

GLOBAL COMPACT | COMMUNICATION ON PROGRESS 2005





LET US CHOOSE TO UNITE THE POWER
OF THE MARKETS WITH THE AUTHORITY
OF UNIVERSAL IDEALS.

KOFI ANNAN
SECRETARY-GENERAL OF THE UNITED NATIONS

In 1955, WHEN we entered the gas market, the donation of canisters was the industry's way to contribute to a better world. Today we are aware that a more complete and specialized approach is required. As Corporate Social Responsibility becomes increasingly deep-rooted in Brazil and abroad, the Zahran Group and Copagaz are devoting their best efforts to internalize and practice the principles it embodies.

For that reason we are pleased to introduce the best and most complete Social Report of our history, a milestone that has now become our new standard.

Copagaz reinstates through this report its commitment to the United Nations Global Compact, a worldwide initiative launched by Secretary-General Kofi Annan in the year 2000, whose aim is to disseminate the concept of social responsibility among the world's leading companies, and which Copagaz joined in 2001. And, imbued with the spirit of cooperation among different sectors of society, the Company is constantly advancing in the implementation of its ten principles. In compliance with the rules of the Global Compact, the 2005 Social Report includes the Communication on Progress on the implementation of the ten principles, a section especially dedicated to the contrast the Company's achievements with the ideals proposed by the initiative.

This report represents yet another firm step in the right direction, inaugurating a new stage in the Company's history: the era of social responsibility strategic approach.

A handwritten signature in black ink, appearing to read 'Ueze Zahran'. The signature is fluid and cursive, with a long horizontal stroke at the end.

Ueze Zahran
Director-President
Zahran Group

PRINCIPLE	COMMITMENT	SYSTEM	INITIATIVE	PERFORMANCE
<p>Principle 1 Support and respect the protection of internationally proclaimed human rights</p>	<p>Copagaz supports and respects the protection of human rights as established by the Universal Declaration of Human Rights, working with its employees, customers, suppliers and the communities where it operates in the construction of a more just world.</p>	<p>Copagaz Code of Conduct</p>	<p>This document sets forth the Company's ethical and behavioral standards, consolidating and updating a wide set of principles, norms and procedures that has been respected since it was founded.</p> <p>Respect for the Rights Copagaz's Code of Conduct deals with the issue of respecting the rights of its employees and the communities where it operates.</p>	<p>All employees must sign a formal commitment instrument, stating their awareness, agreement and adhesion to the Code of Conduct.</p>
		<p>Ethical Conduct Committee</p>	<p>Consisting of the managers from the Human Resources, Auditing and Legal areas, its goal is to centralize the issues raised by employees, customers and suppliers.</p>	<p>The Ethical Conduct Committee verifies and evaluates all violations of the Code of Conduct, promoting the respect for human rights.</p>
		<p>Ueze Zahran Foundation</p>	<p>Established in 1998, the Foundation was set up to generate and support social programs in the areas of education, culture, community initiative and the environment.</p>	<p>Each year, it invests R\$1.7 million in these initiatives.</p>
		<p>Scholarship Program</p>	<p>Coordinated by the HR department, this program offers through the Foundation scholarships covering up to 70% of the annual cost of the selected courses, from primary education up to MBA studies.</p>	<p>Since the beginning of the Program, 500 scholarships have been granted. Literacy levels among workers increased from 70% to 100% over the period.</p>
		<p>IT Schools</p>	<p>Through the Foundation, Copagaz maintains three IT Schools, in the states of Mato Grosso and Mato Grosso do Sul, aimed at assisting people from low-income groups. There are special openings for civil servants, firefighters, policemen and members of the armed forces.</p>	<p>Approximately 10,000 people have already received a certificate, for which it is necessary to have an average grade of at least 7 points (out of 10).</p>
		<p>Cireneu Project</p>	<p>In partnership with the Municipal Government of São Paulo, the project manages two shelters in order to assist children, youngsters and adults who live under very difficult conditions.</p>	<p>Over 1,000 people have access to three daily meals, beds, dental assistance, leisure activities and work at the job training workshops provided by the project.</p>
		<p>Prato Popular Restaurant</p>	<p>In partnership with the State Government of Mato Grosso do Sul, Coca-Cola, Perkal and Vivo, Prato Popular (Popular Dish) benefits low-income (up to one minimum wage) workers from the "Lixão" (Garbage Dump) area in Campo Grande, the capital city.</p>	<p>Since 2004, over 52,000 meals have been served, benefiting 300 people/day. The children eating at the restaurant had an average weight gain of 8.33%.</p>
<p>São Paulo Protects Its Children Program – "Don't give spare change: give citizenship and a future"</p>	<p>In partnership with the Municipal Government of the City of São Paulo, the program promotes awareness-raising on the negative effects of giving away small amounts of cash to homeless people, panhandlers and beggars. The donation, amounting to R\$100,000, includes the years 2005 to 2007.</p>	<p>In partnership with the Municipal Government of the City of São Paulo, the program promotes awareness-raising on the negative effects of giving away small amounts of cash to homeless people, panhandlers and beggars. The donation, amounting to R\$100,000, includes the years 2005 to 2007.</p>		

