our sustainability performance, is the first step towards bringing these different aspects of the Company together, albeit still not in full compliance with the requirements inherent to the disclosure methodologies. The underlying idea is to present a more complete vision with respect to performance and the value that Ultra creates for the stakeholders.
Message from Management

OUR MANAGEMENT MODEL

In one more year with a challenging macro-economic scenario in Brazil, Ultra was able to demonstrate the consistency of its management and the resilience of its businesses. As with any other company for which the principal market is Brazil, we suffered the effects of a difficult economy, especially in those businesses most closely linked to the country’s economic performance. Nevertheless, we proceeded with the implementation of our plans and actions based on our vision 2022.

The implementation of our investment strategy continued rigorously on course, despite a year of deep recession with a significant decline in GDP, household incomes and decreasing levels of employment. On the contrary, we expanded our corporate strategy for developing leaders and teams and for strengthening our organizational culture.

Even in the face of market downturns and political uncertainty, to pursue our strategic plan and invest in our employees – always responsibly and with discipline in capital allocation - is one of Ultra’s core characteristics. We are always alert to projects opportunities that bring future benefits and provide the foundations for accelerating our businesses when economic growth resumes.

In 2016, we examined and implemented new initiatives and projects, which will allow us to establish new growth paths, both immediate and future, for our businesses. Three important transactions were announced. In the fuels distribution segment, we signed an agreement to acquire ALUSAT and in LPG distribution, Liquigás. We also set up a new lubricants business with Chevron, one of the world’s largest companies in the energy sector. These initiatives were adopted based on our business model and aligned to the strategy of each one of our businesses as well as that of Ultra. Overall, during the year, we concluded an aggressive investment plan of approximately R$ 1.9 billion, 36% greater than 2015.

Strategy at Ipiranga was focused on the opening of service stations, strengthening our reseller partners and enlarging the distribution infrastructure. We ended the year with 7,563 Ipiranga service stations, 333 more than 2015. Another aspect of Ipiranga’s strategy, and manifest during the year, is differentiation through innovation and convenience. In 2016, this strategy translated into investments in 256 new am/pm franchises, 128 Jet Oil units, 163 bakeries, 138 beer caves, among other initiatives for offering greater value, practicality and quality to our resellers and clients. All these initiatives led to year-over-year growth of 2% in net revenues and 11% in EBITDA.

At Oxiteno, the year was an advance in internationalization through expansion in the United States. Developments at the new Pasadena plant in Texas evolved and construction work will continue throughout 2017. Once complete, the new unit will allow Oxiteno to compete more effectively in the key North American surfactants market.

Further to executing projects with a view to future growth, there was also progress in activities relating to innovation with the addition of 66 new solutions to our portfolio. Despite a 2% increase in sales volume in 2016, the company’s net revenue was 9% lower, mainly due to the average depreciation of the US Dollar against the Real, which also depressed EBITDA by 38%.

Innovation and operational excellence were the focus of Ultragaz during the year. The company pursued actions based on its strategy of growth and improving the reseller network, increasing the competitive edge of its services based on technological support and information systems as well as the creation of new commercialization channels. On the operational front, we invested in a new filling plant in Juazeiro (Bahia) for increasing efficiency in distribution of bottled gas and services offered to the population in the region. As a result, we were successful in reaching net revenue and EBITDA 16% and 25% respectively higher than 2015.

In 2016, Ultracargo enjoyed the benefits of robust fuel handling operations at the port terminals. This market growth, combined with the partial recovery of the company in the aftermath of the Santos (São Paulo) fire in 2015, produced highly positive results with net revenues rising 13% EBITDA rose 7%, excluding the Santos operations and the investments made in the recovery of the terminal following the fire.

We relaunched the Extrafarma brand, consolidating a new market positioning which reinforces the characteristics of trust and greater proximity in customer relationships. At store level, these characteristics translated into a new layout and increased standards of pharmaceutical retailing management, providing greater convenience and an improved shopping experience for our customers. On the back of store renewal, we are now accelerating our expansion in the North and the Northeast as well as gradually in other regions of Brazil. By year-end 2016, we had opened 71 new stores, making a total of 315 located across 10 states. The company reported an annual EBITDA 29% higher than recorded in 2015.

All the initiatives and actions that led us to these results are aligned with our management model, which guides us and motivates us – leaders and employees – to make Ultra a company with a high performance team and an ethical business reference, financially healthy, strongly committed to society and the environment. This socio-environmental commitment is aligned with our businesses, conscious as we are of our corporate responsibility for the development of the country.

Paulo G. A. Cunha (Chairman of the Board of Directors) and Thilo Mannhardt (Chief Executive Officer)

“In spite of market downturns and political uncertainties, to pursue our strategic plan and invest in our employees is a hallmark of Ultra”
Present in Brazil's key economic sectors, Ultra's businesses reported consistent results in a challenging year.
Ultra is a multibusiness company, a leader in the segments in which it operates and one of the largest corporate groups in Brazil. The company has a broad-based footprint, present in nearly all Brazilian states and operations in eight other countries. Its businesses have strong capillarity and are supported by Ultra’s corporate governance and financial strength, with the purpose of guaranteeing the Company’s perenniality in a privileged position even under an adverse macroeconomic scenario.

**80 years**

Of age in 2017, Ultra has 15 thousand employees and is one of the largest groups in Brazil. About to turn 80 years of existence in 2017, Ultra has 15 thousand employees. Since 1999, the Company has been listed on the São Paulo and New York stock exchanges, with level III ADRs. In 2011, Ultra signed up to the BM&FBovespa’s Novo Mercado listing regulations, the Brazilian stock market segment requiring highly differentiated corporate governance standards.

Ultra’s businesses are leaders in their chosen segments. Through its five businesses, Ultra is present in nearly all the states of Brazil and in the Federal District, covering 65% of all Brazilian municipalities, in addition to eight countries.

**Ipiranga**, which distributes and sells fuels and lubricants, had 54 storage terminals and distribution pools and 7,563 service stations nationwide at year-end 2016.

**Oxiteno**, a specialties chemicals company, has six industrial units in Brazil – Mauá, Suzano and Três Lagoas in São Paulo, Triunfo in Rio Grande do Sul and two in Camaçari (Bahia) –, three in Mexico (Coatzacoalcos, Guadalajara and San Juan del Rio) and a further three in Uruguay, Venezuela and the United States. The company also has a presence in Argentina, Colombia, Belgium and China through commercial offices.

**Ultragaz**, the largest liquefied petroleum gas (LPG) distributor in Brazil, has 18 filling plants, 19 plants for product storage and distribution and a network of about 5.8 thousand independent resellers serving 11 million households in the bottled gas segment and 52 thousand industrial and residential customers in the bulk segment.

**Ultracargo**, a liquid bulk storage company, has operations at six Brazilian ports – Itaqui (Maranhão), Suape (Pernambuco), Anuá (Bahia), Rio de Janeiro (Rio de Janeiro), Santos (São Paulo) and Paranaguá ( Paraná).

**Extrafarma**, a retail pharmacy business, ended 2016 with 315 stores in 10 states, the largest concentration being in the North and the Northeast regions of Brazil.

<table>
<thead>
<tr>
<th>MARKET SHARE (%)</th>
<th>IPIRANGA</th>
<th>ULTRACARGO²</th>
<th>ULTRAGAZ</th>
<th>EXTRAFARMA³</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>20.4%</td>
<td>27.1%</td>
<td>23.8%</td>
<td>12.2%</td>
</tr>
</tbody>
</table>

1. There is no public indicator for market share in the case of Oxiteno since the company has no direct competitors, which produce exactly and exclusively the same products, sharing the market as it does with several companies. Qualitatively, it can be said that Oxiteno is a leader in surfactants and specialty chemicals in Latin America, offering solutions to the segments of Agrochemicals, Personal Care, Domestic and Institutional Cleaning Materials, Oil and Gas, Performance Products and Paints and Coatings.
2. Based on handling data published by ABTL (Brazilian Association of Bulk Liquids Terminals).
3. Market share in the region where it trades.
Highlights in 2016

10% annual average growth in revenues over the past five years

16% annual average growth of EBITDA over the past five years

13% annual average growth in net income over the past five years

R$6,8 billion invested over five years in the businesses

Bond issue of US$750 million
Financial Performance

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ULTRA</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net revenues from sales and services</td>
<td>53,869</td>
<td>60,940</td>
<td>67,736</td>
<td>75,655</td>
<td>77,353</td>
</tr>
<tr>
<td>EBITDA</td>
<td>2,411</td>
<td>2,918</td>
<td>3,158</td>
<td>3,953</td>
<td>4,217</td>
</tr>
<tr>
<td>Net income</td>
<td>1,027</td>
<td>1,229</td>
<td>1,251</td>
<td>1,513</td>
<td>1,571</td>
</tr>
<tr>
<td>Investments</td>
<td>1,310</td>
<td>1,089</td>
<td>1,220</td>
<td>1,352</td>
<td>1,858</td>
</tr>
<tr>
<td>Dividends declared</td>
<td>627</td>
<td>744</td>
<td>779</td>
<td>871</td>
<td>907</td>
</tr>
<tr>
<td>Earnings per share (R$)</td>
<td>1.91</td>
<td>2.29</td>
<td>2.28</td>
<td>2.76</td>
<td>2.88</td>
</tr>
<tr>
<td>Dividends paid per share (R$)</td>
<td>1.17</td>
<td>1.37</td>
<td>1.42</td>
<td>1.60</td>
<td>1.67</td>
</tr>
<tr>
<td><strong>IPIRANGA</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales volume (‘000 m³)</td>
<td>23,364</td>
<td>24,758</td>
<td>25,614</td>
<td>25,725</td>
<td>23,507</td>
</tr>
<tr>
<td>Net revenues from sales and services</td>
<td>46,829</td>
<td>53,384</td>
<td>58,830</td>
<td>65,350</td>
<td>66,407</td>
</tr>
<tr>
<td>EBITDA</td>
<td>1,653</td>
<td>2,030</td>
<td>2,288</td>
<td>2,769</td>
<td>3,080</td>
</tr>
<tr>
<td>Investments</td>
<td>942</td>
<td>746</td>
<td>815</td>
<td>872</td>
<td>1,065</td>
</tr>
<tr>
<td>Productivity (EBITDA R$/m³)</td>
<td>71</td>
<td>82</td>
<td>89</td>
<td>108</td>
<td>131</td>
</tr>
<tr>
<td><strong>OXITENO</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales volume (‘000 ton.)</td>
<td>761</td>
<td>776</td>
<td>780</td>
<td>725</td>
<td>738</td>
</tr>
<tr>
<td>Net revenues from sales and services</td>
<td>2,929</td>
<td>3,278</td>
<td>3,414</td>
<td>4,082</td>
<td>3,701</td>
</tr>
<tr>
<td>EBITDA</td>
<td>352</td>
<td>441</td>
<td>404</td>
<td>740</td>
<td>459</td>
</tr>
<tr>
<td>Investments</td>
<td>115</td>
<td>139</td>
<td>114</td>
<td>131</td>
<td>288</td>
</tr>
<tr>
<td>Productivity (EBITDA US$/ton.)</td>
<td>235</td>
<td>263</td>
<td>240</td>
<td>306</td>
<td>178</td>
</tr>
<tr>
<td><strong>ULTRAGAZ</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales volume (‘000 ton.)</td>
<td>1,681</td>
<td>1,696</td>
<td>1,711</td>
<td>1,697</td>
<td>1,760</td>
</tr>
<tr>
<td>Net revenues from sales and services</td>
<td>3,847</td>
<td>3,982</td>
<td>4,091</td>
<td>4,621</td>
<td>5,366</td>
</tr>
<tr>
<td>EBITDA</td>
<td>246</td>
<td>281</td>
<td>306</td>
<td>357</td>
<td>447</td>
</tr>
<tr>
<td>Investments</td>
<td>157</td>
<td>151</td>
<td>181</td>
<td>220</td>
<td>225</td>
</tr>
<tr>
<td>Productivity (EBITDA R$/ton.)</td>
<td>146</td>
<td>165</td>
<td>179</td>
<td>210</td>
<td>254</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ULTRACARGO</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average storage (‘000 m³)</td>
<td>614</td>
<td>696</td>
<td>715</td>
<td>655</td>
<td>672</td>
</tr>
<tr>
<td>Net revenues from sales and services</td>
<td>294</td>
<td>332</td>
<td>346</td>
<td>316</td>
<td>355</td>
</tr>
<tr>
<td>EBITDA</td>
<td>143</td>
<td>158</td>
<td>167</td>
<td>26</td>
<td>171</td>
</tr>
<tr>
<td>Investments</td>
<td>82</td>
<td>37</td>
<td>26</td>
<td>24</td>
<td>79</td>
</tr>
<tr>
<td><strong>EXTRAFARMA</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of stores</td>
<td>223</td>
<td>254</td>
<td>315</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross revenues</td>
<td>1,171</td>
<td>1,417</td>
<td>1,674</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBITDA</td>
<td>30</td>
<td>29</td>
<td>37</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>57</td>
<td>81</td>
<td>143</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CAPITAL MARKETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average daily trading volume (R$ 000)</td>
<td>55,498</td>
<td>69,874</td>
<td>88,577</td>
<td>136,671</td>
<td>132,999</td>
</tr>
<tr>
<td>Price at BM&amp;FBOVESPA (R$/share)</td>
<td>46.29</td>
<td>55.95</td>
<td>51.45</td>
<td>60.45</td>
<td>68.45</td>
</tr>
<tr>
<td>Price at NYSE (US$/ADR)</td>
<td>22.28</td>
<td>23.65</td>
<td>19.07</td>
<td>15.25</td>
<td>20.74</td>
</tr>
</tbody>
</table>

