2018 SUSTAINABILITY REPORT

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CORPORATE PROFILE

We are a Brazilian company and a reference in port operations with containers, offering clients complete logistics solutions from Port to Door in different economic segments, including chemical, pharmaceutical, food, automotive, consumer electronics & consumer goods, and agribusiness. **GRI 102-2 | 102-6**

We are a publicly traded company listed on the Novo Mercado, the highest corporate governance level segment of the B3, the São Paulo Stock Exchange, and our structure includes three container terminals: Tecon Santos in the Port of Santos, Guarujá (São Paulo State), Tecon Vila of the Conde in the Port of Barcarena (Pará State), and Tecon Imbituba in the Port of Imbituba (Santa Catarina State). **GRI 102-5**

We also operate a General Cargo Terminal (TCG) in Imbituba and a Vehicle Handling Terminal (TEV) in the Port of Santos. We also have Santos Brasil Logística, an operator that works in an integrated manner with the terminals, enabling serving clients across all stages of the logistics chain with two Industrial Logistics Customs Centers (Clias) in Santos and Guarujá (São Paulo State), and a Distribution Center in São Bernardo do Campo (Greater São Paulo), as well as our own road transportation fleet. **GRI 102-4 | 102-5 | 102-7**

From our headquarters in São Paulo City, we conduct business ethically and transparently - values that we continuously disseminate among our 3,026 employees, trainees and apprentices. We offer our employees the necessary infrastructure and conditions to work observing safety, another of our values. We are also signatories to the Global Compact, an international commitment to sustainable development. **GRI 102-3 | 102-8**

3,026

employees, trainees and apprentices.

5

strategically located sea terminals, 3 of which are container terminals.

2

Industrial Logistics Customs Centers (Clias).

1

Distribution Center.

MISSION, VISION AND VALUES

GRI 102-16

MISSION

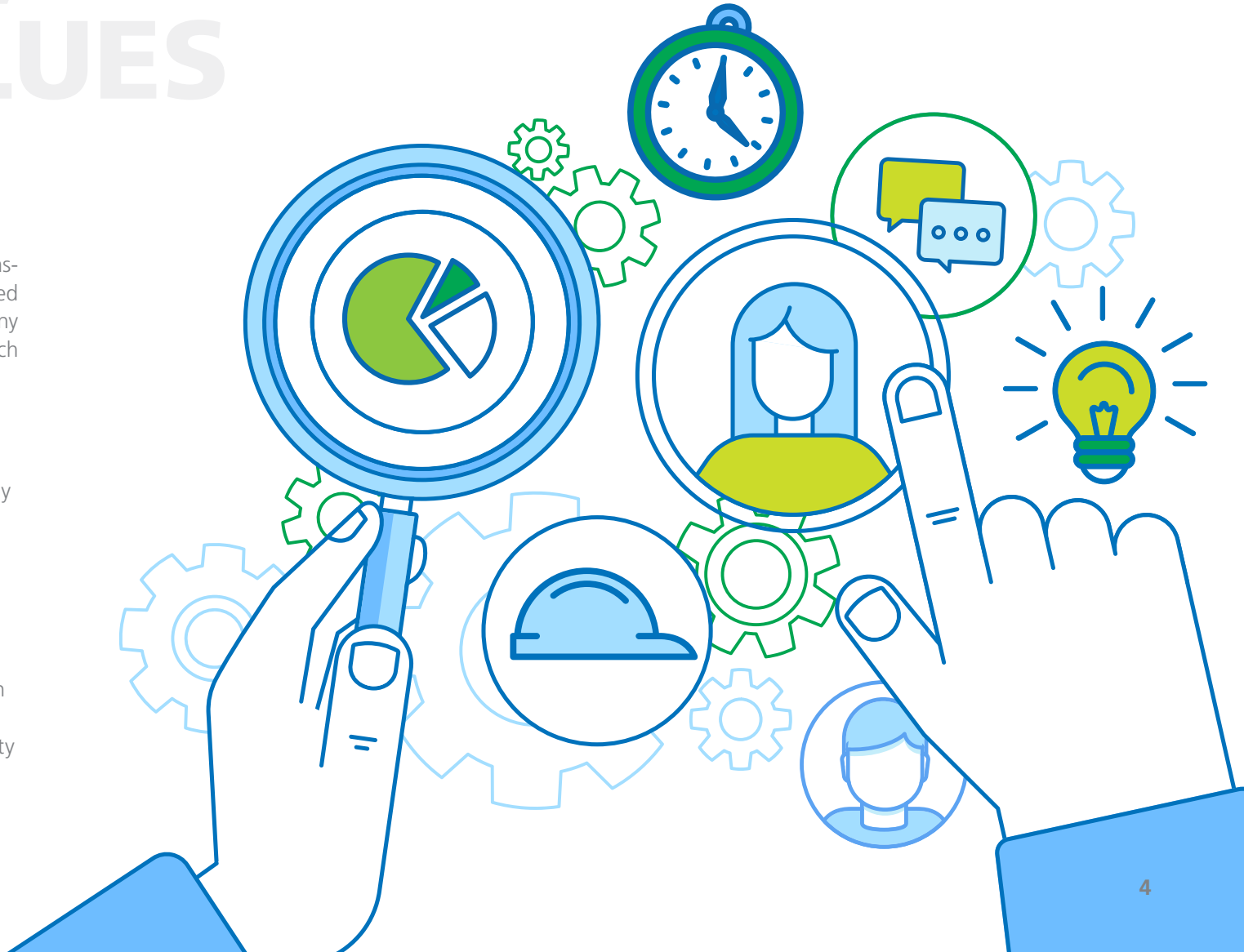
To advance our clients' competitiveness through efficient, flexible and safe services, respecting individuals and the environment, ensuring generation of shareholder value and contributing to the country's social and economic development.

VISION

To be the best port infrastructure and integrated logistics services company in the markets in which it operates.

VALUES

- Ethics and transparency
- Commitment to the outcome
- Innovation
- Environmental and social responsibility
- Safety
- Flexibility and precision
- Valuing the individual and respect for diversity



OPERATIONS

Barcarena (Pará State)
Tecon Vila do Conde

Guarujá (São Paulo State)
Industrial Logistics Customs Center (Clia Guarujá)

Guarujá (São Paulo State)
Vehicle Handling Terminal (TEV)

Imbituba (Santa Catarina State)
Tecon Imbituba

Imbituba (Santa Catarina State)
General Cargo Terminal (TCG)

São Paulo City
Administrative headquarters

São Bernardo do Campo (Greater São Paulo)
Distribution Center

Guarujá (São Paulo State)
Tecon Santos

Santos (São Paulo State)
Industrial Logistics Customs Center (Clia Santos)

KEY INDICATORS

	2016	2017	2018
FINANCIAL (R$ MILLION)			
Gross revenue from services	956.7	953.1	1,085.6
Net revenue from services	829.3	824.1	921.5
***Pro forma* Ebitda[1]**	87.4	83.8	106.8
Net profit	-19.9	- 5.3	3.0
Investments	14.6	7.3	71.8
SOCIAL AND ENVIRONMENTAL[2]			
Accidents – Severity Rate	41.83	69.26	46.88
Accidents –Frequency Rate	4.83	5.56	5.73
Power Consumption (MWh)	38,130.98	36,529.14	38,085.01
Water Consumption (cubic meters)	84,817.28	110,041.21	82,723.56
Residue Generation (metric tons)	2,176.11	2,239.45	2,179.30
CO_2 Emissions kg (total)	31,436.77	31,556.46	32,296.90

1. With the new accounting methodology adopted in 2018, the Income Statement changed due to the change in the treatment of port terminal leases. As a result, the Ebitda of the port terminals failed to reflect the lease expenses paid to the port authority. The pro forma Ebitda adds rental expense to the reported Ebitda. The pro forma Ebitda is therefore equivalent to the Ebitda calculated in the previous method.

2. The 2016 and 2017 data were reformulated to comply with the guidelines resulting from the social and environmental audit conducted in 2016, as we have formally committed to. On the other hand, the 2018 indicators were audited by SGS. **102-48**

THE YEAR'S HIGHLIGHTS

OPERATIONAL PERFORMANCE

- The quayside handling volume reached 1,084,487 containers in 2018, in a 12% growth year over year in the three terminals.
- The number of containers stored at Santos Brasil Logística grew 21.7% compared to the previous year.

INVESTMENTS

- R$ 71.8 million were invested in the year, R$ 26.5 million of which were invested in Tecon Santos and R$ 44.4 million in Tecon Vila do Conde.

R$ 71.8 MILLION

CAPITAL MARKET

- Santos Brasil Participações stock traded in the B3 valuated 24.8% in 2018, closing the year with a share price of R$ 4.23.