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		Empresa Amiga da Criança (“A Child-friendly Company”)	In addition to respecting and promoting human rights, Copagaz is a Child-friendly Company, according to the ABRINQ Foundation.	In 2005, it was recognized as a Child-friendly Company for the fifth year in a row.
		Abrinq Foundation Program	A partnership with the Abrinq Foundation, the program consists of transferring part of the sales revenues from Copagaz gas canisters to the Foundation for carrying out programs targeted at children and teenagers.	The estimated amount collected in a year is expected to reach R\$100,000.
		Global Compact Leaders Summit	Copagaz is part of the select group of companies and organizations that had an active role in the most important world summit on Corporate Social Responsibility, at the United Nations headquarters, in New York City.	
		Benefits offered	Copagaz offers its employees a series of benefits in addition to those provided for in the labor legislation.	These include dental assistance plan, drugstore assistance, assistance for children with special needs, pre-retirement employment guarantee, and medical assistance for retirees.
		Other Initiatives	Organizational Climate Evaluation	Copagaz periodically evaluates the organizational climate in all of its units, by means of internal surveys and meetings.
			Occupational Safety	The Company actively develops several programs, such as the Occupational Health Program, short- and long-term training to enhance its Fire Brigade and lectures on various subjects.
			Zero-accident Program	The Zero-accident Program is adopted by all of our production units. A prize is awarded to a unit if no accidents that result in the absence of the worker happen after a certain number of days.
			Physical Activities at the Workplace	We hire specialists in physical conditioning and physical activities at the workplace.
			Social Assistance	The Company has a team of experts specialized in providing employee assistance.

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Principle 2 Avoid complicity in human rights abuses	Copagaz is committed to avoiding complicity in human rights abuses in all of its branches. In order to do so, it carries out several measures to ensure the respect for the children, the environmental safety of its factories, the fair labor compensation, and the economic development as the driving force of human development.	Code of Conduct	This document sets forth the Company's ethical and behavioral standards, consolidating and updating a wide set of principles, norms and procedures that has been respected since it was founded.	All employees must sign a formal commitment instrument, stating their awareness, agreement and adhesion to the Code of Conduct.
			Respect for the Rights Copagaz's Code of Conduct deals with the issue of respecting the rights of its employees and the communities where it operates.	
		Ethical Conduct Committee	Consisting of the managers from the Human Resources, Auditing and Legal areas, its goal is to centralize the issues raised by employees, customers and suppliers.	The Ethical Conduct Committee verifies and evaluates all violations of the Code of Conduct, promoting the respect for human rights.
		A Child-friendly Company	In addition to respecting and promoting human rights, Copagaz is a Child-friendly Company, according to the ABRINQ Foundation.	In 2005, it was recognized as a Child-friendly Company for the fifth year in a row.
		Abrinq Foundation Program	A partnership with the Abrinq Foundation, the program consists of transferring part of the sales revenues from Copagaz gas canisters to the Foundation for carrying out programs targeted at children and teenagers.	The estimated amount collected in a year is expected to reach R\$100,000.