1. The financial information presented in this document has been prepared according to International Financial Reporting Standards (IFRS) and EBITDA’s figures were prepared in accordance with ICVM 527. Ultra’s financial information corresponds to the company’s consolidated information. The financial information for Ipiranga, Oxiteno, Ultragaz, Ultracargo and Extrafarma is reported without elimination of intercompany transactions. Except where otherwise indicated, all figures are shown in R$ million.
2. Organic investments.
3. In 2014, refer exclusively to the months from February to December.
4. Average daily trading volume presented considers the combined trading on the BM&amp;FBOVESPA and the NYSE.
AWARDS AND RECOGNITIONS 2016
Ultra’s activities have been recognized with awards, which highlight among other aspects, the consistent creation of shareholder value combined with differentiated practices of governance and management. The principal recognitions obtained by Ultra and its businesses in 2016 are as follows:

43RD EDITION OF EXAME MAGAZINE’S BIGGEST AND BEST YEARBOOK
Ultra was represented by two of its businesses, elected the best in their sectors. Ipiranga was chosen for the sixth consecutive time as the best company in the Wholesale sector while Oxiteno ranked first in the Chemicals and Petrochemicals sector. Ultragaz, which was placed fourth in the Retail sector in 2014, was third this year.

INSTITUTIONAL INVESTOR MAGAZINE
Ultra was recognized for its relationship with investors in a survey conducted in August 2016. In the Latin American Oil, Gas and Petrochemicals segment, the Company was awarded first place in the categories of best CEO, best CFO, analysts’ meeting, IR Program and best IR site.

CARBON DISCLOSURE PROGRAM (CDP)
Ultra is recognized for its responsible environmental management by CDP, an international organization that encourages and provides a global system for companies and cities to measure, disclose, manage and share information on the environment.

16TH COMPANIES BROADCAST AWARD
Ultra was third in the award, which is sponsored by Estado news agency jointly with Economática, the financial information provider. Seven financial indicators are analyzed to select the 10 companies, which during the year generated a positive return for their investors with superior profitability relative to the full slate of publicly listed companies in Brazil for 2015.

Ultra was one of those which generated the most positive return and superior profitability according to the Estado News Agency/Economática.

Key Indicators

ECONOMIC
DISTRIBUTION OF VALUE
The Statement of Value Added reports the value of the wealth generated by the Company and its distribution among the stakeholders that contributed to its performance. In 2016, Ultra generated value added of R$ 6.4 billion, distributed as follows:

- Retained earnings: 28%
- Shareholders: 10%
- Third parties: 14%
- Government: 23%
- Employees: 25%

CAPITAL MARKETS

<table>
<thead>
<tr>
<th>Year</th>
<th>Daily trading volume (in R$ million)</th>
<th>Market capitalization1 (R$ billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>55</td>
<td>25</td>
</tr>
<tr>
<td>2013</td>
<td>70</td>
<td>30</td>
</tr>
<tr>
<td>2014</td>
<td>89</td>
<td>29</td>
</tr>
<tr>
<td>2015</td>
<td>137</td>
<td>34</td>
</tr>
<tr>
<td>2016</td>
<td>133</td>
<td>38</td>
</tr>
</tbody>
</table>

1. Calculated on the basis of the closing share price on the last day of the year.
SAFETY
ACCIDENT RATE REQUIRING LEAVE OF ABSENCE FROM WORK (PER MILLION HOURS WORKED)\(^1\)

<table>
<thead>
<tr>
<th>Year</th>
<th>Ipiranga</th>
<th>Oxiteno</th>
<th>Ultracargo</th>
<th>Ultragaz</th>
<th>Extrafarma</th>
<th>Corporate</th>
<th>Ultra</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>4.4</td>
<td>1.9</td>
<td>2.7</td>
<td>4.0</td>
<td>n.d.</td>
<td>17,295</td>
<td>590,947</td>
</tr>
<tr>
<td>2015</td>
<td>3.6</td>
<td>3.1</td>
<td>3.7</td>
<td>2.8</td>
<td>5.5</td>
<td>18,543</td>
<td>587,882</td>
</tr>
<tr>
<td>2016</td>
<td>4.0</td>
<td>1.0</td>
<td>1.8</td>
<td>2.4</td>
<td>0.1</td>
<td>18,456</td>
<td>568,307</td>
</tr>
</tbody>
</table>

1. Rate is calculated based on the number of accidents / MHs (Calculated pursuant to NBR 14280) of employee numbers as at December 31, 2016.

PEOPLE
NUMBER OF EMPLOYEES PER COMPANY

<table>
<thead>
<tr>
<th>Year</th>
<th>Ipiranga</th>
<th>Oxiteno</th>
<th>Ultracargo</th>
<th>Ultragaz</th>
<th>Extrafarma</th>
<th>Corporate</th>
<th>Ultra</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>2,764</td>
<td>1,809</td>
<td>613</td>
<td>3,636</td>
<td>4,711</td>
<td>440</td>
<td>13,973</td>
</tr>
<tr>
<td>2015</td>
<td>2,864</td>
<td>1,806</td>
<td>596</td>
<td>3,603</td>
<td>5,269</td>
<td>459</td>
<td>14,597</td>
</tr>
<tr>
<td>2016</td>
<td>2,903</td>
<td>1,903</td>
<td>645</td>
<td>3,610</td>
<td>5,670</td>
<td>442</td>
<td>15,173</td>
</tr>
</tbody>
</table>

1. No trainees were counted.

ENVIRONMENTAL
GREENHOUSE GAS GHG
Greenhouse gas emissions (scopes 1 and 2) - tCO\(_2\) e

<table>
<thead>
<tr>
<th>Year</th>
<th>Ipiranga</th>
<th>Oxiteno(^1)</th>
<th>Ultracargo(^1)</th>
<th>Ultragaz</th>
<th>Corporate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>17,295</td>
<td>590,947</td>
<td>6,107</td>
<td>3,636</td>
<td>179</td>
</tr>
<tr>
<td>2015</td>
<td>18,543</td>
<td>587,882</td>
<td>3,089</td>
<td>3,603</td>
<td>459</td>
</tr>
<tr>
<td>2016</td>
<td>18,456</td>
<td>568,307</td>
<td>7,466</td>
<td>5,670</td>
<td>442</td>
</tr>
</tbody>
</table>

1. Amounts correspond to emissions from all Oxiteno’s industrial units with the exception of Pasadena (USA). In 2015, emissions from the units in Mexico, Venezuela and Uruguay were included, although prior to this only units in Brazil were reported. In 2016, Oxiteno and White Martins implemented a project for the sale and purification of CO\(_2\) generated in the production of ethylene oxide.
2. Until 2014, the indicator’s scope encompassed the Paulínia Terminal (São Paulo), deactivated in 2015. Ultracargo also posted emissions arising from the Santos Fire and for this reason, amounts were significantly altered in 2015.
Management Fundamentals

IN THIS CHAPTER

- Corporate Governance
- Ethics and Compliance
- Risk Management

Ultra has shares traded on the BM&FBOVESPA and on the NYSE and has a track record of good governance practice.
Corporate Governance

Continually evolving, in 2016, Ultra implemented a new integrated risk management methodology

Ultra’s management is driven by a solid corporate governance structure, able to combine the interests of both shareholders and managers to create value for clients, employees and society, always focused on the longevity and profitability of the business.

Ultra’s businesses managers are also shareholders, receiving variable compensation in return for meeting increasing growth targets according to Economic Value Added – EVA® criteria, an indicator used by the Company internally since 2001. This tool ensures that the company invests in businesses which are not only profitable or have a positive EBITDA but also offer returns above the cost of capital also considering the analysis of aspects of the project’s corporate sustainability.

An owner of the business culture permeates Ultra’s entire leadership and is shared at all hierarchical levels, guiding businesses development. In addition to the Company’s commitment to growth, employees also share a commitment to businesses ethics in all its areas.

Governance practices are continuously evolving. In 2016, Ultra developed and implemented a new integrated risk management methodology, resulting in a new risks matrix model, redefining responsibilities and sharing of information. These practices have also evolved through Ultra’s Compliance and Ethics Program, to which new corporate policies have been added such as the Competition Policy, the Conflicts of Interest Policy, the Material Facts Disclosure Policy and the Securities' Trading Policy. All these initiatives are integrated into an environment of internal controls established over the course of Ultra’s existence, evolving under the direct supervision of senior management, supported by the internal and external audits for ensuring their integrity.

CULTURE OF GOOD PRACTICES

Equal political and economic rights for all shareholders – “one share one vote”

Founder-member of the Latin American Corporate Governance Roundtable Companies Circle

67% OF BOARD MEMBERS ARE INDEPENDENT

Component of the MSCI Global Sustainability Index Series

Executive Board:

1. Leocadio de Almeida Antunes Filho  -  2. Thilo Mannhardt  -  3. André Pires de Oliveira Dias  

1 Investment funds headquartered in the United Kingdom (according to the Notice of a Relevant Shareholding Interest informed by the related funds).
ULTRA’S ORGANIZATION CHART

MANAGEMENT

BOARD OF DIRECTORS
Chairman
Paulo Guilherme Aguiar Cunha
Vice Chairman¹
Pedro Wongtschowski
Board of Directors
Alexandre Gonçalves Silva*
Carlos Tadeu da Costa Fraga*
Jorge Marques de Toledo Camargo*
José Maurício Pereira Coelho*
Lucio de Castro Andrade Filho
Nildeamar Secches*
Olavo Egydio Monteiro de Carvalho*

FISCAL COUNCIL
President
Flavio César Maia Luz
Members
Geraldo Toffanello²
Nilsson Martiniano Moreira

ULTRA
Executive Board
Chief Executive Officer
Thilo Mannhardt
Officers
André Covre
André Pires de Oliveira Dias
João Benjamín Parolin
Leocadio de Almeida Antunes Filho
Pedro Jorge Filho
Ricardo Isaac Catran
Risks, Compliance and Audit Director
Denis Celso Marques Cuenca
Corporate Director of Human Capital
Luciana Domagala

CORPORATE CENTER
Chief Financial and Investor Relations Officer
André Pires de Oliveira Dias
Information Technology Director
Fredson Carlos Javurek de Oliveira
Treasury, Communications and Investor Relations Director
Marcello De Simone
Controlling, Investment and M&A Director
Roberto Kutschat Neto

IPIRANGA
Chief Executive Officer
Leocadio de Almeida Antunes Filho
Controller
Jose Manuel Alves Borges
Retail Director
Jerônimo José Merlo dos Santos
Operations Director
José Augusto Dutra Nogueira
Lubricants Director
Miguel Lacerda de Almeida
Corporate Market Director
Tabajara Bertelli Costa

OXITENO
Chief Executive Officer
João Benjamín Parolin
Controller
Ana Paula Santoro Coria
Commercial Director
Andréa Campos Soares
Industrial Director
Flávio do Couto Bezerra Cavalcanti
Human Resources Director
Simone Torres Cavalcanti de Albuquerque**

ULTRAGAZ
Chief Executive Officer
Pedro Jorge Filho
Development Director
Aurelio Antonio Mendes Ferreira
Controller
Caroline Pepe***
Integration Director
Julio Cesar Nogueira***
Operations Director
Plínio Laerte Braz
Regional Sales Directors
André Luiz Pedro Bregion
José Vianna Sampaio Neto
Leandro Del Corona

ULTRACARGO
Chief Executive Officer
Ricardo Isaac Catran
Controller
Cristiane Silva Leite
Liquid Bulk Business Northeast and Southeast Director
Helena Pereira Gomes
New Business Development Director
João Marcos Cazula

EXTRAFARMA
Chief Executive Officer
André Covre
Controller
Élcio Arsenio Mattioli
Operations Director
Iara Rosso
Human Resources Director
Janaina Alves Maia**
Sales and Expansion Director
Miguel Rothmann Jarros
Commercial and Marketing Director
Rodrigo de Almeida Pizzinatto

Note: On June 21, 2017, Ultra announced the succession process to replace the current Chief Executive Officer. Frederico Curado will take over as the company’s Chief Executive Officer from October 2nd, succeeding Thilo Mannhardt who has held the position since January 1, 2013.