SECURITY

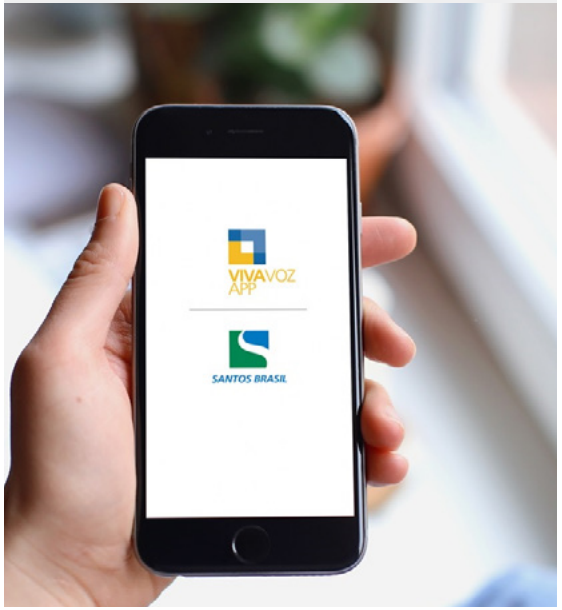
- Tecon Santos is considered a reference in customs security, domestically and abroad.

CLIENTS

- Using the NPS (Net Promoter Score) methodology, we reached 74 points in the client satisfaction index with our services, in a one-point increase compared to the previous fiscal year.

HUMAN RESOURCES

- The Viva Voz App, an innovative internal communication platform that entered its second phase in 2018 with the addition of a number of services, is driving the digital culture in our operations.



THE ENVIRONMENT

- We reduced water consumption by 25% in our units compared to the previous year, due to measures such as the dry cleaning of vehicles and road transportation equipment.

- In addition to 71% of the waste from our units being recyclable, in 2018 we lowered residue generation by 3% compared to 2017.

71%
of the residues from our unit are recyclable.

25% REDUCTION
in water consumption at our units.

MESSAGE FROM THE PRESIDENT

Given the poor economic growth in 2018, with the Gross Domestic Product (GDP) at the same level as the previous year's, the Brazilian port sector showed resilience by handling more than 1.1 billion tons of goods, in a 2.7% increase over 2017, according to data from the National Waterway Transportation Agency (Antaq).

We maintained an upward trend in the year, with growth in all our terminals, and improved performance in logistics operations and in the mix of imported and heavy vehicles at the Vehicle Handling Terminal (TEV). We reversed the loss in 2018 into profit and signed important commercial agreements – such as the renewal of the contract with the Maersk group through 2021.

We closed the period with 1,084,487 containers handled in the three terminals - up 12% compared to the previous year. The highlight was Tecon Vila do Conde, which recorded a 32.2% growth and passed the 100,000 containers handled in a year mark for the first time. Tecon Santos resumed growth and handled 917,327 containers, which, in addition to a 7.8% increase compared to 2017, improved the terminal's market share to 35.4%, according to Companhia Docas do Estado de São Paulo (Codesp).

In 2018, we initiated an important investment cycle aimed at increasing the productivity and efficiency of our terminals. At Tecon Santos, we contracted investments totaling R$ 110 million in equipment and systems, and in 2019 we will begin construction work on the quays for simultaneously operating up to three new-generation 366-meter ships that will start calling at the Brazilian coast. At Tecon Vila do Conde, investments totaled R$ 44 million in yard construction and new equipment acquisition. The results are already showing in the successive productivity and handling records that our terminal in Pará has been breaking on a monthly basis.

It is also important to mention the resumption of services to Asia at Tecon Santos, beginning with the contract initiated in February with Pacific International Line (PIL) and expanded – in both operation volume and calls - only three months after it was signed. Our participation in this important trade, which brings us great business opportunities, has gained even more strength with Maersk's decision to restructure its services on that route, bringing a new navigation line to/from the Asian continent to Tecon Santos in January 2019.

We also highlight the productivity records achieved at Tecon Santos, which recorded the 243.58 MPH (Moves per Hour) mark in operating the MSC Loretta ship on August 19, and at Tecon Vila do Conde in operating CMA CGM Lion, with 43.25 MPH (Moves Per Hour) on April 29.

We recorded a net income of R$ 3.0 million in the year and consolidated EBITDA of R$ 189.5 million (EBITDA pro forma of R$ 106.8 million), up 15% compared to 2017.

We also advanced in important aspects that are part of our values, such as safety – of both people and the cargo we handle. During the period, we celebrated the decline of the Accident Severity Rate from 69.26 to 46.88, and the "zero accident" mark in the Tecon Santos maintenance area. The achievements were the result of extensive incident analysis and involvement of leaders to ensure continuous improvement of our safety-related indicators.

In the innovation area - which we also pay particular attention to - we highlight the use of artificial intelligence applied in different operational, commercial and financial processes. There are currently more than 120 robots working in the operational area and integrating internal systems and clients, giving us greater flexibility, precision and reliability in the processes.

We also highlight the installation of controlled-temperature chambers for chemical product storage in our Distribution Center, the only ones of that kind in the ABC region in the Greater São Paulo area, and the consolidation of the Viva Voz App, an internal communication platform that uses smartphones for providing employees information about our operations, as well as increasing integration and engagement by creating a digital culture. The tool has made available some 25 monthly contents, has already been adopted by more than a third of our professionals, and it will have its functions expanded by integrating it into the People and Management (Gente & Gestão) systems.

All these gains were obtained in parallel with environmental achievements. As signatories to the UN Global Compact, we remain committed to sustainable development. One testimony to this was the fact that in 2018, as a consequence of our initiatives to reduce the impacts of our activities, waste generation at our units decreased by 4%; greenhouse gas (GHG) emission intensity decreased by 6%; and water consumption decreased by 25% compared to the previous year.

For 2019, the expectation is for a new cycle of expansion in the economy, with a positive impact on our operational and financial performance. At Tecon Santos, our main business unit, we believe there will be significant improvement in handled volumes, with a relevant increase in our market share in the Port of Santos. In the Asian trade alone, our market share is expected to increase from 4% in 2018 to approximately 40% in 2019. This additional volume will have multiplier effects on warehousing and other cargo-related services.

In this new year, we will maintain our growth strategy through our existing assets. We have idle capacity to be utilized and space for further improving productivity. Our objective is to improve operating margin and return on invested capital.

We will also remain attentive to the environmental and social dimensions of the business in order to continue generating value for shareholders, clients, employees and society as a whole. **GRI 102-14 | 102-15**

Antonio Carlos Sepúlveda – CEO

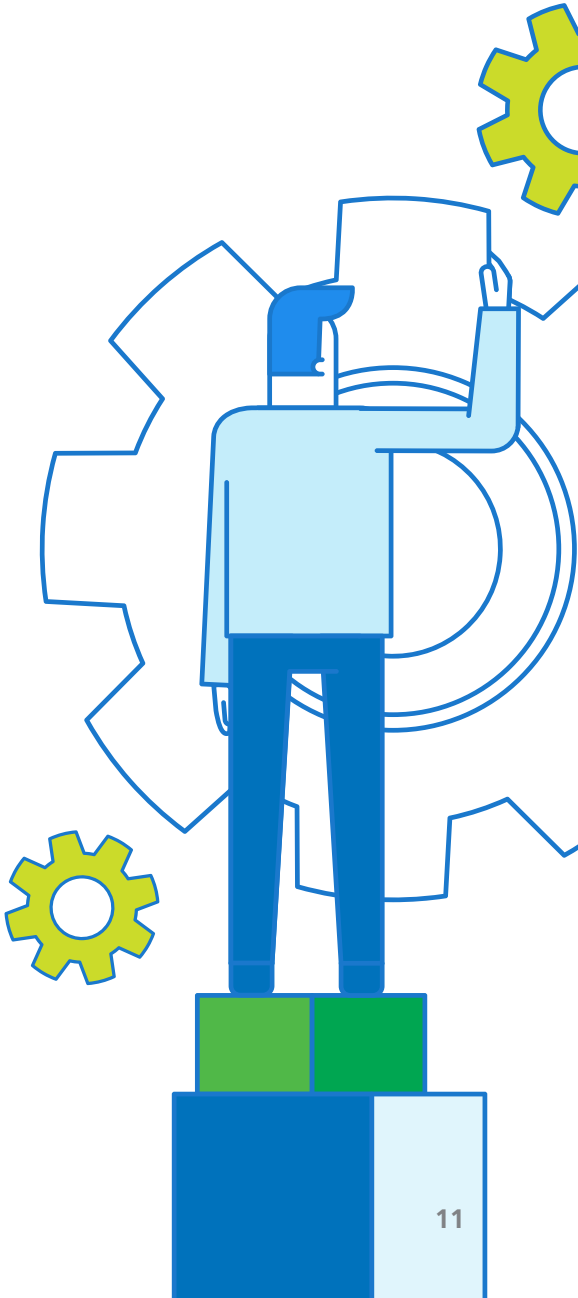
BUSINESS STRATEGY & MANAGEMENT

In 2018, we consolidated the organizational restructuring work initiated in the previous year that, in addition to improving our results, prepared us for a new cycle of growth. In 2019, with the outlook for an expansionary economic policy, we expect a new stage in the growth of our results. Investments initiated in 2018, which have already begun to increase operational efficiency, will also contribute to boost results and our generation of value.