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Principle 3 Uphold the freedom of association and the effective recognition of the right to collective bargaining	Copagaz fosters harmonious labor relations, respecting all rights gained by the workers and always taking into account the Company's efficiency and competitiveness.	Freedom of Association	100% of our employees are unionized.	All employees must sign a formal commitment instrument, stating their awareness, agreement and adherence to the Code of Conduct.
		Code of Conduct	This document sets forth the Company's ethical and behavioral standards, consolidating and updating a wide set of principles, norms and procedures that has been respected since it was founded.	
		Harmonious Labor Relations Our Code of Conduct explicitly states the Company's intention of fostering harmonious labor relations, always taking into account efficiency and competitiveness issues in the markets it operates.		
		Ethical Conduct Committee	Consisting of the managers from the Human Resources, Auditing and Legal areas, its goal is to centralize the issues raised by employees, customers and suppliers.	The Ethical Conduct Committee verifies and evaluates all violations of the Code of Conduct, promoting the respect for labor rights.

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Principle 4 Eliminate all forms of forced or compulsory labor	Copagaz actively supports the elimination of all forms of forced, compulsory and slave labor.	National Compact for the Eradication of Slave Labor	Copagaz is a member of the National Compact for the Eradication of Slave Labor.	Based on a report from the International Labour Organization, the Compact represents a commitment of not accepting any instance of slave labor in the production chain.
		Code of Conduct	This document sets forth the Company's ethical and behavioral standards, consolidating and updating a wide set of principles, norms and procedures that has been respected since it was founded.	All employees must sign a formal commitment instrument, stating their awareness, agreement and adhesion to the Code of Conduct.
		Obligation of providing proof of legality by third-parties	Our Code of Conduct includes the issue of mandatory supply of proof of legality by third-party service providers, in addition to proving that their employees are really included in the payroll.	This commitment is included in every contract between Copagaz and its service providers. Copagaz does not work with companies whose labor practices do not comply with the law.
		Ethical Conduct Committee	Consisting of the managers from the Human Resources, Auditing and Legal areas, its goal is to centralize the issues raised by employees, customers and suppliers.	The Ethical Conduct Committee verifies and evaluates all violations of the Code of Conduct, promoting the respect for labor rights.

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Principle 5 Effective abolition of child labor	Copagaz repudiates all forms of child labor, and reaffirms its commitment to eradicating the labor of those under the legal working age.	Ueze Zahran Foundation	Established in 1998, the Foundation was set up to generate and support social programs in the areas of education, culture, community initiative and the environment.	Each year, it invests R\$1.7 million in these initiatives.
			Scholarship Program Coordinated by the HR department, this program offers through the Foundation scholarships covering up to 70% of the annual cost of the selected courses, from primary education up to MBA studies.	Since the beginning of the Program, 500 scholarships have been granted. Literacy levels among workers increased from 70% to 100% over the period.
			São Paulo Protects Its Children Program – “Don’t give spare change: give citizenship and a future”	In partnership with the Municipal Government of São Paulo, the program promotes the awareness among the population of the negative effects of giving spare change to beggars, panhandlers and homeless people. The donation, amounting to R\$100,000, includes the years 2005 to 2007.
		A Child-friendly Company	In addition to repudiating child labor, Copagaz is the only gas distributor that is recognized as a Child-friendly Company by the ABRINQ Foundation.	In 2005, it was recognized as a Child-friendly Company for the fifth year in a row.
		Abrinq Foundation Program	A partnership with the Abrinq Foundation, the program consists of transferring part of the sales revenues from Copagaz gas canisters to the Foundation for carrying out programs targeted at children and teenagers.	The estimated amount collected in a year is expected to reach R\$100,000.