¹ Position as from May 2017; occupied by Lucio C. A. Filho until 2016
² Member who took up his position from April 2017
* Independent board members.
**As from February 2017
***As from March 2017
Ethics and Compliance

Ultra believes that to be a global multi-business reference also involves ethics, values and robust corporate governance for consolidating a reputation that has developed over nearly 80 years. For this reason, Ultra has implemented its Compliance and Ethics Program for raising awareness and educating its 15 thousand employees on corruption issues, non-compliance in the businesses and on anti-ethical behaviors, in accordance with the principles of the Code of Ethics and Ultra’s corporate policies.

The first edition of the Code of Ethics was published in 2004 and subsequently totally revised in 2014. In that same year, Ultra also issued the Anti-Corruption Policy with guidance and rules based on the so-called Clean Company Law 12.846, published in 2013, together with other anti-corruption international guidelines.

The program is multidisciplinary, reinforcing mainly behavioral aspects. Its application stimulates engagement with Ultra’s principles, conduct guidelines and best business practices, through strong communication elements, different forms of training and controls in addition to monitoring and auditing.

The Company’s governance is the responsibility of the Conduct Committee, which reports directly to the Board of Directors and is chaired by an external and independent executive. The committee is made up of representatives from the Chief Financial Officer’s, Financial Control, Corporate Legal and Risks, Compliance and Audit departments, and is responsible for coordinating the committee's activities. This multidisciplinary and complementary composition enables a balanced discussion and approach to different angles of the issues addressed to the Conduct Committee.

A multidisciplinary program reinforces behavioral aspects and has strong elements of communication, different ways of training, monitoring and auditing.

As a way of integrating the various levels of governance, the Conduct Committee’s representatives meet with the Chief Executive Officer, the Audit Committee and the Board of Directors, where there is an exchange of information as well as discussions on joint initiatives to strengthen Ultra’s controls and culture environment.

TRAINING, ENGAGEMENT AND AUDITING

Between 2015 and 2016, the program has been responsible for promoting several training initiatives involving the Company’s executive board and leaders. These initiatives include lectures from specialists, onsite and on-line training, announcements and tutorials as well as acting on guidance sent through the Canal Aberto (Open Channel), always touching on themes and guidelines of the corporate policies regulating the principles of the Code of Ethics.

During the year, the program covered such themes as ethics and conduct, corruption and the relationship with public sector entities, bad competitive practices, announcements of material facts, trading of securities, among others. Integral to this effort was the production of films with messages from the Executive Board, reinforcing the tone of the top, together with motivational films on corporate policies. In 2015, the Company produced the Escolhas (Choices) film, which introduces situations relating to corruption. The video is interactive and stimulates employees to choose different ways of handling a given situation and to discover the consequences these decisions have for professional, personal and family life. The film was recognized with an award at the Cannes Corporate Media & TV Awards, the world’s premier corporate film festival, in the Online Media – Corporate Films category, recognition that bears witness to the seriousness with which investments are made in communicating our guidelines.

In 2016, Ultra produced a new film “8 de Outubro”, the aim of which is to reinforce awareness on the theme of cartels and bad competitive practices. In this movie, the daughter of an executive of a major company, accused of operating a cartel in collusion with competitors, tries to understand what led her father to commit such a crime.

Training and communication initiatives seek to place the spotlight on the behavioral aspect by promoting engagement, one of the principle themes of the program.

Another pillar of the Compliance and Ethics Program is controls and monitoring, carried out by the Internal Audit jointly with the internal controls areas of each of the respective business segments. In this period, thousands of reputational investigations were conducted for partners and third parties interacting with the businesses. Several specific controls were implemented together with the already traditional internal controls relating to Sarbanes Oxley certification - unqualified since 2007 - and the systematic review of all payments made by Ultra and surpassing 1.3 million monitored transactions.

Risk Management

Ultra has been developing its already traditional management of risks. This culture is an integral part of the management of the businesses, whether on the Company’s various operational fronts, in its financial management or on other fronts such as the management of investments, technology and the market.

Risk management continues under the responsibility of the appropriate managers of each business.

In parallel, several guidelines are constantly being reviewed and improved, with formalization and guidance being given to the various managers and committees on the limits and risk appetite validated by the Company’s management. Among these, the most important are guidelines involving Financial Risks Policy, the Investments Policy, Disclosure of Material Facts Policy and Securities Trading Policy.

Since 2015, Ultra has been redesigning the structure for raising information and consolidating risks.
Strategy and Outlook

IN THIS CHAPTER

- A Multi-business Vision
- Ultra Business Model
- Investment Plan
- Sustainability Model

The search for synergies among operations, reinforcing Ultra’s identity
A multi-business vision

Company invests in key sectors, leveraging its characteristics of resilience, scalability and ability to generate differentiation

As part of the corporate strategic positioning to be a protagonist and a global multi-business reference, Ultra works with solid values that guide its strategy. This pioneering and entrepreneurial identity has been built on a structure based on financial soundness, careful planning and capacity to implement what has been planned.

The aspects driving the Company are common to all the businesses: strong brands and scale as factors of market differentiation combined with innovation and sustainability as elements of execution and management. Ultra, with a near 80-year track record of investing in key sectors, leverages its characteristics of resilience, scalability and differentiation to create increased value.

The strategy of the Company has been to establish growth priorities through 2022 to strengthen its positioning. Consequently, Ipiranga concentrates its efforts on two pillars: expansion in the service station network and a strategy of constant innovation in service and convenience. Meanwhile at Oxiteno, the focus is to expand the company’s internationalization with the construction of the new Pasadena plant, scheduled for completion by the end of 2017. The unit will allow the company to compete more effectively in the North American surfactants market. During 2016, Oxiteno also launched a new operating model to accelerate the opening of new drugstores. A total of 71 new units was rolled out in 2016, double the preceding year, the company making its debut in four new states over the last two years, namely those of Pernambuco, Paraíba, São Paulo and Goiás.

The development of human resources is fundamental to ensuring a broadened and multidisciplinary vision of the business and a readiness to meet the challenges of growth and succession. The Ultra Competencies Model has been designed as an integral part of the development agenda. This sustains the vision of the future and creates common criteria for the development of leaders in a multi-business context. Another important front for human resources is the Ultra Leadership Program - “Essência” based on cutting-edge leadership and business management strategy from a multi-business perspective. (read more on page 45).

A further advance comes in the form of the Ultra Integration Project for aligning processes and systems among the businesses through a standardized ERP. Oxiteno will be the first in the Company to install the new ERP to be implemented by 2018. Over the next few years, the new system will be available to all employees contributing to still more integrated management, albeit always taking into account the peculiarities of each business.

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ULTRA’S BUSINESS MODEL

WHY
Our purpose
Be a multi-business global reference

WHAT
Our guidelines
Be one of the leading and consolidating players in our markets
Develop the businesses with a focus on our clients and their customers
Have the necessary leadership readiness for our growth

HOW
Our values
Acting as entrepreneurs and owners of Ultra
Valuing simplicity and modesty
Working with the spirit of serving our customers

WHICH
Our pillars
Single culture
Synergies between businesses units
Digital intelligence

WHO
Our competencies
Systemic vision
Customer orientation
Multi-business mindset
Development of high performance teams

During 2016, Ultra invested R$ 1.9 million net of disinvestments and repayments in the continued pursuit of good growth opportunities through scaling up, productivity gains and the modernization of existing operations. The Company’s investment plan continues to be an aggressive one in 2017, forecasted at R$ 2.2 billion.

With confidence in a financially sound business model, Ultra announced three important transactions which can be expected to pave the way for further growth in its business segments: the signature of agreements to acquire ALESAT’s fuel distribution business by Ipiranga and the Liquigás LGP distributor by Ultragaz, in both cases with the potential to reinforce Ultra’s presence and scale in these sectors. Also, in 2016, Ipiranga concluded an association with Chevron Brasil, creating a new company for the production and commercialization of lubricants, greases, additives and coolants under the Ipiranga and Chevron brands.

At Ipiranga, the investment plan amounts to R$ 1.16 million for maintaining the rate of expansion and modernization of the company’s distribution network am/pm and Jet Oil franchises as well as new distribution centers to supply the convenience stores. Investments also include the expansion of logistics infrastructure with the construction and expansion of storage terminals and in the maintenance, safety of the installations and modernization of activities, mainly through renewal of distribution network agreements, service station reforms, and information systems in support of operations. Ipiranga will also continue to implement differentiating actions based on an expanded supply of products, services and convenience with a view to enhance the loyalty of existing customers as well as increasing the consumer base.

A total investment of R$ 478 million was approved for Oxiteno in 2017. This amount includes US$ 77 million for construction work on the new ethoxylation unit in Texas, scheduled for conclusion by the end of 2017. The new unit will have an annual production capacity of 170 thousand tons when fully operational. The remaining investment budget will be dedicated to the modernization and maintenance of existing units, to increase productivity, for environmental protection and safety and for upgrading information systems. Oxiteno will also pursue its strategy based on innovation through the development of new products and partnerships with its clients.

Investment Plan

R$ 2.2 BILLION WILL BE INVESTED IN 2017:

IPIRANGA
R$ 1.2 billion

OXITENO
R$ 478 million

EXTRAFARMA
R$ 178 million

ULTRACARGO
R$ 158 million

ULTRAGAZ
R$ 221 million
Ultra views sustainability as one of the fundamentals of its businesses. This has been driving the Company since its foundation and is part of its vision for the future. The Company sets well-defined guidelines in promoting sustainability such as the value placed on the culture of citizenship and ethics in business as well as ensuring transparency of information, among other guidelines integral to its Sustainability Model.

In addition to financial soundness, Ultra’s five business segments have adopted and developed the concept of socio-environmental responsibility. As part of the daily routine, employees and suppliers are encouraged and trained in the practice of voluntary activities and socio-environmental responsibility. Each one of the businesses has demarcated areas for socio-environmental investments – education, health, culture, environmental conservation and labor, among others.

Internally, the responsible, ethical and transparent conduct of the businesses is paramount in the different operating excellence programs, each adapted to the respective products and services of the particular business segment.

The Ultra Sustainability Model is based on five pillars – Safety, Environment, People, Products and Services and Value Chain – together with 28 performance and management indicators, aligned to the corporate sustainability guidelines.

Due to the characteristics of each one of their markets, the businesses work with their own socio-environmental policy although based on corporate guidelines.

A series of key performance indicators, the KPIs, were selected for annual monitoring to support the process of tracking and the choice of actions covered by the themes defined in the Sustainability Model. The data comprise the Company’s decision-making matrix in the same way as the initiatives set out in the organic investment plan.