We will continue to seek maximum return on assets in 2019, following a strategy based on advancing client competitiveness based on five pillars: (i) Excellence in service delivery; (ii) Ethics and transparency; (iii) Human development; (iv) The environment; and (v) Safety. We will deepen the search for efficiency and productivity, focusing on results, continuing the adjustment of the organizational structure and re-dimensioning operational and administrative costs and expenses. In the Southeast Region, we will seek to strengthen partnerships with our clients, attracting new services that are profitable to Tecon Santos and TEV, renegotiating prices and generating other revenues from new products and services.

At Santos Brasil Logística, we will look for new clients in the storage segment and especially on providing logistics services, with a focus on integrated supply chain management. The strategy for the assets located in Imbituba is based on the continued commercial effort to attract new clients, benefiting from the high operational leverage.

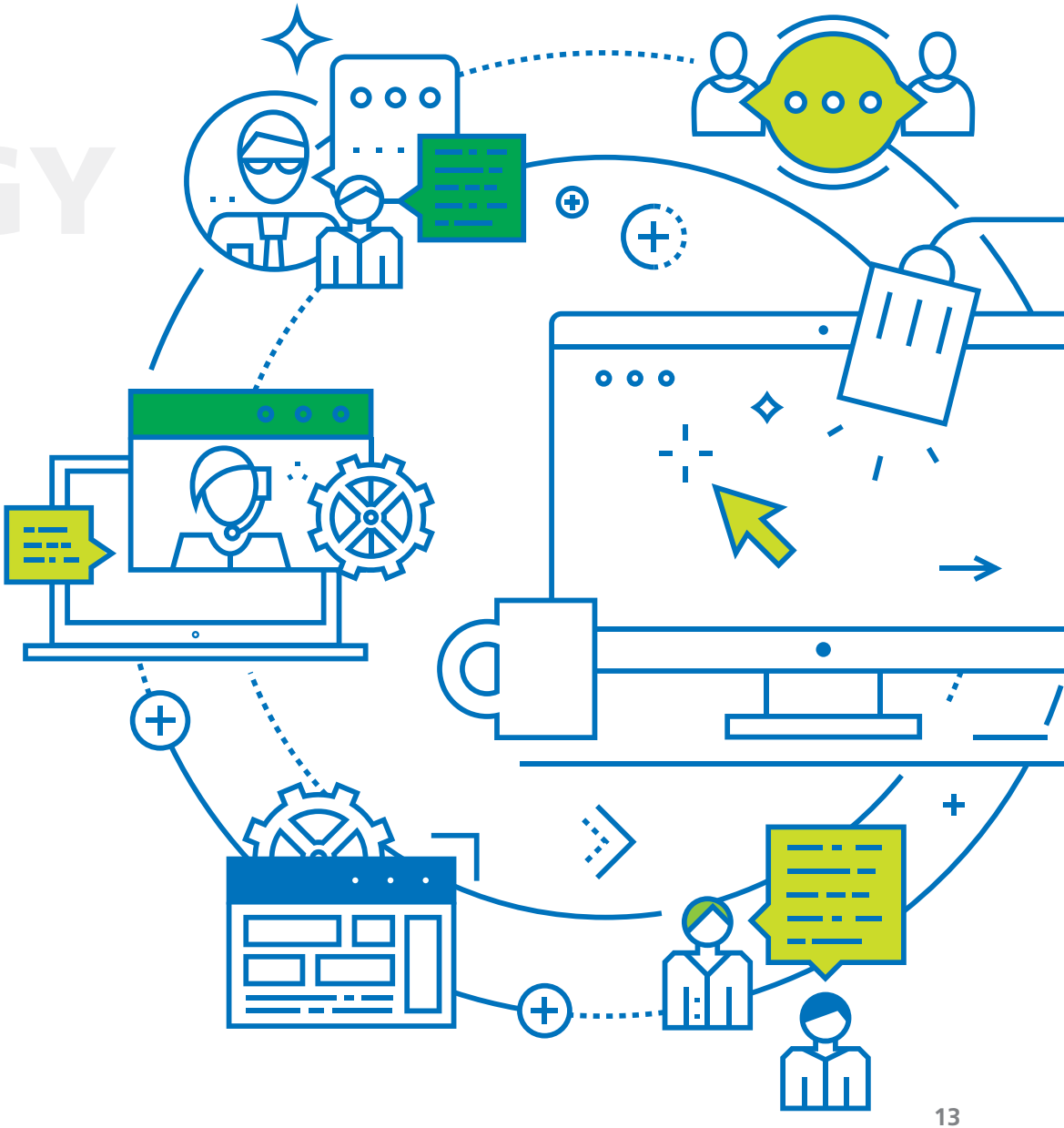
Meanwhile, we will continue the investment cycle initiated at Tecon Santos, implementing the stages of the Executive Project that were duly approved by the granting authority, such as the acquisition of equipment, some of which have already been ordered, including two portainers with delivery expected for 2020. At the end of 2018, the granting authority approved the expansion work on the quay, which will begin as soon as the installation license (LI) is issued by the relevant authority, as well as other less complex authorizations, some of which depend on the LI. The process of selecting and contracting the contractor that will execute the construction work has been concluded. The already approved investments are part of the Tecon Santos Executive Project associated with the early extension of the lease agreement.



COMPETITIVE DIFFERENTIALS

Innovation, technology and security are the focus of constant investments for enhancing the logistics chain and ensuring the well-being of people and the integrity of the handled cargo.

INNOVATION & TECHNOLOGY



We operate with a number of competitive differentials. Although they cannot be measured, they add value to our operations and, consequently, to clients. They include the emphasis on innovation, technology and safety – for cargo, so it will reach its destinations undamaged, as well as for people, an aspect that is underlined in our Sustainability Policy.

The focus on continuous improvement and business vision motivated us to adopt an innovative solution for improving our logistics chain. In February, we inaugurated two controlled-temperature chemical product storage chambers in the Distribution Center – the only installation of its kind in the ABC region in the Greater São Paulo area.

The air-conditioning equipment (operating at 20°C) and the refrigeration equipment (-18°C) were built to meet the demand of a partner company, a leader in high-tech polymers, who operates in the chemical industry. The joint work, which was developed over two years, strengthens our experience in storing non-flammable, flammable and refrigerated chemicals in logistics units.

We also strive to innovate for strengthening our relationships. In this sense, we have the Viva Voz App, an internal communication mobile device platform that

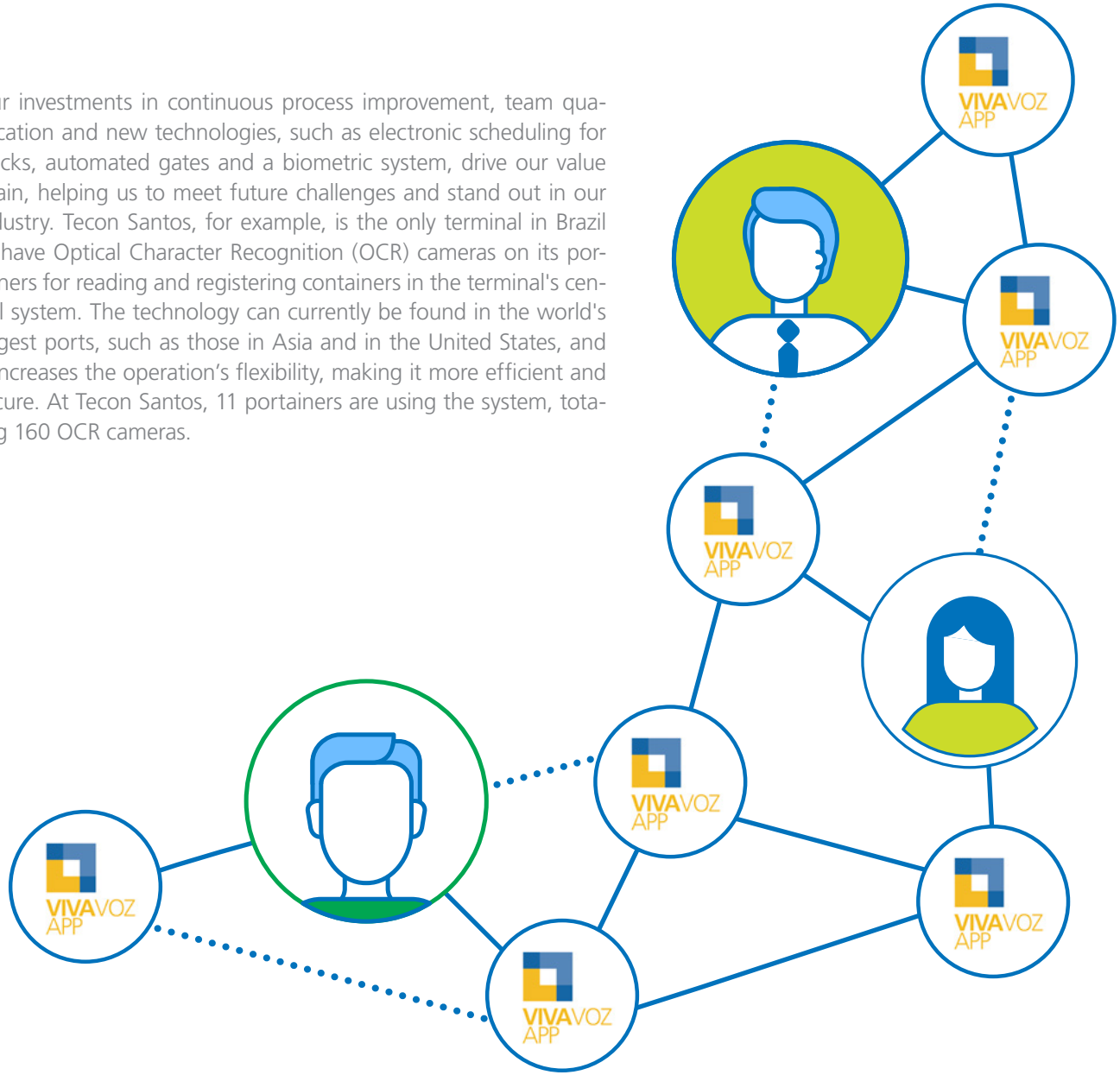
provides employees with information about our work, and also expands integration and engages teams distributed across container terminals, logistics centers and offices in different regions.