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Principle 6 Business should support the elimination of discrimination in respect of employment and occupation	Copagaz is committed to being the best place for the personal and professional development of its employees. The Company acknowledges and values its employees, promoting an integrationist and non-discriminatory culture and practicing meritocratic policies in its selective process.	Code of Conduct	This document sets forth the Company's ethical and behavioral standards, consolidating and updating a wide set of principles, norms and procedures that has been respected since it was founded.	All employees must sign a formal commitment instrument, stating their awareness, agreement and adhesion to the Code of Conduct.
		Ethical Conduct Committee	Hire- and Promotion-related Issues Our Code of Conduct expressly deals with hire- and promotion-related issues, establishing that the criteria adopted when dealing with these issues is related to the fulfillment of the requirements of each function. It also sets forth a non-discriminatory policy.	The Ethical Conduct Committee verifies and evaluates all violations of the Code of Conduct, to ensure that no discrimination occurs at the Company or in its selective process.
		Awards	2005 "Valor Carreira – As Melhores na Gestão de Pessoas" (Valor Career – The Best in People Management) award from the newspaper Valor Econômico 2005 "As Melhores Empresas Para Você Trabalhar" (The Best Companies To Work For) from the magazines Exame and Você S/A "3 Melhores Empresas do Setor Óleo & Gás" (Three Best Companies in the Oil & Gas Industry) from the magazine Isto É Dinheiro	For the second year in a row, Copagaz received the "Valor Carreira – As Melhores na Gestão de Pessoas" award, in the category "501 to 1,000 employees". The Company was recognized as one of the 100 best companies in Brazil in human resources management. Copagaz was named one of the three best companies in its industry. In addition, it was shortlisted in the following categories: "Renovation and Quality", "Human Resources", "Social Responsibility" and "Management".

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Principle 7 Businesses should support a precautionary approach to environmental challenges	Copagaz contributes to the improvement of the quality of life and the preservation of the environment, using technologies that promote the sustainable development and the respect for the environment.	Code of Conduct	This document sets forth the Company's ethical and behavioral standards, consolidating and updating a wide set of principles, norms and procedures that has been respected since it was founded.	All employees must sign a formal commitment instrument, stating their awareness, agreement and adhesion to the Code of Conduct.	
			Preemptive Approach Our Code of Conduct stresses the importance of a preemptive approach at the Company, which in the LPG distribution industry is nothing more than a safety obligation.		
		Ethical Conduct Committee	Consisting of the managers from the Human Resources, Auditing and Legal areas, its goal is to centralize the issues raised by employees, customers and suppliers.		The Ethical Conduct Committee verifies and evaluates all violations of the Code of Conduct, promoting a preemptive approach in relation to the environmental challenges.
		Industrial Waste Destination Program	A comprehensive set of initiatives beyond legal obligations, the Industrial Waste Destination Program is being implemented in all of Copagaz's branches with a view to making the Company's operations environmentally safer.		The Program includes the following initiatives: <ul style="list-style-type: none"> • Selective garbage collection • Selective industrial waste collection • Registration with IBAMA • Securing of environmental licences • Authorization for digging artesian wells • Replacement of painting systems with cleaner technology • Decontamination of canisters • Drilling of shafts for monitoring the soil • Installation of containment boxes and basins • Other initiatives
		Safety	High-safety valves		Operational safety and environmental conservation walk hand in hand. High-safety valves are standard at Copagaz, thereby ensuring that all possible measures are taken to prevent leaks and fires.
			Hermetic sealing	The seal of Copagaz's green canisters is the only one with a device for detecting leaks. Our canisters are the only ones recognized by INMETRO as being inviolate.	
			Safe canisters	Copagaz's canisters are regularly tested to assess their safety and ensure they are up to the best industry standards.	

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Principle 8 Businesses should undertake initiatives to promote greater environmental responsibility	Our Mission clearly mentions the issue of environmental responsibility. For us, social responsibility, environmental responsibility and safety walk hand in hand.	Code of Conduct	This document sets forth the Company's ethical and behavioral standards, consolidating and updating a wide set of principles, norms and procedures that has been respected since it was founded.	All employees must sign a formal commitment instrument, stating their awareness, agreement and adhesion to the Code of Conduct.
		Environmental Responsibility	Copagaz believes that environmental balance is essential not only for mankind's healthy survival, but also for the development of its own business.	
		Ethical Conduct Committee	Consisting of the managers from the Human Resources, Auditing and Legal areas, its goal is to centralize the issues raised by employees, customers and suppliers.	
		Industrial Waste Destination Program	A comprehensive set of initiatives beyond legal obligations, the Industrial Waste Destination Program is being implemented in all of Copagaz's branches with a view to making the Company's operations environmentally safer.	The Program includes the following initiatives: <ul style="list-style-type: none"> • Selective garbage collection • Selective industrial waste collection • Registration with IBAMA • Securing of environmental licences • Authorization for digging artesian wells • Replacement of painting systems with cleaner technology • Decontamination of canisters • Drilling of shafts for monitoring the soil • Installation of containment boxes and basins • Other initiatives