**FIVE PILLARS OF SUSTAINABILITY**

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

Due to the specific characteristics of their markets, each business works with their own socio-environmental policy.
SOCIAL BALANCE SHEET 2016

AMOUNT R$ ’000

<table>
<thead>
<tr>
<th>CALCULATION BASE</th>
<th>December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income (NI)</td>
<td>1,570,618</td>
</tr>
<tr>
<td>Operating profit (OP)</td>
<td>3,105,710</td>
</tr>
<tr>
<td>Gross payroll (GP)</td>
<td>1,093,734</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>INTERNAL SOCIAL INDICATORS</th>
<th>AMOUNT (R$)</th>
<th>% OF GP</th>
<th>% OF NI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food</td>
<td>104,700</td>
<td>9.6</td>
<td>6.7</td>
</tr>
<tr>
<td>Compulsory social charges</td>
<td>566,198</td>
<td>33.5</td>
<td>23.3</td>
</tr>
<tr>
<td>Pension fund</td>
<td>23,353</td>
<td>2.2</td>
<td>1.5</td>
</tr>
<tr>
<td>Health</td>
<td>115,870</td>
<td>10.6</td>
<td>7.4</td>
</tr>
<tr>
<td>Occupational safety and health</td>
<td>11,436</td>
<td>1.0</td>
<td>0.7</td>
</tr>
<tr>
<td>Education</td>
<td>1,072</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Training and professional development</td>
<td>14,209</td>
<td>1.3</td>
<td>0.9</td>
</tr>
<tr>
<td>Employee profit sharing</td>
<td>147,027</td>
<td>13.4</td>
<td>9.4</td>
</tr>
<tr>
<td>Others</td>
<td>88,287</td>
<td>8.1</td>
<td>5.6</td>
</tr>
<tr>
<td><strong>Total – Internal social indicators</strong></td>
<td><strong>872,334</strong></td>
<td><strong>79.8</strong></td>
<td><strong>55.5</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXTERNAL SOCIAL INDICATORS</th>
<th>AMOUNT (R$)</th>
<th>% OF GP</th>
<th>% OF NI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education and Culture</td>
<td>3,006</td>
<td>0.1</td>
<td>0.2</td>
</tr>
<tr>
<td>Others (Donations and indemnifications)</td>
<td>39,493</td>
<td>1.3</td>
<td>2.5</td>
</tr>
<tr>
<td><strong>Total – Contributions to society</strong></td>
<td><strong>42,499</strong></td>
<td><strong>1.4</strong></td>
<td><strong>2.8</strong></td>
</tr>
<tr>
<td>Taxes (excluding social charges)</td>
<td>1,343,684</td>
<td>43.3</td>
<td>85.6</td>
</tr>
<tr>
<td><strong>Total – Contributions to society</strong></td>
<td><strong>1,386,183</strong></td>
<td><strong>44.7</strong></td>
<td><strong>88.3</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ENVIRONMENTAL INDICATORS</th>
<th>AMOUNT (R$)</th>
<th>% OF GP</th>
<th>% OF NI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Related to the company’s operations</td>
<td>44,219</td>
<td>1.4</td>
<td>2.8</td>
</tr>
<tr>
<td><strong>Total investments in the environment</strong></td>
<td><strong>44,219</strong></td>
<td><strong>1.4</strong></td>
<td><strong>2.8</strong></td>
</tr>
</tbody>
</table>

GUIDELINES

- To value the culture of citizenship and ethics in business.
- To safeguard the integrity of the corporate governance model, particularly the treatment and transparency of relevant information and the continued management of risks and opportunities.
- To maintain and improve financial capacity, flexibility and operational excellence, so as to minimize the vulnerability to economic fluctuations, seeking growth opportunities in each one of its business segments.
- To orient products and services offerings to meet clients’ and consumers’ needs and expectations.
- To maintain active representation in business associations and a transparent relationship with public institutions in order to enhance and strengthen businesses.
- To keep a state of readiness, awareness and education for the permanent appreciation of economic, environmental and social sustainability.
- To support, disseminate, promote and integrate the UN Global Compact principles related to Human Rights, Labor Rights, Environmental Protection and Combating Corrupt Practices, in all their forms, into the organizational culture.
- To value employees by encouraging professional growth and quality of life, as well as by improving the working environment and conditions.
- To act selectively as an agent of progress of neighboring communities and society, through the dissemination of culture, education and social inclusion initiatives.
- To adopt policies for maintaining excellence in health, safety and environmental standards.
- To identify, control and mitigate risks inherent to the business through risk management and crisis management policies and practices in the operational, regulatory, environmental, tax, legal and social areas.
- To promote the management of greenhouse gases in order to mitigate their effect on climate change.
- To prepare periodic reports on sustainability, considering its economic, environmental and social dimensions.
People Management

IN THIS CHAPTER

- Valorization of Professional Development
- Ultra Culture
- Compensation
- Leadership Development
- Other Highlights of the Year

To attract and maintain talent as well as to support the employees in their development and career plan are among the priorities.
Valorization of personal development

People are one of Ultra’s five pillars of sustainability. The Company sees human capital as a key component in its growth trajectory. The people management model is designed to ensure a culture that supports the organizational strategy, develops manpower in readiness to fill positions and reinforces meritocracy permitting the recognition and rewarding of committed and premium performance teams and leaders.

The focus of people management is on attracting and retaining talents as well as supporting employees in their development and career plans. To fulfill this complete cycle, Ultra and its business segments adopt initiatives which range from training programs for interns and trainees to career development training and to planning the transition to retirement. The Company’s employees are stimulated to develop their careers and with this in mind, encouraged to migrate between different areas and business segments. In 2016, about 1,500 employees made the move between areas or business units, an increase of 50% in relation to 2015.

People management at Ultra is governed by a competencies model (see the following chart) based on an integrated view of the particular level of leadership. The aim is to develop leaders and teams aligned to a model that will drive Ultra’s growth over the coming years.

ULTRA LEADER COMPETENCIES MODEL

SYSTEMIC VISION
CUSTOMER ORIENTATION
MULTI-BUSINESS MENTALITY
DEVELOPMENT OF HIGH PERFORMANCE TEAMS

FOCUS ON RESULTS
ALIGNMENT OF INTERESTS
AUTONOMY WITH RESPONSIBILITY
INSPIRING LEADERSHIP

TOTAL EMPLOYEES PER COMPANY

<table>
<thead>
<tr>
<th>Year</th>
<th>Ipiranga</th>
<th>Oxiteno</th>
<th>Ultracargo</th>
<th>Ultragaz</th>
<th>Extrafarma</th>
<th>Corporate</th>
<th>Ultra</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>2,764</td>
<td>1,809</td>
<td>613</td>
<td>3,636</td>
<td>4,711</td>
<td>440</td>
<td>13,973</td>
</tr>
<tr>
<td>2015</td>
<td>2,864</td>
<td>1,806</td>
<td>596</td>
<td>3,603</td>
<td>5,269</td>
<td>459</td>
<td>14,597</td>
</tr>
<tr>
<td>2016</td>
<td>2,903</td>
<td>1,903</td>
<td>645</td>
<td>3,610</td>
<td>5,670</td>
<td>442</td>
<td>15,173</td>
</tr>
</tbody>
</table>

1. Interns not included.

CORPORATE CENTER

The Ultra Corporate Center serves all the businesses and concentrates the activities of finance, financial control, legal counsel, insurance, mergers and acquisitions, control of investments, planning, IT, corporate communication, investor relations and facilities & utilities. The corporate team is composed of 450 employees.

TURNOVER RATE (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Ipiranga</th>
<th>Oxiteno</th>
<th>Ultracargo</th>
<th>Ultragaz</th>
<th>Extrafarma</th>
<th>Corporate</th>
<th>Corporate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>10</td>
<td>11</td>
<td>15</td>
<td>13</td>
<td>n.d.</td>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td>2015</td>
<td>12</td>
<td>9</td>
<td>15</td>
<td>14</td>
<td>34</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>2016</td>
<td>16</td>
<td>9</td>
<td>10</td>
<td>10</td>
<td>51</td>
<td>10</td>
<td>10</td>
</tr>
</tbody>
</table>
Ultra Culture

In 2015, the Company mapped and defined its values that indicated convergence across all the business segments. The values represent the essence of Ultra, creating a bond and a sense of belonging to the organization.

As part of a process to disseminate this culture, an internal multiplier group was set up in 2016 consisting of 70 employees drawn from all businesses and prepared especially for this function. The group began to work as agents of change, being references in the teams with respect to ongoing developments in the Company.

In 2017, the project for strengthening the Ultra Culture will focus on new initiatives for disseminating the values, attitudes and behaviors, which permeate the Company.

Compensation

Compensation policies and practices established in Ultra’s strategy converge to stimulate expansion and sustainable results. In addition to contributing to meeting corporate objectives, policies and practices share both value creation and the risks inherent to the business and the capital markets. Among the objectives are the reinforcement of the capacity to attract, retain and motivate highly qualified executives and staff and to promote the alignment of interests among employees, executives and other stakeholders.

The total compensation of executives breaks down into fixed compensation (base salary), benefits, short-term incentives through participation in results and long-term incentives with the share ownership plan. The short- and long-term compensation is linked to value growth targets, which provide an alignment of interests between executives and shareholders. In addition, the executive compensation package is aligned to best market practices, using a meritocratic approach for individual recognition and standardizing management processes of the executives in Ultra’s businesses.

The compensation policies and practices adopted for Ultra’s Management are described under item 13 of the Reference Form available from the website (www.ultra.com.br/ri) and detailed in accordance with the specifics of each governance organ. The members of the Board of Directors and the Fiscal Council receive fixed compensation only, corresponding to the responsibility and complexity of the position and in line with market conditions.
Leadership Development

Created to support the Company in developing a new benchmark in leadership, the objective of the Ultra Leadership Program “Essência” aims to mold leaders of Ultra and its businesses. The program, which uses specific methodology and is in its second year, by the end of 2017, will have trained 680 employees, among them directors, managers and coordinators.

The content of the Ultra Leadership Program (Essência) is customized according to the guidelines of the Ultra Business Model (U2022) and the corporate competencies to be developed. The Program consists of six modules that cover an integrated vision of the competitive environment, value creation and relationship with different stakeholders, alignment of culture, strategy and organizational structure, strategy execution focused on sustainable results, application of best practices of essential leadership and influence in high performance management teams. The program is also an important tool for the development of the organizational culture.

MORE TRAINING INITIATIVES

Ipiranga has a New Leadership Development Program with content prepared in partnership with well-known educational institutions both in Brazil and in other countries. In 2016, the company implemented the Mentoring program for New Retail Managers to reinforce the strategic formation of new leaders. The focus is on promoting the dissemination of knowledge between the more experienced executives and more recent appointees using a student-mentor approach. Consisting of workshops, skills upgrades and periodic monitoring meetings, the program had an intake of 18 participants in the year for a nine month period during which mentee receives ideas and incentives from a mentor colleague with experience and a consolidated career.

Ultracargo invested in upgrading leadership skills with programs such as POGG (Management Group Development Program) and FODML (Middle Leadership Development Program). A total of 119 managers took part in the programs. In addition, there was an increase of 115% in courses for the exchange of technical information between areas through the Knowledge Portal. The latter is the company e-learning facility that combines videos, podcasts and other teaching resources developed in-house and by Harvard and Chicago universities.

In 2016, the 14 district managers of Extrafarma took part in the Retail Leadership Development Program for Retail Leaders. The program has a 40-hour duration, the object being to expand the professionals’ repertoire and capacity for providing a more harmonious and productive working environment.

With the launch of the Extrafarma DNA platform, store managers, sub-managers and pharmacists are able to access leadership training led by well-known lecturers in the corporate education market. At the Extrafarma Sales Convention and at the Annual Pharmacists’ Meeting, leaders also had the opportunity to receive input on the business plan and to provide feedback to store teams. Some 700 store leaders attended the Convention and a further 800 at the Pharmacists’ Meeting.

All these programs bear the seal of our Internal Management DNA and are prepared to provide guidance to leadership on behaviors that are deemed important internally as well as guidance in the management of the team on developing initiatives and expected attitudes for creating an increasingly solid and profitable company.

680 leaders will have concluded the Ultra Leadership Program (Essência) by the end of 2017 when the initiative’s two-year period of activities will have been completed.
Ultra Formare trains young people as Administrative and Sales Agents, thus assisting their insertion in the labor market

**Ultra Formare**

The program is run in partnership with the Iochpe Foundation, 2016 being its 15th year. The focus is on education and the inclusion of young people in the labor market. The Ministry of Education-recognized course is for Administrative and Sales Agents and consists of 25 weekly classroom hours covering 14 disciplines. The course includes visits to Ultra’s businesses and eight-week internships. Since its first edition, the program has been responsible for graduating 258 students, of whom 40 are working at Ultra.

**Oxiteno**

**TOP EMPLOYERS BRAZIL**

For the fourth consecutive year, Oxiteno received Top Employers Brazil certification, awarded by the Top Employers Institute, an independent organization with presence in more than a hundred countries. The Top Employers Institute carefully analyzes companies’ HR practices and policies prior to awarding certification.