With the publication of around 25 monthly reports, the platform has already been adopted by more than a third of our professionals, who can keep current with corporate policies & procedures and indicators, and can interact with the company and also among them, seeking answers to questions. The project's next step is to expand integration with the People and Management (Gente & Gestão) systems, making it possible to search the hour bank and training courses, as well as enabling the monitoring of protocols and other resources that facilitate the employees' daily life, increasing their productivity.

The Viva Voz App was showcased as a digital culture case study at the 8th Mega Brasil Seminar on Internal Communication and Relationship with Employees held in São Paulo under the theme "The Challenges of Internal Communication and Industrial Relations in the Age of Industry 4.0". In addition, due to the platform's results, we were invited to record a video case that was released internationally by TheAppBuilder, a company based in Northern Ireland and a reference in creating applications focused on corporate users. In partnership with our IT team, the company has developed innovative solutions to meet internal demands.

Another 2018 novelty that intensifies our communication with the internal and external audiences was the creation of our Instagram social network page (@santosbrasiloficial) for offering content about operations and also stimulating interaction.

Our investments in continuous process improvement, team qualification and new technologies, such as electronic scheduling for trucks, automated gates and a biometric system, drive our value chain, helping us to meet future challenges and stand out in our industry. Tecon Santos, for example, is the only terminal in Brazil to have Optical Character Recognition (OCR) cameras on its portainers for reading and registering containers in the terminal's central system. The technology can currently be found in the world's largest ports, such as those in Asia and in the United States, and it increases the operation's flexibility, making it more efficient and secure. At Tecon Santos, 11 portainers are using the system, totaling 160 OCR cameras.



SAFETY & SECURITY

We continuously invest in safety - one of our corporate values also highlighted in our Sustainability Policy. Internally, we held the Safe Attitude Journey (Jornada Atitude Segura) , which, in its 15th edition, involved all of the company's own and third-party employees on the "Safety at Work and Perception of Risk" theme. The action was organized by the Quality, Health, Safety and Environment (QSSMA) area, and included showing videos on the Viva Voz App, massage sessions, and lectures on diabetes and hypertension prevention.

Twelve emergency simulations were carried out across all shifts, addressing critical scenarios identified in the Hazard and Risk Matrix, such as accidents involving people, fire, explosion and environmental damage, as well as two general evacuation simulations, in accordance with the IT 16 - Emergency Plan of the State of São Paulo Fire Department.

We use a number of incident prevention tools, of which we highlight the following:

- Area, ship and leadership inspection (971 made);
- Daily Safety Dialogue and Safety Alert (DDS): 1,680 were carried out during the year, involving 25 thousand company and third-party employees;
- SOS, focusing on people's behavior (1,122 deviations) and 1,767 people contacted;
- OPS!: Notes on opportunities and suggestions (166 notes);
- Five Golden Rules; and
- Audits in eight third-party companies, four of which were certified.

160

is the number of OCR cameras in 11 portainers for registering containers in Tecon Santos's central system.

INTANGIBLE

the assets that provide us with more competitiveness are innovation & technology and the safety of people and cargo.

100%

medical examinations conducted on our employees by our occupational doctors.

12

is the number of emergency simulations performed during the year under the critical scenario approach.

We analyzed and investigated typical and en-route incidents, in order to identify the root cause(s) and prepare an action plan to prevent other occurrences.

In addition, 100% of occupational medical examinations were conducted, which involved interaction with employees in undergoing clinical examinations with our occupational physicians at all units. Together with a social worker, they also analyze the medical certificates presented. If they identify any need, a consultation is scheduled for evaluation by the occupational physician for checking the presence of possible pathological symptoms and, in this case, there is guidance and consultations are scheduled with specialists in the region. Also with regard to health, we instituted the Alcohol and Drugs Policy, in which drivers are monitored through toxicological examination and receive psychological support, so that there are no cases of suspended activities.

971

was the number of area, ship and leadership inspections.

EVALUATION

Consultations with occupational physicians for verifying symptoms of eventual pathologies.

25 THOUSAND

is the number of employees involved in the Safety Dialogues & Alerts.

8

Third-party companies underwent audits in the year.

In 2018, we also held a workshop with the leadership to align the concepts and expectations of the ZeroAccident Campaign launched in April 2019. Under the "Your life is our most precious cargo" slogan, the initiative will mobilize all units in a set of actions, including the exhibition of materials in spaces such as offices, warehouses and dining rooms. The idea is to draw more attention to the importance of safety in the workplace and, above all, to the culture of risk and accident prevention.

As part of the campaign, our managers participated in the "Altruistic Culture for Accident Management" workshop. The purpose of the event was to review all policies, practices and procedures related to the subject and establish preventive measures. The results of the action were presented at the end of the Leadership Training Program.

Read about it in the Social and Environmental Performance/ Internal Audience chapter.

We conducted an extensive incident analysis and leadership engagement work for ensuring further reduction of our Accident Frequency and Severity rates. One of the effects of the actions was the drop in Severity Rate from 69.26 to 46.88, compared to the previous year. All these efforts contributed to achieving the "zero accident" mark in the Maintenance area at Tecon Santos.

	2016	2017	2018
Accidents – Severity Rate	41.83	69.26	46.88
Accidents – Frequency Rate	4.83	5.56	5.73

Emphasis on safety also extends to the cargo we handle. In addition to the refrigerated chambers installed in 2018, flammable products require a special space for their storage. Our Distribution Center is equipped with smoke detectors, sprinklers, explosion-proof electrical installations, trough systems connected to the containment tank, alarm and foam systems for flammable liquids and a fire brigade, as well as other equipment required for serving clients with excellence.

Such care and attention are extended to the Tecon Santos facilities, which had an institutional visit in 2018 from Dutch officials and Internal Revenue Service representatives. On occasion, the reasons for which the terminal was considered a customs security reference domestically and abroad were demonstrated.

See GRI Appendix for types and rates of injuries, occupational diseases, days lost, absenteeism and number of deaths per region and gender.

46.88

was the Severity Rate in the year, 48% below the one in 2017.

CORPORATE GOVERNANCE

Our commitment to ethics and transparency is expressed in practices that include adherence to the Global Compact and in initiatives that deploy the Sustainable Development Goals (SDGs) locally.

Our ethical and transparent work is reflected in a number of commitments with internal and external audiences. We are signatories of the United Nations Global Compact and we are committed to the Guarujá Agenda 21, which deploys the Sustainable Development Objectives (SDGs), also of the UN, at municipal level. We are also members of several entities that advocate the interests of our industry and society, including the Brazilian Association of Port Terminals (ABTP), the Brazilian Association of Terminals and Customs Enclosures (Abtra), the Brazilian Association of Public-Use Container Terminals (Abratec), the National Quality Foundation (FNQ) and the Corporate Initiatives of the Fundação Getulio Vargas (FGV). **GRI 102-12 | 102-13 | 103-2, 103-3 (415)**

In addition, through our Investor Relations area, we have constant interaction with shareholders, analysts and investors, informing and assisting them in understanding our activities. In addition to the conference calls for announcing our quarterly results, we organize meetings with the capital markets, such as the Santos Brasil Investor Day held in São Paulo in 2018, in which our directors presented the results of operations, investments and innovations in our terminals, addressing the outlook for the Brazilian port sector.