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Principle 9 Business should encourage the development and diffusion of environmentally-friendly technologies	Copagaz is fully committed to the use of clean technologies, within the standards of the LPG distribution industry in Brazil.	Code of Conduct	This document sets forth the Company's ethical and behavioral standards, consolidating and updating a wide set of principles, norms and procedures that has been respected since it was founded.	All employees must sign a formal commitment instrument, stating their awareness, agreement and adhesion to the Code of Conduct.
		Sustainable Development	Copagaz contributes to the improvement of the quality of life and the preservation of the environment, using technologies that promote the sustainable development and the respect for the environment.	
		Ethical Conduct Committee	Consisting of the managers from the Human Resources, Auditing and Legal areas, its goal is to centralize the issues raised by employees, customers and suppliers.	
		Industrial Waste Destination Program	A comprehensive set of initiatives beyond legal obligations, the Industrial Waste Destination Program is being implemented in all of Copagaz's branches with a view to making the Company's operations environmentally safer.	The Program includes the following initiatives: <ul style="list-style-type: none"> • Selective garbage collection • Selective industrial waste collection • Registration with IBAMA • Securing of environmental licences • Authorization for digging artesian wells • Replacement of painting systems with cleaner technology • Decontamination of canisters • Drilling of shafts for monitoring the soil • Installation of containment boxes and basins • Other initiatives

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<p>Principle 10 Business should work against all forms of corruption, including extortion and bribery.</p>	<p>Our businesses must be fully compliant with the law, and its managers, employees and service providers are responsible for ensuring such compliance. Moreover, the Company abhors all forms of corruption.</p>	<p>Code of Conduct</p>	<p>This document sets forth the Company's ethical and behavioral standards, consolidating and updating a wide set of principles, norms and procedures that has been respected since it was founded.</p> <p>Financial Records All of Copagaz's financial records must be accurate, complete and real, complying with the law, fiscal rules, and the principles set forth by the Company. All operations shall be duly recorded in the official records and such records shall be fully available, with no restrictions, to the Company's controlling area and the tax authorities.</p> <p>Gifts and Gratuities Our employees are strictly prohibited from asking for gifts, gratuities or any personal advantage from suppliers and service providers. In addition, they must not accept gifts, unless they have a token value only.</p> <p>Prohibition of payment and advantages Our employees, suppliers and service providers or anyone acting on behalf of Copagaz are forbidden to make, offer or promise payments or advantages to third parties, direct or indirectly, with the purpose of obtaining an illicit advantage or inducing the approval, revocation or violation of instructions or norms.</p> <p>Intellectual and Industrial Property COPAGAZ fully respects intellectual and industrial property. Our employees must comply with all laws and regulations relating to such rights and, therefore, refrain from any type of embezzlement of research, studies, publications, software and similar works. The same procedure is demanded from suppliers and service providers when carrying out business transactions with the Company.</p>	<p>The Ethical Conduct Committee verifies and evaluates all violations of the Code of Conduct. The existence of such a committee and its performance reinforces the promotion of ethical values within the Company, in addition to contributing to ensure the legality of Copagaz's acts and those of its employees.</p>
		<p>Ethical Conduct Committee</p>	<p>Consisting of the managers from the Human Resources, Auditing and Legal areas, its goal is to centralize the issues raised by employees, customers and suppliers.</p>	

CREDITS

General coordination
ELIZETE PAES

Compilation, editing and model
VISÃO SUSTENTÁVEL

Layout and design
ESTÚDIO LETICIA MOURA

Photographs
ARQUIVO COPAGAZ – PAULO FRIEDMAN