**THE BEST COMPANIES TO WORK**

For the third consecutive year, Oxiteno has received Você S/A Guide certification as one of the Best Companies to work in Brazil.

**NEW TALENT**

The focus on a multi-business culture also requires the continual attraction of new talents and competencies to the Company. An average of approximately 300 young people join Ultra every year through interns’ programs. They fulfill an intense development schedule, which includes technical and behavioral training, job rotation and project development.

Ultra and its businesses participate in recruitment fairs of Brazilian universities and through social media as a means of disseminating its brand and continuing to attract young talent wishing to enter the job market.
Revision in the management and activities of prevention and education with a behavioral focus foster a safe environment.
The challenge of promoting a safe environment at Ultra’s installations is not restricted to the Company alone – preventive measures are extended similarly to outsourced employees and suppliers. As one of the five pillars of the Sustainability Model, the fostering of a safety culture is priority for all businesses.

Since 2015, the businesses have been revising their risk analysis studies and safety procedures, a goal set by the Company’s senior management in the Ultra Safety Program and subsequently reflected in the improved results for indicators at the businesses. Throughout 2016, particular attention was paid to operating safety and processes with Ipiranga, Oxiteno, UltraGás and UltraCarga establishing their individual methodological structure for evaluating the risks of these same processes.

Ipiranga’s safety program is based on three pillars: people (employees and outsourced personnel), physical conditions (installations) and procedures (SIGAs+). For people, the company has implemented actions relating to safe behavior, training and improved skills, the focus being mainly the development of leadership. In 2016, the Attitudes of Responsibility (Ipiranga Management System Applied to Health, Safety, Environment and Social Responsibility) was reformulated in 2016 to align it still more closely to the reality of the operating activities of the company.

Oxiteno uses the Safety Process Based on Risk Management Model (SPBR) for identifying process risks and dangers, establishing mechanisms for preventing them or reducing the probability of their occurrence as well as creating the conditions for controlling eventual impacts. Once the risks are identified, they are incorporated in the guidelines and programs and are then monitored and evaluated by the operating units. Through Ultra Safety, in 2016 the company revisited its risk matrix, updating the previous analysis of 2013. This recent evaluation revealed that the risk potential had been significantly reduced over the preceding three years thanks to the implementation of a series of mitigating and preventive measures.

Greater efforts were also taken to standardize the management of safety measures at the units acquired more recently. For example, thanks to its proximity, the Montevideo unit was able to learn from the practices employed in the Truíno plant, establishing them as a reference for its own installations.

Likewise, UltraGás also proceeded with its process and safety program for identifying and revising risks to its installations and production system. In 2015, a pilot project was run at Capuava (São Paulo) and in 2016, the action was also applied at the Utinsás de Santo André (São Paulo), Paulínia (São Paulo), Duque de Caxias (Rio de Janeiro) and Marapuré (Bahia) units. The purpose is to assess the dangers associated to possible accident scenarios in processes involving personal safety and risks to the environment, impact on the image and financial considerations. Complementary to the program, the Emergency Plan was reevaluated together with the level of team preparation and fixed emergency system conditions at the units. The outcome was an action plan to improve the technological and operating systems and the process.

In addition, approximately three thousand employees at 17 filling plants took part in the Escalated Safety Program, designed progressively to reduce workplace accidents. In 2016, monitoring revealed 26 work-related accidents requiring leave of absence from work – a 10% reduction in relation to 2015. Under the program, employees receive training on the safe handling of gas bottles – the main cause of personal accidents.

Management and monitoring Occupational Health, Safety and Environment (SSMA) is tracked using indicators and is one of the items audited annually by the corporate team at the 17 filling plants. In 2016, the annual audit also included the Satellite Storage Facilities in Sorocaba (São Paulo), Salvador (Bahia), São José do Rio Preto (São Paulo) and Palhoça (Santa Catarina). In the second half of 2015, UltraCarga implemented its Corporate Process Safety Management System in which existing standards, programs and procedures were revisited for evaluating process safety risk management with the aim of accident prevention. The System is responsible for examining practices, procedures and actions to identify, analyze and manage risks related to operations. It is based on four pillars – commitment to process safety, an understanding of dangers and risks, risk management and learning from past incidents both within and outside the company.
New fire prevention systems were introduced, increasing the standard of excellence at the terminals. The project complies with Brazilian and North American technical standards of the National Fire Protection Association (NFPA). Santos Port Terminal 1 was the first to implement the new system and this will be extended to the other ports where Ultracargo has operations. Among the additional measures resulting from the implementation of this system is an enhanced capacity to anticipate responses to contingencies through monitoring and detection systems and greater agility in responding through rapid-attack automated systems with remote commands. Redundancy systems also ensure greater reliability and response capacity while the installed equipment permits action to be taken with immediate effect as events unfold.

Ultracargo has expanded its Safety Attitude Program to all the terminals where it has operations. Launched in Santos in 2015, the program has a behavioral focus and invests in raising awareness and education of employees in safety precautions. It also provides for Focus Groups to manage high potential risks. During 2016, five teams were designated to identify risk situations at the Santos terminal in both operational and administrative areas.

The SSMA Performance Recognition Program is integral to strengthening the occupational health, safety and environment culture. Additionally, a pilot project is being implemented at the Aratu (Bahia) port terminal for evaluating the operating teams’ SSMA Management Performance. Every three months, the teams are evaluated on safety and environmental aspects. Those showing the best performance are rewarded in accordance with company policy.

With the support of consultants, risk analysis studies on safety processes were also undertaken in addition to assessing the team’s response capacity to emergencies. This work was executed and monitored by four businesses: Ipiranga, Ositeno, Ultragaz and Ultracargo.

Ultracargo invested 40 thousand hours in training, of which 21 thousand were for employee training in safety measures - an average of 60 hours per employee/year. In light of these actions, Ultracargo has been able to achieve a 30% reduction in accidents as well as their severity and frequency.

In decline
Preventive work is reflecting in the improvement of nearly all the safety indicators

PROJECTS AT THE TERMINALS

- Analysis of risk in activities involving maritime, highway and railway transportation
- Qualitative risk studies (APP/HAZOP)
- Complementary risk studies (LOPA/Vulnerability/AQR)
- Auditing of protective barriers
- Quantitative risk analysis for evaluating alternative engineering techniques for the reconstruction of Terminal 1 in Santos (São Paulo)
- Evaluation of response capacity in the event of emergencies
- Critical analysis of the firefighting system projects

ACCIDENT RATE WITH TIME OFF:
ACCIDENT RATE PER MILLION HOURS WORKED - EMPLOYEES AND INTERNS

<table>
<thead>
<tr>
<th>Year</th>
<th>Ipiranga</th>
<th>Ositeno</th>
<th>Ultracargo</th>
<th>Ultragaz</th>
<th>Extrafarma</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>4.4</td>
<td>1.9</td>
<td>2.7</td>
<td>4.0</td>
<td>n.d.</td>
</tr>
<tr>
<td>2015</td>
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<td>3.1</td>
<td>3.7</td>
<td>2.8</td>
<td>5.5</td>
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<tr>
<td>2016</td>
<td>4.0</td>
<td>10.0</td>
<td>1.8</td>
<td>2.4</td>
<td>0.1</td>
</tr>
</tbody>
</table>

1. Rate is calculated based on the number of accidents/man-hours (calculated according to NBR 14280) with respect to payroll numbers as of December 31, 2016.

ACCIDENT RATE WITHOUT TIME OFF:
ACCIDENT RATE PER MILLION HOURS WORKED - EMPLOYEES AND INTERNS

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<tbody>
<tr>
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<tr>
<td>2015</td>
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<td>2016</td>
<td>0.0</td>
<td>0.8</td>
<td>10.5</td>
<td>3.1</td>
<td>0.0</td>
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</tbody>
</table>

1. Rate is calculated based on the number of accidents/man-hours (calculated according to NBR 14280) with respect to payroll numbers as of December 31, 2016.
2. Increase in 2016 relates to inclusion of accidents requiring first aid.
3. Ultragaz is conducting work to refine the report on accidents not requiring leave of absence.

NUMBER OF FATALITIES

<table>
<thead>
<tr>
<th>Year</th>
<th>Ipiranga</th>
<th>Ositeno</th>
<th>Ultracargo</th>
<th>Ultragaz</th>
<th>Extrafarma</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>n.d.</td>
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<tr>
<td>2015</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<td>2016</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
Our Businesses

IN THIS CHAPTER

- Ipiranga
- Oxiteno
- Ultragaz
- Ultracargo
- Extrafarma

Five businesses in five key sectors that help promote Brazil and produce a positive return for Ultra
Ipiranga

With comprehensive territorial coverage of Brazil, Ipiranga has a payroll of 2,903 employees. The service stations, am/pm convenience stores and other services are managed by resellers and franchisees. Infrastructure and scale are critical to the company’s ability to compete. Ipiranga operates from 54 storage terminals. These are operated either on a proprietary basis or in pools (association with other companies) throughout the country and responsible for the distribution of fuels and lubricants to the company’s 7,563 service stations.

Its business sector - the distribution and sale of fuels and lubricants - has been impacted by the decline in consumption due to the economic and political crisis in Brazil. In spite of this scenario, Ipiranga has continued to implement its strategy and has been able to maximize opportunities arising from its growth (read more about Ipiranga’s performance on page 84).

**Good perspectives**

**Organic growth and new businesses pave the way for growth**

**PRODUCTS AND SERVICES**

- Fuel distribution: 7.6 thousand service stations
- am/pm stores: the largest network of convenience stores in Brazil with 2,166 units in 2016, offering a differentiated range of products and services both on the highway and in the city
- Lubricants: a diversified line of products for automotive, industrial and maritime uses
- Jet Oil: the largest network of automotive services in Brazil with 1,594 units in 2016
- Km de Vantagens: Ipiranga’s loyalty program with 24 million participants
- ConectCar: an electronic toll collection and parking lot system with 840 thousand tags in 2016

**SALES VOLUME, NET REVENUE AND EBITDA**

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales volume (thousand m³)</th>
<th>Net revenue (R$ million)</th>
<th>EBITDA (R$ million)</th>
</tr>
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<tr>
<td>2014</td>
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<td>25,725</td>
<td>23,507</td>
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<tr>
<td>2015</td>
<td>58,830</td>
<td>65,350</td>
<td>66,407</td>
</tr>
<tr>
<td>2016</td>
<td>2,288</td>
<td>2,769</td>
<td>3,080</td>
</tr>
</tbody>
</table>

**SUSTAINABILITY PILLAR**

**PRODUCTS AND SERVICES**

- **DIFERENTIATION**
  - Ipiranga reported a total network of 7,563 service stations at year-end 2016, having added a further 333 in the period. The company continues to see a promising future in innovation and convenience as a strategy of differentiating its products and services. During the year, a clean gasoline additive, DT Clean, was launched, the new product having a sustainability component so that as engine performance improves, there is a reduction in greenhouse gas and equivalent emissions.
  - Ipiranga also launched the cell phone Fill Up Here (Abastece Ai) app, which introduces an innovative and differentiated experience when the consumer fills up at the service station. The app allows the consumer to pay for the fuel directly by cellphone and on payment, have the option of exchanging Km de Vantagens for benefits or obtaining a discount on the fuel purchase. This innovation is available for Android and iOS operating systems.
  - Currently, the Km de Vantagens has 24 million participants, making it the largest loyalty program in Brazil.
  - One of Ipiranga’s flagship services in the differentiation strategy is the am/pm store, first in the ranking of convenience stores in Brazil. This business reported year-over-year growth of 13% and ended 2016 with 2,166 points of sale in Ipiranga’s service station network, thus increasing the supply of products, services and convenience available to the consumer. During the period, Ipiranga consolidated the implementation of two new store configurations: for urban-based service stations, an am/pm store with an expanded convenience concept similar to a neighborhood minimarket and offering fresh products; and for motorcycles and automobiles. In 2016, Ipiranga installed a pilot electric car battery recharging station in partnership with BMW.
Other international training included the Authorized Lubricants Distributor Technical Mission (ADs) through the Leadership and Management Program. Run in partnership with the University of Pittsburgh, this initiative had the mission of broadening leadership concepts and skills necessary to administer businesses and optimize results. During five days, participating mission AD entrepreneurs were subjected to an immersion program from lecturers on advanced concepts of strategic leadership, management of high performance teams and leadership influence. Participants also made technical visits to companies in the wholesale segment to understand the theoretical concepts in practice.