We also participate in events related to our area of activity as a way to contribute to advancing the port sector. We especially highlight the Santos Export Brasil and the International Forum for the Expansion of the Port of Santos, in which we were one of the protagonists of the debate on the regulatory framework for the port sector.

BEST PRACTICES

GRI 103-2, 103-3 (419)

We have formal policies that guide operations and conduct, such as Disclosure, Dividends and Compliance - established for strengthening our commitment to the highest standards of ethics and integrity in performing activities. They are critical for preventing and combating corruption and other acts that are harmful to the Public Administration.

Since 2014, we also have a Compliance Program that was submitted to a comprehensive diagnosis in 2018 by the Ernest & Young consulting firm to verify its current status and maturity level. The goal is to anticipate the requirements of the B3 Novo Mercado segment, according to which companies must have established a robust and market-appropriate program by 2021. Based on the verification of the current stage of our guidelines, in 2019 we will review all policies and codes that involve compliance and we will create new mechanisms such as Code of Conduct for Business Partners, Compliance Committee Rules, Internal Investigation Procedures, and nine policies: (i) Handouts & Gifts; (ii) Donation & Sponsorship; (iii) Executive Remuneration; (iv) Risk Management; (v) Transactions with Related Parties; (vi) Anti-corruption; (vii) Due Diligence of the integrity of Suppliers, Executives and other Employees; (viii) Conflict of Interests; and (ix) Consequence Management.

Our Compliance Policy also includes the Human Rights Policy in force since 2017, which contains guidelines for respecting, fostering and preserving essential rights in relationships with clients, employees, suppliers and third parties. Complementing the structure are the Compliance Committee and the Confidential Portal, through which our stakeholders' demands can be submitted. In 2018, the channel recorded 167 calls, 66.47% of which were denunciations, 27.54% were complaints, and 5.99% were suggestions. All of them are initially handled by internal auditors and then forwarded to the Compliance Committee, which evaluates measures and penalties to be adopted. The process subsidizes improvements and training on the subject, which are applied to 100% of our employees. GRI 102-17

Another instrument that supports our relationships and how we treat the environment is the Sustainability Policy, whose objectives include ensuring transparent and fair corporate governance, leading us to be an increasingly environmentally responsible company, preventing negative impacts from our operations, and work towards benefitting communities and society as a whole. The Sustainability Committee is responsible for setting social and environmental goals and for monitoring initiatives to reduce accidents and CO_2 emissions, waste generation, water and power consumption.

The entire staff is governed by the Code of Conduct and the Personnel Regulations. Our Bylaws also establish rules to inhibit and manage conflicts, such as forbidding the election of directors who are also controlling shareholders, hold positions in companies considered to be competitors, or have conflicting interests with us. GRI 102-25

GOVERNANCE STRUCTURE

GRI 102-18 | 103-2, 103-3 (205) | 103-2, 103-3 (206)

THE BOARD

The instances that make up our corporate governance are the Board, the Supervisory Board and the Statutory Management, which are responsible for establishing strategic policies, reviewing management activities and financial statements and reporting the conclusions to shareholders, as well the daily executive management of the business.

- The Board is the collegiate decision-making body that is also responsible for appointing directors and guiding and supervising their management.
- It is composed of seven full members and an equal number of alternates elected for two-year terms, and reelection is allowed.
- It meets monthly or at any time, at the request of its Chairperson or the majority of the members.
- None of the members is entitled to additional remuneration in the event of dismissal and is not subject to compulsory retirement based on age.

BOARD MEMBERS GRI 102-22 | 102-23 | 102-19 | 102-20 | 102-24 | 102-26

Name	Position	Term
Verônica Valente Dantas	Chairperson (independent Member)	Until August 2020
Maria Amalia Delfim de Melo Coutrim	Vice-Chairperson (independent Member)	Until August 2020
Valdecyr Maciel Gomes	Independent Member	Until August 2020
Eduardo de Britto Pereira Azevedo	Independent Member	Until August 2020
Ricardo Schenker Wajnberg	Independent Member	Until August 2020
José Luis Bringel Vidal	Independent Member	Until August 2020
Felipe Villela Dias	Independent Member	Until August 2020

SUPERVISORY BOARD

- The Supervisory Board is a permanent body that is independent from the company administration and the external audit.
- It consists of three to five members and alternates in equal numbers.
- Members who are also members of the Board, the Statutory Management or the staff are not allowed, nor spouses or relatives up to the third degree of any member of the administration.

MEMBERS

Name	Position	Term
Gilberto Braga	President	Until August 2020
Leonardo Guimarães Pinto	Member	Until August 2020
Luís Fernando Moran de Oliveira	Member	Until August 2020

STATUTORY MANAGEMENT

- The Statutory Management is responsible for the administration and for planning and operational & financial performance.
- It is composed of a CEO and three Directors: Economic-Financial and Investor Relations, Commercial and Operations.
- The terms of office are two years, and reelection is allowed.

MEMBERS

Name	Position	Term
Antonio Carlos Duarte Sepúlveda	CEO	Until May 2020
Daniel Pedreira Dorea	Economic & Financial and Investor Relations Director	Until May 2020
Marcos de Magalhães Tourinho	Commercial Director	Until May 2020
Marlos da Silva Tavares	Operations Director	Until May 2020

Resumes of Board members, Directors, and members of the Supervisory Board are available on our website www.santosbrasil.com.br.

RISK MANAGEMENT

We have an Integrity and Policy Compliance Program, in addition to other internal rules that guide our actions in accordance with the Anti-Corruption Law, and mitigate risks that are inherent to operations.

MARKET RISKS

Precaution against market risks is achieved through continuous impact monitoring and scenario projections expressed in internal analyzes and reports prepared by specialized consultants. These documents are the foundation of the financial instruments adopted in operations for providing us with liquidity, profitability and security. Risks related to foreign exchange, interest rate and inflation are reviewed periodically, and the diagnoses are submitted to the Board, which supervises them jointly with the Supervisory Board, deciding on an eventually necessary action plan.

Our Integrated Management System (SGI) covers internal controls, for which we have established a number of procedures aligned to the main international certification standards. As they permeate all areas, the risks of noncompliance with the Anti-Corruption Law - which establishes the companies' objective responsibility in cases of corruption involving employees, administrators and representatives - are addressed with preventive actions: we have the Integrity Program and the Compliance Policy. In addition, we do internal training on the subject and have a Confidential Portal, through which possible misconduct occurrences can be denounced. They are addressed for seeking a solution.

FINANCIAL RISKS

To mitigate foreign exchange risks, we use derivative financial instruments (foreign exchange hedging), which protect us from the fluctuations of short-term liabilities in foreign currency associated with loans and financing. Our exposures are managed considering the flows for the subsequent 12-month period on average.

On the other hand, Interest rate risks are mitigated by keeping most of the loans and financing linked to the Long-Term Rate (TLP), Interbank Deposit Certificate (CDI) or pre-indexed and indexed to Libor and Euribor, for example. The potential negative impact on net financial expenses as a result of fluctuations is addressed with the proper management of assets and liabilities.

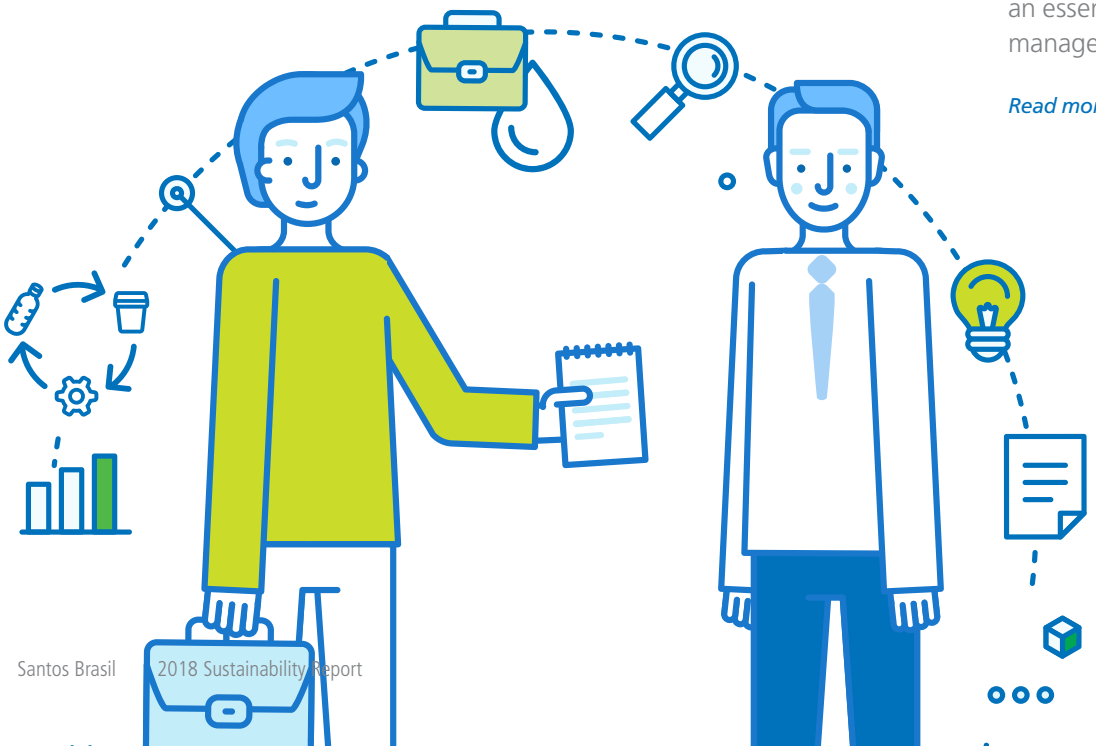
We also maintain adequate levels of liquidity in order to ensure compliance with current and future obligations and take advantage of business opportunities.