Important courses were also organized in Brazil, one of which was the Retail Expert Program for the clients of authorized distributors. The classes were designed to trigger reflections on the importance of the management of results for business development. In addition, participants were able to broaden their knowledge of financial concepts, procurement strategy and inventory management and exchange experiences on the management of the business. This course was made possible through a partnership with Universidade Estácio, which replicated the training sessions at different locations around Brazil.

Another key international program is the NACS Show, the largest fair in the world for convenience and fuel distribution segments. During the course of the show, Ipiranga retailiers and franchisees had the opportunity to attend lectures and workshops on both businesses. Ipiranga has run this program for eight years now and in 2016, took about a thousand people to the event.

The Retail School was responsible for training 43,525 clients in 2016. Among them were urban and highway-based resellers, authorized lubricant distributors and teams. This training was largely onsite, but also conducted on a remote basis (e-learning). An all-time record.
Oxiteno

Oxiteno is leader in the manufacturing of surfactants and specialty chemicals in Latin America. With a payroll of nearly two thousand, it operates in the segments of Agro-chemicals; Personal Care and Domestic and Institutional Cleaning; Oil and Gas; Paints and Coatings; and Performance Products. Oxiteno was founded in 1973 and is Ultra’s chemicals and petrochemicals arm.

Specially chemical sales reported a decrease of 1% in 2016, above all due to the adverse socio-economic scenario in Brazil. The company has endeavored to offset the lackluster market in specialty chemicals by enhancing efficiency in the use of capacity and dilution of plant costs that prioritize the efficient and responsible use of natural resources for production with the least impact on the environment and conducive to user wellbeing and health.

The Greenformance platform sets out a series of sustainability guidelines to be considered at the product and services stage of development. Among these is the adoption of raw materials of green origin replacing synthetic materials and petrochemical derivatives. Focus is also on the efficient use of energy, water and packaging, particularly the development of concentrated and biodegradable products.

Among the gains from Greenformance are: the creation of solutions that reduce irritation to the skin and eyes; the adoption of clean technologies in the energy matrix; substitution of polluting products such as those with a high degree of volatile organic compounds and the adoption of renewable raw materials.

In 2016, Oxiteno intensified its Innovation Day activities. These involve internal team visits to a specific client for verifying short- and medium-term plans for innovation and to understand how the company can contribute to the implementation of this plan. Onsite contacts such as these have resulted in the development of a series of differentiated customized products. An example is concentrated formulations for cleaning surfaces delivered to the consumer as sachets and compounds used in the manufacture of bar shampoos, both capitalizing on the efficient use of water and energy and reduction in waste and emissions.

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A further development in the process of implementation during 2016, is the CRM system for establishing the more assertive management of client relationships. This tool will allow the integration of a large variety of strategic data to be made available from a user-friendly platform to different areas of all Oxiteno’s businesses, facilitating decision making and ensuring the traceability of information. The tool is to be implemented in full by the end of 2017.

The company launched 66 new solutions on the market in 2016, a reflection of its investments in research and development.

Research and development

66 new solutions were launched on the market during 2016

SALES VOLUME, NET REVENUES AND EBITDA

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<tr>
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<th>Net Revenues (R$ million)</th>
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</thead>
<tbody>
<tr>
<td>2014</td>
<td>780</td>
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<td>2015</td>
<td>725</td>
<td>725</td>
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<tr>
<td>2016</td>
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In 2016, the company’s organization model was re formulated with the regrouping of the business units and a new structure more suitable to development. The units are currently: Mercosur (including units in Brazil and Uruguay and for meeting demand in Brazil, Chile and Argentina), MAC (with units in Mexico and Venezuela and covering the Mexican, Andean and Caribbean markets) and the United States (structured to serve the North American market). These changes were driven in large part by Oxiteno’s international expansion with the enlarged Pasadena unit in Texas to be concluded in 2017. The unit already manufactures surfactants for agrochemicals but is to cover all segments. The new ethoxylation plant will come on stream by the end of 2017 with a production capacity of 170 thousand tons/year. Finally, in early 2017, the company opened an office in Houston.

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Ultra Annual Report 2016

Ultragaz

Ultragaz is the largest liquefied petroleum gas distributor in Brazil with a payroll of 3.6 thousand and reporting continued growth and investments.

The use of applications brings resellers closer together besides the use for management and training purposes.

In addition to organic growth, the company announced its acquisition of 100% of the capital stock of Liquigás, an operation for which approval from CADE, the Brazilian anti-trust authority, is still pending. The acquisition will increase Ultragaz’s delivery capacity, especially for new uses of LPG, supported by the development process of new applications.

Ultragaz employs 3.6 thousand

in its team

New channels

The use of applications brings resellers closer together besides the use for management and training purposes.

<table>
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</thead>
<tbody>
<tr>
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<td>1,711</td>
<td>4,091</td>
</tr>
<tr>
<td>2015</td>
<td>357</td>
<td>1,697</td>
<td>4,621</td>
</tr>
<tr>
<td>2016</td>
<td>447</td>
<td>1,760</td>
<td>5,366</td>
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</tbody>
</table>

This new system brings operational improvements, particularly with respect to logistical, fiscal and service aspects. The same tool will also facilitate the tracking of vehicles and real-time monitoring of deliveries - replacing operations that are currently paper-based and involving orders, invoices and transaction slips. The system has the added advantage of giving remote access to customer data, price lists and payment conditions, among others.

In 2016, Ultragaz set up a Development Department to consolidate the company’s strategy of differentiation in the market, investments in product and service innovation as well as initiatives in Ultragaz’s long-term strategic plan based on consumer profile and habits. The department will also examine scenarios of supply and demand for gas and energy and the evaluation of competitive advantages in relation to domestic competitors and the overseas market (read more below).

The aim of the new Development Department is to disseminate the differentiation strategy in the market.
On the operational front, a new filling plant was opened in Juazeiro (Bahia) for increasing efficiency in the distribution of gas bottles and services offered to the local population. Additional investments were also made in storage capacity at Mataripe (Bahia), where a 120-ton storage tank was installed.

Ultragaz develops training programs for its resellers and sellers in the domestic and corporate segments through VIS10N, the company’s strategic plan for the next ten years. The company sees this as a means of guaranteeing the implementation of its plan and standards of excellence in a uniform manner throughout Brazil.

In an initiative for improving the relationship with the resellers’ network, VIS10N Domiciliar (VIS10N Home) has invested in a skills and incentive-based program for reseller employees known as UltraTop. The salesperson is able to access various available training curricula through mobile and web environments and as training proceeds, accumulates points that can be exchanged for exclusive benefits. Through this pioneering scheme, Ultragaz enhances the value of the salesperson – an important link in the relationship with the end consumer.

**VIS10N**

Domiciliar invests in training and incentives for reseller employees

**CORPORATE SOCIAL RESPONSIBILITY**

Ultragaz enjoys a long tradition of investments in the social area, both in the communities adjacent to its production units as well as population centers more distant from the major conurbations but where there is contact with resellers via bottled gas deliveries. Social responsibility projects focus on culture and education including environmental education directed to children and adolescents from low-income families. The company’s Sustainability and Socio-environmental policies provide investment guidelines and establish the projects to be developed and supported. Since 2011, Ultragaz has had a Voluntary Worker Policy for incentivizing and providing guidance to its employees in the practice of social and environmental work.

Once more in 2016, Ultragaz gave its support to the Junior Achievement Project, which seeks to arouse the entrepreneurial spirit in young people through educational programs for public schools. Project activities took place in 13 states to the benefit of 2,371 students and with the participation of 231 volunteer workers from Ultragaz.

In Caucaia (Ceará), where Ultragaz has a filling plant, the company supports a school of music and computer studies in partnership with the local Lions Club. Approximately, 60 students are beneficiaries of these activities.

Ultragaz Cultural is a project that dates back to 2000 and designed to foster and disseminate culture through shows and educational events. Using itinerant movie-theater trucks, in 2016, the company took the cinema to 17,781 adolescents and children from public institutions and schools. The trucks visited 21 cities in 15 states as well as the Federal District. The project is funded from Rouanet Law tax breaks and is conducted in partnership with government education and culture departments. Since inception, Ultragaz Cultural has brought the movies to more than 154 thousand people. All movie-truck carbon emissions are offset in partnership with the Green Initiative NGO, environmental impacts being neutralized in full. Waste produced and collected during the project is separated and donated to local recycling cooperatives.

In 2016, the Our School is 10 (Nossa Escola é 10) project took place in São Luís (Maranhão). This project trains educators, contributes to the preparation of educational policies and invests in improvements to school infrastructure. Five schools were attended, benefiting more than five thousand people.

Together with the resellers, trained through the Somar Sustainability program, Ultragaz disseminates public service campaigns via its delivery trucks. During the year, more than 9 million people were alerted to information on combating the dengue virus through a partnership between the company and the federal government’s Health Ministry.

Ultragaz also works incessantly at all its units on initiatives for propagating the Dial 100 service, a number for denouncing cases of child and adolescent sexual exploitation. The campaign is run in partnership with Childhood Brazil, with which Ultragaz has been a partner since 2009.

To encourage employee involvement in volunteer work, an exclusive portal was created in 2016, the Ultragaz Volunteer Worker Portal (voluntariadoultragaz.v2v.net). This organizes the social and environmental actions carried out by the company as well as a calendar of activities and a list of volunteers. At the end of the year, 349 employees had registered.

Ultragaz also lends its support to partner institutions that encompass social inclusion of children and adolescents through education. Among these institutions are: Vocation (Vocação), Recriante - CARE, Piuba Cuca and the Santo Agostinho Association (ASA).
Ultracargo

Ultracargo is a liquid bulk storage company with a 50-year track record, strongly client-focused, and with substantial capacity to transform and reinvent itself in accordance with the needs of the market and in the light of expectations of the sectors in which it operates. The company’s successful trajectory is based primarily on the continuing cooperation of a team of approximately 650 employees.

In 2016, the company used its 50th anniversary to implement a brand management project for transmitting its essence, values and competitive advantages. The principal conclusion of the work highlights the company as a link in the client’s logistic and productive chain prompting the creation of the concept: “Ultracargo connects businesses and this connection contributes to the development of the country and its port logistics development.” The work includes market analysis, research into services offered by the company and its competitors as well as qualitative and quantitative interviews.

650 professionals work at Ultracargo

New opportunities
The company is consolidating its position as a service supplier to the fuels market, for which handling has intensified in the past two years.

AVERAGE STORAGE CAPACITY, NET REVENUES AND EBITDA

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Storage Capacity (thousand m³)</th>
<th>Net Revenues (R$ million)</th>
<th>EBITDA (R$ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>715</td>
<td>346</td>
<td>167</td>
</tr>
<tr>
<td>2015</td>
<td>655</td>
<td>316</td>
<td>26</td>
</tr>
<tr>
<td>2016</td>
<td>672</td>
<td>355</td>
<td>171</td>
</tr>
</tbody>
</table>

This was also a year when operations were resumed following the impacts of the fire in Santos in 2015 (read about the safety measures adopted on page 51). Today, the company is an industry leader with a 24% share of capacity at Brazilian independent port terminals. By the end of 2017, resumption in the Santos operations will ramp this up to about 28%. In 2016, Ultracargo moved 20 million tons of product along the Brazilian coastline.

During the period, the company continued to invest in expansion. Once work is complete at the end of 2018, the Itaqui (Maranhão) port terminal’s current capacity of more than 55 thousand m³ will have been increased to 103 thousand m³. The aim is to be ready to meet the growing demand from the region as well as the requirements for Ultracargo’s development overall.

With such a profile strongly consolidated in the country, Ultracargo performed positively during the year. If on the one hand, the challenging economic scenario saw a reduction in the movement of chemicals, on the other, the company invested and consolidated its position as a provider of services to the fuels market, the demand for which accelerated during the year. In 2016, there was a growth of 24% in fuel handling operations compared with 2014. Ultracargo was able to successfully anticipate the opportunities in fuel handling and prepare its installations for the new product.
The year 2016 marked the birth of a new Extrafarma. In addition to the new visual identity, the sixth largest pharmacy chain in the country with more than 5.7 thousand employees revised its positioning in the market by establishing four major strategic initiatives.