OPERATIONAL RISKS

We mitigate the risks of eventual losses caused by failure, deficiency or inadequacy of systems and processes, attitudes and/or external events by deploying technological solutions resulting from continuous investment. They include redundant network and database backup; camera monitoring at terminals and distribution centers; online tracker in own and third-party fleets; knowledge management through documented and audited procedures; and adopting action plans for equipment maintenance. **GRI 103-2, 103-3 (418)**

REGULATORY RISKS

We strictly comply with the labor, tax and environmental legislation and with all the norms that regulate our industry. We also minimize possible regulatory risks with operational efficiency, transparent relationship with government agencies and active participation in organizations representing our industry.



ENVIRONMENTAL RISKS

We have adopted a number of initiatives aimed at reducing losses from negative effects on the environment. These include monitoring our greenhouse gas (GHG) emissions and the commitment to reducing them; control over chemical operations; adequate procedures for dealing with emergencies related to risk of oil leakage from equipment or substances from vessels; sanitary and chemical Effluent Treatment Station maintenance; and solid waste collection, segregation, classification and transportation system for proper disposal. Water is an essential resource across our production chain, and is also a priority in our environmental management. **GRI 102-11 | 102-30**

Read more in the chapter on Social and Environmental Performance/Environment.

OPERATIONAL PERFORMANCE

Our terminals stood out for records of productivity and handling, attracting new shipping lines and gaining market share. Santos Brasil Logística showed evolution in storage volume.

In 2018, our terminals recorded major advances, productivity and container handling records, an increase in the number of shipping lines, and continued modernization actions at the facilities. Find out more here about the main facts that marked the year in each of the units.

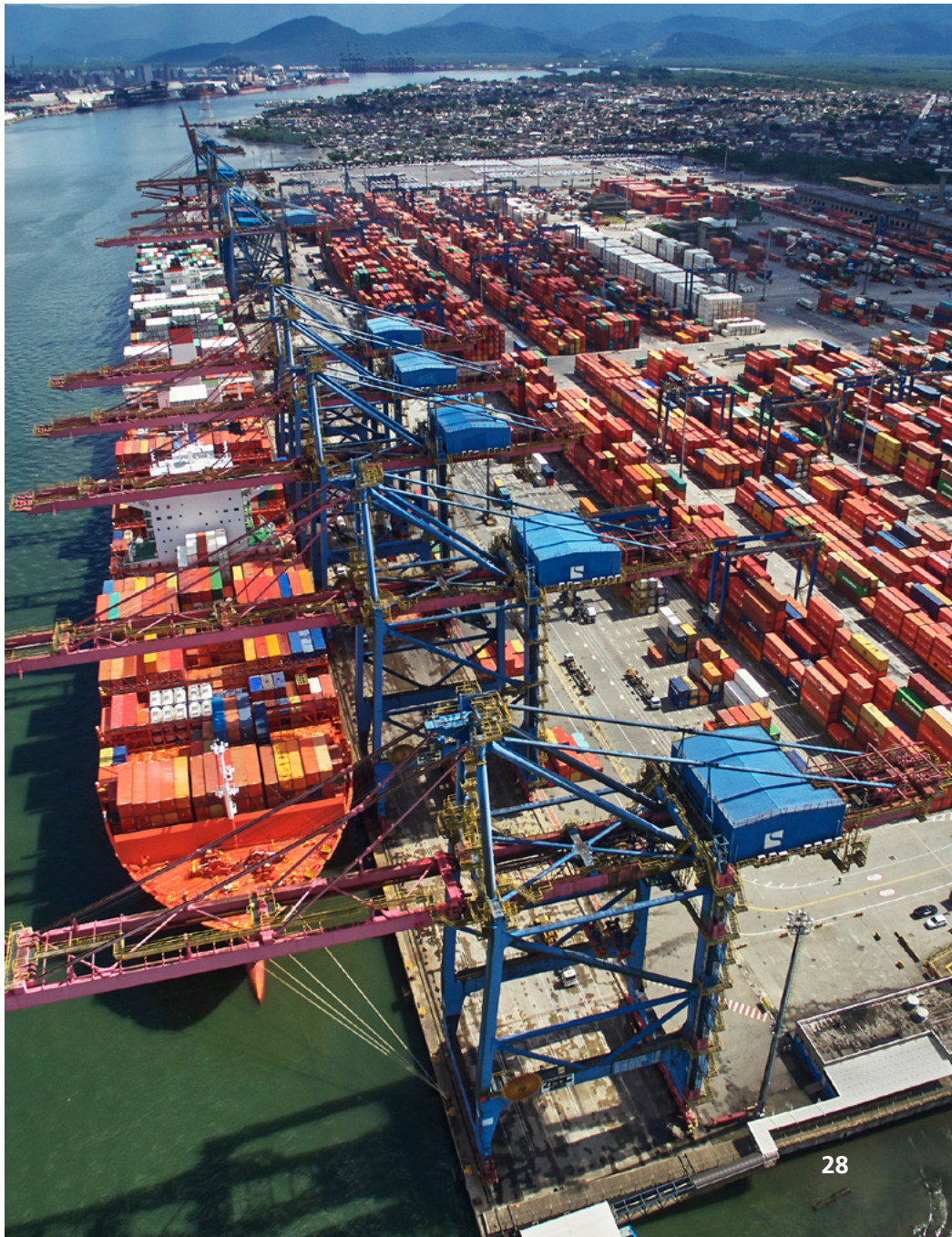
TECON SANTOS

In February, the terminal began servicing the new Pacific International Line (PIL) shipping line for Asia, with vessels that are capable of transporting 4.2 thousand TEUs (equivalent to 20-foot containers). Only three months after the operations had begun, the contract was expanded and its handling volume and calls increased - which shows the recognition from large shipping companies of the efficiency in what we deliver, and for us it represents the possibility to once more offering a complete portfolio for all continents.

In addition, reflecting careful planning and quality in performing services, Tecon Santos recorded a productivity record in the year. The 243.58 MPH (Moves Per Hour) mark was reached when operating the MSC Loretta. During the vessel's loading and unloading operation in August, 1,632 containers were moved in 6 hours and 42 minutes, that is, four containers per minute.

Learn more about the construction work in progress at Tecon Santos in Strategy and Business Management.

These advances include the increase in the terminal's market share at the Port of Santos to 35.4% in 2018 with 917,327 containers handled, in a 7.8% increase over the previous year.



TECON VILA DO CONDE

The terminal's expansion and modernization project has advanced with the acquisition of a Mobile Harbor Crane, a Reach Stacker for empty containers, two same-type forklifts for full containers, and ten trucks for shipside operations. The equipment is essential for the terminal to meet the increasing demand for containerized cargo handling and storage, and is part of the investments that will reach R$ 129 million by 2033 and increase Tecon Vila do Conde's handling capacity.

In addition to new equipment acquisition, in 2018 we concluded the paving work on the yard, expanding and modernizing the terminal's infrastructure. Additional civil work, such as building additional vehicle entrance and exit gates, should be completed in the first months of 2019.

Another novelty was the implementation of a scheduled timetable for trucks entering with export cargo - a measure that should extend to vehicles with empty containers and import deliveries.

Our efforts to increase operational efficiency led Tecon Vila do Conde to set two records in the year. The first one, in productivity, was in operating the CMA CGM Lion, which reached 43.25 MPH when moving 1,117 containers. The second one, in September, was in handling when a total number of 10,596 containers were moved in the operation of 13 ships. In 2018, for the first time in its history, Tecon Vila do Conde passed the 100 thousand containers handled mark in the 12-month period.