The first is the differentiated shopping experience it offers customers. This follows a complete revamping of store processes with investments in a new, more modern store model, with improved illumination and lower gondolas making for better signaling and customer visualization of product categories.

The second strategic initiative is to improve operating excellence. This involved the launch of programs promoting gains in company-wide productivity, an example of which being the construction of a new more modern distribution center with greater storage capacity in the state of Pará.

The third strategic initiative is accelerated expansion. In 2016, 71 new stores were rolled out, double 2015, the company network closing the year with 315 units. Growth has also been geographic, the company making its debut in other states in the North and the Northeast such as Tocantins, Paraíba and Pernambuco as well as increasing the concentration of the footprint where Extrafarma already has a presence. An even greater growth rate is planned for the network in 2017.

Finally, people as a competitive differential work on reinforcing leadership and teams was undertaken (see more on this formation process on page 45) to ensure that the quality of service is maintained when set against a background of accelerated network growth.

In 2016, Extrafarma supported CowParade Belem 400 years in the state capital of Pará. With exhibits of 50 sculptures of cows by local artists, in its nine years, this was the first time the event had been held in northern Brazil. In addition to the cultural angle, the initiative also has a social bias given that amounts raised from the auction of the artists’ work will be given to institutions in Belem and chosen by Extrafarma.
Environmental Management

IN THIS CHAPTER

- Reduction of Impacts
- Integrated Models in Eco-efficiency
- Management of GHG Emissions
- Water
- Energy
- Solid Waste

To guarantee the environmental inputs that the businesses require without compromising the availability of these resources in the future.
Reduction of impacts

Depending on the structure of each one of its businesses, Ultra runs programs for continually upgrading its industrial processes and use of raw materials and natural resources which interface with its stakeholders, whether clients, consumers, suppliers or resellers. Each one of the Company’s businesses is responsible for monitoring its own indicators and levels of greenhouse gas emissions, water and energy consumption and generation and disposal of waste. All the businesses are accountable for each of these parameters, performance of which is shown in this chapter. Worthy of note however is that management records for Ipiranga, Oxiteno and Ultragaz permit greater depth and comparability of actions with respect to environmental issues.

Ipiranga has a consolidated environmental management process in place with the adoption of good practices and projects for improving eco-efficiency. The company’s Eco-efficient Service Stations present the most visible face of this project, incorporating several measures such as the efficient management of water, energy, waste and materials. By the end of 2016, there were 1,191 service stations of this type in Brazil. The second sustainable reseller to have such a seal of approval is administered based on international guidelines and benchmarks for preserving the environment. In other countries, the company adheres to similar initiatives under the Responsible Care program of the International Council of Chemical Associations (ICCA) and the ISO 14.001 standard. Ultragaz currently has two sustainable resellers. The first was inaugurated in São Paulo in 2014 and already has LEED (Leadership in Energy and Environmental Design) certification, the first LPG distributor to have such a seal of approval in Brazil. The second sustainable reseller was opened in Fortaleza (Ceará) in 2016 and is currently with its AQUA (High Environmental Quality) certification pending approval. Built in line with the criteria of the United States Green Building Council (USGBC) - an entity which promotes sustainability in civil construction - the sustainable resellers use special materials and cladding as thermal insulation that emits less heat together with water-based soluble paint, resulting in gains for both health and the environment. The resellers also use LPG heating to reduce the impact of heat and light while one of the external walls has a green curtain lining. Other items contributing to store cooling is the platform housing the LPG bottles with a covering that avoids heating and high temperatures. A photovoltaic panel is also used to generate the store’s own energy. In addition, a system for reuse of water is planned with the installation of a hydraulic pump for harnessing rainwater for use in bathrooms. LED light bulbs are used for illumination. In the external areas, mechanically mixed concrete was used - to reduce waste - as well as recycled cement. There is also a system for the selective collection of materials generated by the store – a function conducted in partnership with waste scavenger associations – and a bicycle parking lot.

Finally, through the Resellers Management Program, launched in 2016, Ultragaz supplies its resellers with consultancy and advisory services for managers to upgrade their skills in safety and environmental management. Training is also given on business management such as accounting and sales.

Integrated models in eco-efficiency

Management of GHG emissions

The Ipiranga Zero Carbon program encompasses the management of greenhouse gas emissions at the company along its entire production chain from fuel transportation to sale. In addition to measurement, the program includes the reduction and compensation for unavoidable emissions. In this way, Ipiranga neutralizes all its direct and indirect emissions, including those of Ipiranga Racing arising from team travel as well as emissions from the vehicles during the Stock Car races themselves. The company also invests in projects to offset the impact of the clients that consume the network’s fuel.

The Ipiranga Zero Carbon Program

Fosters initiatives that minimize environmental impacts, such as the use of renewable energy and rational consumption campaigns through the following initiatives:

Ipiranga Cards: On using Ipiranga Cards at the Ipiranga network, consumers’ emissions are neutralized at no additional cost.

Km de Vantagens: Ipiranga’s loyalty program allowing the consumer to exchange accumulated points for neutralizing emissions.

Ipiranga Service Station in the Web: On acquiring fuel credits at the Ipiranga Service Station through the site, the consumer can choose to include neutralization of emissions for fuels purchased.

Reference

Increase in eco-efficient service stations and sustainable resellers at Ipiranga and Ultragaz
The acquisition of carbon credits for eventual neutralization initiatives has already surpassed 300 thousand tons. The most recent acquisition in 2016 involved a REDD+ (Reducing Emissions from Deforestation and Forest Degradation) project for supporting conservation in the Amazon region with actions for avoiding deforestation and for restoring the forest cover as well as for local community development.

The emissions inventory is published in the Public Emissions Registry (www.registropublicodeemissoes.com.br) under the auspices of the Brazilian GHG Protocol Program. The company has a Gold seal, granted to organizations that prepare a full emissions inventory and agree to submit it for outside verification. In addition, the Zero Carbon Program as a whole is audited annually by an independent outside party, thus ensuring the Program’s transparency, consistency and reliability in the eyes of all company stakeholders.

Since 2008, Oxiteno has operated an Atmospheric Emissions Reduction and Monitoring Program, which tracks emissions of CO₂, local effect pollutants, particulate material, sulfur (SOx) and nitrogen (NOx) oxides, carbon monoxide and volatile carbon compounds at the units in Brazil. From 2009, this program was extended to Mexico and since 2015, Venezuela and Uruguay. Thus, only the Pasadena unit, the expansion of which will be concluded in 2017, is still not a party to the monitoring program. The initiative also serves as an incentive for adoption of clean technologies and efficiency enhancement measures.

In 2016, emissions intensity was 0.43 ton/CO₂ equivalent per ton of commercialized product (tCO₂e/t), slightly below the amount reported for the preceding year. Oxiteno’s goal for 2020 is a reduction of 25% in the generation of greenhouse gases compared to a baseline year of 2008. Up to 2016, there was an accumulated reduction of 11% in these emissions. Among different initiatives implemented and contributing to the result, of particular note was the partnership agreement with White Martins Camaçari (Bahia) unit. The CO₂ generated from the production of ethylene oxide is commercialized, so avoiding release of emissions into the atmosphere. Since the pilot project phase, beginning in August 2016 until March 2017, 4.5 thousand tons of CO₂ have been redeployed and recycled, with a potential for this volume to increase to as much as 80 thousand tons/year. Similar work has been carried out for a longer period in Mauá (SP), with the sale of the resulting CO₂ to the same commercial party.

Ultragaz has monitored and registered its annual greenhouse gas inventory for all its operations since 2009, covering electric energy sources, resellers, air travel and third party vehicles. In 2016, the company once more recorded a reduction in scopes 1 and 2 emissions. For the second year, Ultragaz engaged key suppliers in a GHG emissions reduction scheme in partnership with the CDP (Carbon Disclosure Project). Through this initiative, in 2016, Ultragaz committed 43 suppliers to a progressive reduction in emissions as from the preparation date of GHG inventories. The project is an integral part of the Sustainability, Occupational Health, Safety and Environment, Supplies and Engineering (Quality & Regulation and Logistics) areas.

As with Ipiranga, Ultragaz publishes its inventory in the Public Emissions Registry of the Brazilian GHG Protocol Program, receiving the Gold seal for providing a full inventory and submitting it to outside verification.

**EMISSIONS OF GREENHOUSE GASES (SCOPE 1 & 2) (tCO₂e)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Ipiranga</th>
<th>Oxiteno¹</th>
<th>Ultracargo¹</th>
<th>Ultragaz</th>
<th>Corporate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>17,295</td>
<td>590,947</td>
<td>6,107</td>
<td>25,901</td>
<td>191</td>
</tr>
<tr>
<td>2015</td>
<td>18,543</td>
<td>587,882</td>
<td>30,089</td>
<td>21,080</td>
<td>186</td>
</tr>
<tr>
<td>2016</td>
<td>18,456</td>
<td>568,307</td>
<td>7,466</td>
<td>16,033</td>
<td>191</td>
</tr>
</tbody>
</table>

1. Values refer to emissions from all Oxiteno’s industrial units except Pasadena. In 2015, the units in Mexico, Venezuela and Uruguay were included and in 2016, White Martins implemented a project for the commercialization and purification of CO₂ generated from the production of ethylene oxide.

2. Up to 2014, the scope included the Paulínia Terminal, deactivated in 2015. In 2016, emissions at Ultracargo incorporate those resulting from the burning of products in the Santos fire and for this reason there was a significant increase in GHG emissions for that year.

**EMISSIONS OF GREENHOUSE GASES (SCOPE 2) (tCO₂e)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Ipiranga</th>
<th>Oxiteno¹</th>
<th>Ultracargo¹</th>
<th>Ultragaz</th>
<th>Corporate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>2,705</td>
<td>172,894</td>
<td>2,790</td>
<td>3,169</td>
<td>-</td>
</tr>
<tr>
<td>2015</td>
<td>3,261</td>
<td>152,004</td>
<td>2,782</td>
<td>2,864</td>
<td>-</td>
</tr>
<tr>
<td>2016</td>
<td>1,750</td>
<td>161,862</td>
<td>2,282</td>
<td>1,375</td>
<td>-</td>
</tr>
</tbody>
</table>

1. The significant variation in 2015 reflects emissions due to combating the Santos fire.

**TOTAL DIRECT AND INDIRECT EMISSIONS OF GREENHOUSE GASES PER TON OF PRODUCT SOLD (tCO₂e)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Ipiranga</th>
<th>Oxiteno¹</th>
<th>Ultracargo¹</th>
<th>Ultragaz</th>
<th>Corporate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>0.001</td>
<td>0.469</td>
<td>0.001</td>
<td>0.013</td>
<td>-</td>
</tr>
<tr>
<td>2015</td>
<td>0.001</td>
<td>0.438</td>
<td>0.005</td>
<td>0.012</td>
<td>-</td>
</tr>
<tr>
<td>2016</td>
<td>0.001</td>
<td>0.430</td>
<td>0.002</td>
<td>0.011</td>
<td>-</td>
</tr>
</tbody>
</table>

1. Value corresponds to total direct and indirect emissions in tons of CO₂e against total production (t).

**Water**

One of Oxiteno’s goals is to increase the consumption of recycled water in 35% by 2020 against the baseline year of 2008. At the Mauá installations for example, an average of 97% of water comes from recycled sources thanks to the Aquapolo project which is operated jointly by the Capuava Petrochemical Complex in Mauá and Companhia de Saneamento Básico do Estado de São Paulo (Sabesp), a water utility company. A system has been installed for pumping water from the Seveque Treatment Plant in the ABC Paulista region to the industrial complex in Mauá. In order to ensure quality, the treated water also undergoes rigorous additional purification. Consequently, the companies in the Petrochemical complex have ceased to consume an average of 450 million liters of water every year. The Triunfo Petrochemical Complex (Rio Grande do Sul) is conducting a similar study to install a reuse system for water from its effluent treatment plant. At Camaçari (Bahia), there is a rainwater collection system for industrial cooling processes. By the end of 2016, 16% of the target for water reuse had been met.

In line with its strategy of seeking new uses for UPC, Ultragaz has developed...
equipment for automotive washing purposes able to reduce the consumption of water in drive-thru and service station operations by 90% while maintaining the quality, agility and practicality of the cleaning process both of the interior and exterior of the vehicle. This solution is being introduced at Ipiranga’s service station network, an example of the synergistic approach between two of the Company’s businesses.

Ipiranga is seeking to expand water reuse and the capture of rainwater. In addition to the Rio de Janeiro (Rio de Janeiro) building, the following units have installed systems for rainwater collection: Campo Grande (Mato Grosso do Sul), Presidente Prudente, São José do Rio Preto and Ourinhos (São Paulo), Cascavel and Londrina (Paraná), Cruz Alta and Santa Maria (Rio Grande do Sul) and Governador Valadares (Minas Gerais).

Ipiranga installed an energy efficiency pilot project for storage terminals in Caxias do Sul (Rio Grande do Sul) with the purpose of identifying opportunities for reducing energy consumption and cost and conducive for replication at the other operations. The project is scheduled for installation at 10 storage terminals during 2017.

Oxiteno is endeavoring to increase the efficiency of its boilers for steam generation. In Camaçari (Bahia), the continuous monitoring of equipment performance, preventive maintenance and increased team awareness were all successful measures for reducing the consumption of steam at four plants at the unit by 40 thousand tons. Panels for the generation of solar energy and a small wind farm have been installed at Maub (São Paulo) and responsible for partially supplying the unit. Illumination of the plant also uses the more efficient LED lighting.

### Sources of Water in 2016 (%)

<table>
<thead>
<tr>
<th>Source</th>
<th>Ipiranga</th>
<th>Oxiteno</th>
<th>Ultracargo</th>
<th>Ultragaz</th>
<th>Corporate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surface water (rivers, lakes)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>Groundwater (wells)</td>
<td>18</td>
<td>2</td>
<td>0</td>
<td>33</td>
<td>-</td>
</tr>
<tr>
<td>Rainwater</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>n.d.²</td>
<td>-</td>
</tr>
<tr>
<td>Effluent from another company</td>
<td>0</td>
<td>15</td>
<td>0</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>Supplies from the municipal utility</td>
<td>69</td>
<td>82</td>
<td>50</td>
<td>63</td>
<td>-</td>
</tr>
<tr>
<td>Other sources</td>
<td>10¹</td>
<td>0</td>
<td>49¹</td>
<td>4</td>
<td>-</td>
</tr>
</tbody>
</table>

1. Includes all Oxiteno’s industrial units except Pasadena. The increase in consumption in 2015 reflects the inclusion of the units in Mexico, Venezuela and Uruguay.

### Total Water Consumed Per Ton of Product Sold (m³)

<table>
<thead>
<tr>
<th>Year</th>
<th>Ipiranga</th>
<th>Oxiteno</th>
<th>Ultracargo</th>
<th>Ultragaz</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>0.01</td>
<td>4.07</td>
<td>0.01</td>
<td>0.13</td>
</tr>
<tr>
<td>2015</td>
<td>0.01</td>
<td>4.13</td>
<td>0.01</td>
<td>0.09</td>
</tr>
<tr>
<td>2016</td>
<td>0.01</td>
<td>4.09</td>
<td>0.02</td>
<td>0.09</td>
</tr>
</tbody>
</table>

### Total Direct Renewable and Non-Renewable Energy Consumption (GJ)

<table>
<thead>
<tr>
<th>Year</th>
<th>Ipiranga</th>
<th>Oxiteno</th>
<th>Ultracargo</th>
<th>Ultragaz</th>
<th>Corporate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>233,731</td>
<td>7,736,877</td>
<td>67,533</td>
<td>360,322</td>
<td>20,641</td>
</tr>
<tr>
<td>2015</td>
<td>218,624</td>
<td>7,889,721</td>
<td>108,633</td>
<td>342,506</td>
<td>19,414</td>
</tr>
<tr>
<td>2016</td>
<td>284,976</td>
<td>7,956,549</td>
<td>85,289</td>
<td>333,702</td>
<td>19,413</td>
</tr>
</tbody>
</table>

1. Includes all Oxiteno’s industrial units except Pasadena. The increase in consumption in 2015 reflects the inclusion of the units in Mexico, Venezuela and Uruguay.
Solid waste

Campaign encourages Ipiranga’s clients to return lubricant waste to the service stations

Ipiranga operates a system of recyclable waste management and selection at its head offices. The Ipiranga Clean Point is a voluntary drop-off point for increasing recycling at a location with the largest concentration of company employees. In addition to raising awareness as to the correct segregation of waste, the initiative has been well received by the recyclable material scavengers, waste in excess of 28 tons having been collected in 2016. Encouraged by initial results, recycling initiatives through the medium of collection points and awareness campaigns have been intensified at Ipiranga’s operating units, which report monthly on the quantities of recyclable materials generated through the corporate Credit360 system. In 2016, 50% of non-hazardous waste was reused and 26% sent for recycling.

Ipiranga has also signed up to the Play Clean (Jague Limpo) campaign for managing oil and lubricant waste. This is a sectorial movement for the environmentally correct end disposal of plastic packaging for lubricants as required in the National Policy for Solid Waste (Law 12.305/2010). See more about this initiative (www.joguelimpo.org.br).

Oxiteno seeks to adequately manage the waste generated from its productive processes through a partnership with its suppliers and service providers. As from 2016, the issue was made central to the priorities of the business, refining the existing management process and monitoring the specific indicators. The company runs a project for enhancing the value of products that have limited commercial importance—the so-called co-products—, and which might normally be disposed as waste, but on the basis of this strategy, are used as raw materials in other productive processes such as cement additives, dilluents and industrial additives. In 2016, sales of these items amounted to 22 thousand tons.

As part of the process of increasing efficiency and reducing environmental impacts, Oxiteno has set a target of reducing waste volumes generated per ton of product by 40% in 2020 against a comparable level of 3.42 kg/t product in 2011. In 2016, the company was able to reduce this amount by 23% to 2.62 kg/t. Product. Total volumes of waste rose in 2016.

Ultragaz's Collect Oil Campaign: Ultragaz Collects and Soya Recycles (Campanha Junte Óleo. Ultragaz Coleta e Soya Recicla) in partnership with Bunge and Instituto Triângulo offers bars of biodegradable soap for every two liters of cooking oil waste delivered to the Ultragaz reseller. The collected material is used in the production of soap and biodiesel. The project operates in cities located in the states of São Paulo, Ceará, Rio Grande do Sul and Bahia. In 2016, more than 500 thousand liters of oil were collected through the intermediary of 380 Ultragaz resellers. It is estimated that more than 500 thousand people were participants in this project. A further company project is the Ultragaz Takes Batteries and Cell Phones campaign where Ultragaz resellers collect used batteries and discarded cell phones, which are then sent for reprocessing or recycling. Ultragaz collected 690 kilos of this material in 2016.

At Extrafarma, the principal focus is on the management of expired or damaged medications in addition to other waste such as syringes, needles and gauzes. The company operates a Health Services Waste Management Plan (PGRSS), executed by third party companies authorized for the purpose by the Brazilian Health Surveillance Authority – Anvisa. These companies provide transportation, treatment and final disposal suitable for such discarded materials. Additionally, all expired medications, products suspended for safety or with damaged packaging are sent for incineration by companies accredited by the environmental protection agencies and authorized by Anvisa.
1. In 2015, waste and effluent from the fire in Santos (SP) inflated this result. In 2016, this waste was still in the process of being disposed, particularly in the case of effluent.

2. A series of factors influenced performance in the generation of hazardous and non-hazardous waste: changes in operating conditions at Tremembé and Mauá; a new product developed at Camaçari; modernization work in the industrial effluent disposal and collection network at some units; and the inclusion of waste generated at the Uruguay unit from 2015.

1. The peaks in non-hazardous waste reflect civil construction work at Ipiranga’s units.

2. A series of factors influenced performance in the generation of hazardous and non-hazardous waste: changes in operating conditions at Tremembé and Mauá; a new product developed at Camaçari; modernization work in the industrial effluent disposal and collection network at some units; and the inclusion of waste generated at the Uruguay unit from 2015.

1. Covers waste from the unit in Uruguay, this form of disposal being the only viable option in the country. Oxiteno has been a part of the Zero Landfill Program for more than 15 years and does not dispose hazardous waste in landfills.

2. 100% of all effluent generated at Ultracargo’s terminals is sent for biological treatment.

1. The peaks in non-hazardous waste reflect civil construction work at Ipiranga’s units.

2. A series of factors influenced performance in the generation of hazardous and non-hazardous waste: changes in operating conditions at Tremembé and Mauá; a new product developed at Camaçari; modernization work in the industrial effluent disposal and collection network at some units; and the inclusion of waste generated at the Uruguay unit from 2015.

1. Covers waste from the unit in Uruguay, this form of disposal being the only viable option in the country. Oxiteno has been a part of the Zero Landfill Program for more than 15 years and does not dispose hazardous waste in landfills.

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IN THIS CHAPTER

• Sales Balance
• Consistent Results
• Capital Markets

Results achieved in adverse times are evidence of the resilience of Ultra’s businesses.
Solid nature of the Company translates into growth in revenue and profits. Issue of bonds extended the debt profile corresponding to 1.36x EBITDA

Ipiranga’s sales volume recorded a year-over-year decline of 9%. Despite effective growth of 2% in the Brazilian vehicle fleet, fuel sales volume for light vehicles (Otto cycle) declined by 9%, a reflection of the economic scenario, worsening rates of unemployment and a deterioration in the ratio of fuel prices to household incomes. Diesel sales volume also registered a 9% reduction, again in line with overall economic weakness.

Sales at Ultragaz posted a 4% increase in sales volume in 2016 with 3% growth in the bottled segment - the result of investments in new resellers - and 6% in the bulk business due to investments in the capture of new clients. Ultragaz’s total average storage increased by 3%, above all due to increased fuel handling activities at the Suape and Aratu terminals, mitigating the impacts of the partial interruption in 2015 at Ultracargo’s Santos terminal due to the fire in April of that year. Excluding the Santos operations, port-handling activity was up by 8%.

Extrafarma ended 2016 with 315 stores, an increase of 24% (61 stores) compared to 2015. During the year, Extrafarma opened 71 new stores and closing ten.

Ultra continued to advance and grow in 2016 in line with its strategic plan and consistent management, ensuring the Company’s financial soundness, profitability and longevity. Despite the macroeconomic conditions, Ultra, together with its various business segments, benefited from a strategy of differentiation combined with resilience and extensive operational scale to produce one more year of positive results.

Net revenues from sales and services were R$ 77,353 million, a 2% increase in relation to 2015. Improved revenue from the businesses contributed to this performance with the exception of Oxiteno, more seriously affected by the challenging conditions.

Consolidated EBITDA amounted to R$ 4.2 billion, a growth of 7%. Net earnings were R$ 1,571 million, a year-over-year increase of 4% due to the improvement in EBITDA between comparative periods, partially offset by higher financial expenses and amortization and depreciation costs, a reflection of investments made during the course of the period.
### COMPARATIVE PERFORMANCE

<table>
<thead>
<tr>
<th>(R$ MILLION)</th>
<th>2015</th>
<th>2016</th>
<th>VARIATION (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net revenues from sales and services</td>
<td>75,655</td>
<td>77,353</td>
<td>2</td>
</tr>
<tr>
<td>Costs of products and services sold</td>
<td>68,934</td>
<td>70,343</td>
<td>2</td>
</tr>
<tr>
<td>Gross profit</td>
<td>6,722</td>
<td>7,010</td>
<td>4</td>
</tr>
<tr>
<td>General and administrative expenses with sales and marketing</td>
<td>3,838</td>
<td>4,097</td>
<td>7</td>
</tr>
<tr>
<td>Other operating results, net</td>
<td>51</td>
<td>199</td>
<td>-</td>
</tr>
<tr>
<td>Result from sale of assets</td>
<td>27</td>
<td>6</td>
<td>-</td>
</tr>
<tr>
<td>Operating income</td>
<td>2,962</td>
<td>3,106</td>
<td>5</td>
</tr>
<tr>
<td>EBITDA</td>
<td>3,953</td>
<td>4,217</td>
<td>7</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>1,003</td>
<td>1,104</td>
<td>10</td>
</tr>
<tr>
<td>Equity income</td>
<td>11</td>
<td>7</td>
<td>-</td>
</tr>
</tbody>
</table>

### Capital markets

In 2016, Ultra’s shares traded on the BM&FBOVESPA reported an appreciation of 13%. Ultra also declared dividends of R$ 907 million in 2016, 4% higher than 2015. This amount represents a dividend yield of 2.5% on the average share price during the period.