To celebrate a decade in operation, Tecon Vila do Conde employees attended a breakfast with the local management and were given personalized bottles made of ecological PET material, as a stimulus to reduce the consumption of plastic cups.

100 THOUSAND

was handled container milestone that was surpassed for the first time by Tecon Vila do Conde.

TECON IMBITUBA

Tecon Imbituba also celebrated the results of the ASAS long-distance service that connects the West Coast of South America to Asia. In the first half of the year, the service's movement grew by 28% compared to the same period in the previous year, when the calls were made at the Port of Rio Grande (Rio Grande do Sul State).

The service's growth highlights the potential of Tecon Imbituba, which is strategically located at a sheltered, deep water port, attracting loads from all origins and destinations. The competitive advantage also derives from practically zero cancellations of ship calls due to bad weather, which is a problem faced by other ports in the region. In addition, the operational cost of the Imbituba Port is 40% to 60% lower than that of the competing ports in the country's South.

The terminal's ten years of activities were also celebrated in 2018 with a get-together party with managers and their teams.

TEV

A 2018 milestone for our Vehicle Handling Terminal was the coastal navigation operation of the Apollon Highway, the largest RoRo ship operating on the South American East Coast, which offloaded 2,138 Fiat vehicles.

The terminal was also the protagonist of the unloading operation of models that debuted on Brazilian soil when they were to be exhibited at the São Paulo Motor Show. The activities require the team to have a high qualification level, and they are trained to follow international standards and a number of requirements, such as wearing a special uniform.

Another fact that made the TEV stand out was the operational record reached in April, when 33,351 units were handled, in a 9% increase compared to the previous milestone reached in October 2013. Throughout 2018, the import mix, which results in greater storage revenue, grew to 14.5% of the total. As a result, the TEV's usage capacity was 80.6% in the year.

LOGÍSTICA

In 2018, our storage volume totaled 54,288 containers, representing a 21.7% evolution over the previous year, especially due to the intensification of operations with NVOCC clients - a segment that has a significant participation in logistics. Clia Guarujá, whose operations had resumed in the third quarter of 2017, also showed growth, with 13,103 containers stored. Profitability, however, was the highlight of the period, when we recorded an EBITDA of R$ 28.3 million at Santos Brasil Logística, greatly exceeding the R$ 9.6 million reached in 2017.

In addition to the increase in the number of clients and the diversification of logistics operations, these results reflect extensive control and cost management work that resulted in an increase in productivity.

Another benefit of the year's advances was the impact on the Net Promoter Score (NPS) methodology for measuring client satisfaction and loyalty, which reached 76 points, up six from the previous year.

OPERATIONAL INDICATORS			
(Units)	2018	2017	Var. %
PORT TERMINALS			
Quay Operations - containers	1,084,487	968,694	12.0%
Full Containers	837,297	764,208	9.6%
Empty Containers	247,190	204,486	20.9%
Quay Operations – general cargo (t)	135,990	56,536	140.5%
Warehousing Operations	115,509	123,426	-6.4%
LOGISTICS			
Warehousing Operations	54,288	44,626	21.7%
VEHICLE TERMINAL			
Vehicles handled	241,921	289,173	-16.3%

ECONOMIC AND FINANCIAL PERFORMANCE

The results recorded in the year – a 13.9% evolution in consolidated gross revenue, 27.4% in consolidated Ebitda, and R$ 3 billion net income – reflect the assertiveness of our growth strategy.

GROSS REVENUE FROM SERVICES

Consolidated gross revenue exceeded R$ 1 billion in 2018, in a 13.9% growth over 2017.

Quay operation profitability increased by 9.1%, with the higher container handling volume. At the same pace, gross storage revenue in the port terminal segment grew by 7.7%, mainly influenced by the higher retention rate of import containers.

In Logistics, there was a 28.7% increase in gross revenue, reflecting the higher volume operated, as well as price rescheduling and higher retention of imported containers. Unit stored container revenue was R$ 5,528 in 2018, representing a 5.9% increase over 2017.

The decline in vehicle exports to Argentina, which was more pronounced in the second half of the year, impacted the handled volume at TEV. However, gross Vehicle Handling Terminal revenue grew by 14%, with a larger share of imported vehicles in the mix, increasing the dwell time. In addition to growth in imports, improvement in the heavy car mix also explains the 36.2% increase in average revenue per vehicle, from R$ 210 in 2017 to R$ 286 last year.

(R$ million)	2018	2017	Var. %
PORT TERMINALS	730.4	673.3	8.5%
Quay Operations	402.2	368.5	9.1%
Warehousing Operations	328.2	304.8	7.7%
LOGISTICS	300.1	233.1	28.7%
VEHICLE TERMINAL	69.3	60.8	14.0%
Eliminations	-14.2	-14.1	0.7%
Consolidated	1,085.6	953.1	13.9%

NET REVENUE FROM SERVICES

Consolidated net revenue totaled R$ 921.5 million, an 11.8% increase over the 2017 figures.

R$ 1 BILLION

was the gross consolidated revenue recorded in the year.

COST OF PROVIDED SERVICES

The cost of provided services increased by 4.3% in comparison with 2017, totaling R$ 674.2 million. In addition to extraordinary expenses, mainly with labor indemnifications, there were impacts from non-manageable costs, such as the 16.7% increase in the port rate and higher fuel prices. It must be pointed out that the lease rate paid to the granting authority, which was previously represented by the item "Leasing and Infrastructure" in the Cost of Provided Services, was treated as a financial expense under the new accounting methodology.

(R$ million)	2018	2017	Var. %
PORT TERMINALS			
Handling costs	125.1	108.5	15.4%
Personnel Costs	193.2	193.6	-0.2%
Depreciation & Amortization	92.7	97.5	-4.9%
Other Costs	84.6	74.6	13.4%
Total	495.6	474.2	4.5%
LOGISTICS			
Handling costs	63.0	51.6	22.1%
Personnel Costs	52.7	48.2	9.3%
Depreciation & Amortization	13.0	13.8	-5.8%
Other Costs	25.0	30.8	-18.8%
Total	153.6	144.5	6.3%
VEHICLE TERMINAL			
Handling costs	17.7	20.7	-14.5%
Depreciation & Amortization	14.8	14.7	0.6%
Other Costs	5.4	5.1	5.8%
Total	37.9	40.5	-6.4%
Eliminations	-12.9	-12.8	0.8%
Consolidated	674.2	646.4	4.3%

Port Terminals

The average cost (excluding depreciation and amortization) per container handled/stored at the port terminals was R$ 335, a 3% decrease compared to 2017. The R$ 13 million in non-recurring expenses with indemnifications and resulting labor terminations, were mostly due to the organizational restructuring process. Personnel costs remained stable compared to the previous year. Disregarding non-recurring expenses, personnel expenses fell by around 7%.

Variable handling costs increased by 11.5%. due to the greater volume at Tecon Santos. There was growth in payment of port handling fees per container due to the increase in the flow quantity and the 16.7% adjustment in the rate that was implemented by Codesp. In 2018, there were also higher fuel and power costs.

R$ 921.5 MILLION

was the net consolidated revenue, 11.8% higher than in 2017.

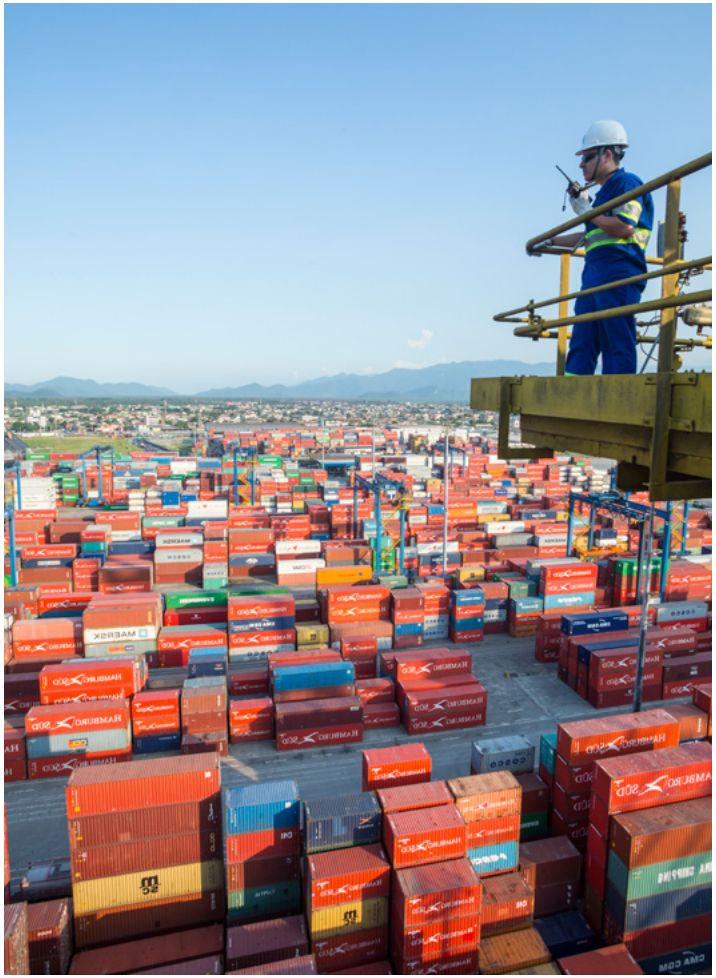
Logistics

Non-recurring costs resulting from the restructuring process totaled R$ 3 million in 2018. There was a 9.3% increase in personnel expenses. However when disregarding non-recurring expenses, these costs advanced about 3% with the resizing of the operation for meeting the volume increase.

In variable costs, there were increases in practically all items, reflecting the 21.7% growth in the volume of containers stored, as well as an increase in road freight transportation, which raised freight and fuel costs.

Vehicle Handling Terminal

The total cost of the TEV showed a 6.4% decline due to the lower handled volume. Port charges paid per vehicle handled were also adjusted.



OPERATIONAL EXPENSES

Expenses in 2018 increased by 24.5% compared to 2017 to R$ 182 million, driven especially by the increase in sales costs that resulted from the increased handled volume.

(R$ million)	2018	2017	Var. %
PORT TERMINALS			
Sales	42.4	39.7	6.8%
General, Administrative & others	20.0	9.8	104.0%
Depreciation & Amortization	0.1	0.3	-66.6%
Total	62.5	49.8	25.5%
LOGISTICS			
Sales	70.9	44.1	60.8%
General, Administrative & others	5.2	5.8	-10.3%
Depreciation & Amortization	-	-	-
Total	76.1	49.9	52.5%
VEHICLE TERMINAL			
Sales	2.2	0.9	144.4%
General, Administrative & others	0.6	0.4	50.0%
Depreciation & Amortization	-	-	-
Total	2.8	1.3	115.4%
CORPORATE			
General, Administrative & others	37.0	38.4	-3.6%
Depreciation & Amortization	3.6	6.8	-47.1%
Total	40.6	45.2	-10.2%
Consolidated	182.0	146.2	24.5%

Port Terminals

Sales expenses increased by 6.8% in 2018, impacted by the increase in commission payments to cargo agents from higher volumes operated for those clients. In port terminal general and administrative expenses, the comparison between 2018 and 2017 becomes distorted due to the positive, non-recurring impact of the credit adjustment generated by the reversal of taxes (Fundap) in 2017. Due to this positive effect on 2017 expenses, there was a 104% increase in general and administrative expenses for 2018. There was also a lower insurance reimbursement and accounting loss with permanent asset write-off.

Logistics

In Logistics. the major driver of higher selling expenses was the increase in the warehousing and logistics service volumes provided to cargo agents and NVOCCs, which resulted in a high payment of commissions. Lower personnel expenses, combined with a non-recurring gain arising from the credit adjustment generated by the reversal of taxes (Fundaf), contributed to the lower administrative costs in 2018.

Vehicle Handling Terminal

The TEV had an increase in sales expenses due to higher commissions from the growth in imported vehicle handling volume.

Corporate

Corporate administrative expenses decreased, mainly due to lower expenses with legal and personnel consultancies. In 2018, there was a decrease in goodwill amortization at Tecon Vila do Conde - as a result of the renewal of the lease of the terminal in 2017 – which will therefore now be made for a longer period, through the end of the agreement.

EBITDA AND EBITDA MARGIN

With the new accounting methodology we have adopted for port terminal leasing, the Ebitda no longer reflects the lease expenses paid to the port authority, which were previously represented by the item "Leasing and Infrastructure Costs". In order to have a comparative analysis with previous periods, in addition to more accurately reflecting the "cash" operating result, the "pro forma EBITDA" was calculated, which adjusts the reported Ebitda with the lease expense.

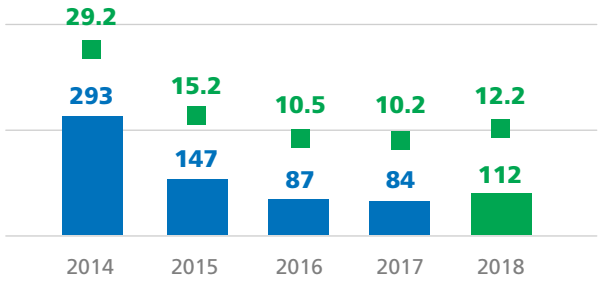
As a consequence of the operational performance of revenues, costs and expenses, we recorded a 27.4% growth in pro forma Consolidated Ebitda in 2018 to R$ 106.8 million, with an 11.6% margin.

The amounts included non-recurring events that impacted the Ebitda and the pro forma Ebitda margin. If we adjust the reported result, excluding those effects, recurring pro forma EBITDA was R$ 112.5 million in 2018. Non-recurring items considered in the adjustment were: (i) R$ 18.9 million in costs and expenses with indemnifications and consequential terminations, mostly from the organizational restructuring process; (ii) R$ 0.3 million in external consulting expenses; (iii) R$ 9.2 million in reversal of taxes from prior years (Fundap) at Santos Brasil Logística; and (iv) R $ 4.3 million in reversal of miscellaneous provisions.

(R$ million)	2018 Realized	2018 pro forma	pro forma* margin %	2017 Realized	2017 pro forma	pro forma* margin %	% Var.
Port Terminals	167.0	93.2	14.7%	167.1	95.3	16.1%	(2.2%)
Logistics	28.3	28.3	11.5%	9.6	9.6	5.0%	194.8%
Vehicle Terminal	31.2	22.3	39.0%	26.3	17.3	32.4%	28.9%
Corporate	(37.0)	(37.0)	-	(38.4)	(38.4)	-	(3.6%)
Consolidated	189.5	106.8	11.6%	164.6	83.8	10.2%	27.4%
Non-recurring Items	5.7	5.7	-	0.8	0.8	-	-
Recurring Consolidated	195.2	112.5	12.2%	165.4	84.6	10.3%	33.0%

**The pro forma EBITDA margin is calculated dividing pro forma EBITDA by net revenue.*

PRO FORMA EBITDA (R$ MILLION) AND EBITDA MARGIN (%)



NET PROFIT

With the performance result explained below, in 2018 we recorded a net income of R$ 3 million, reversing the net loss of R$ 5.3 million in 2017.

(R$ million)	2018	2017	Var. %
EBITDA PAID	189.5	164.6	15.1%
Depreciation & Amortization	124.1	133.1	(6.7%)
EBIT	65.4	31.5	107.6%
Financial Income	(57.2)	(62.6)	8.6%
IRPJ/CSLL	(5.2)	25.8	(120.1%)
NET PROFIT (LOSS)	3.0	(5.3)	156.6%

With the new accounting methodology adopted, in which the terminal leases began to be recorded as financial (they were previously treated as operational), the lease cost was reclassified as financial income (financial expense) in addition to taking into account the cost of amortization of the intangible asset related to contracts in this segment.

In accordance with our Bylaws, the following deductions or additions will be deducted from the net income for the year, executed in descending order and in the order shown below:

(a) 5% for forming the Legal Reserve, which shall not exceed 20% of the Capital Stock. Constitution of the Legal Reserve may be waived in the year in which its balance plus the amount of capital reserves exceed 30% (thirty percent) of the Capital Stock;
(b) The amount allocated for forming Reserves for Contingencies and reversion of those formed in previous years;
(c) Unpaid Profit and Reversal of Profits previously recorded in this reserve and that were developed during the fiscal year;
(d) 25% for payment of the mandatory minimum dividend; and
(e) The remaining portion of adjusted net income after payment of the mandatory minimum dividend shall be allocated to the Investment and Expansion Reserve, whose purpose is: (i) to ensure funds for investments in permanent assets, without prejudice to the retention of profits under the terms of Article 196 of Law 6404/76; (ii) working capital reinforcement; and may also (iii) be used for redemption operations, reimbursement or acquisition of shares of our capital, enabling the General Shareholders' Meeting to address its waiver in the event of payment of additional dividends to the mandatory minimum dividend.

DEBT AND CASH

We closed 2018 with R$ 253.7 million in cash after the amortization of R$ 117.4 million in debts in the year (principal + interest). Total consolidated indebtedness as of December 31, 2018 was R$ 227.4 million. We closed the period with a net cash of R$ 26.3 million.

(R$ million)	Currency	31/12/2018	31/12/2017	Var. %
Short Term	National	95.8	165.5	(42.1%)
	Foreign	34.3	6.5	427.7%
Long Term	National	82.0	60.3	36.0%
	Foreign	15.3	0.7	2085.7%
TOTAL INDEBTEDNESS		227.4	233.0	(2.4%)
CASH		253.7	270.7	(6.3%)
NET DEBT		(26.3)	(37.7)	(30.6%)

INVESTMENTS

We invested R$ 71.8 million in 2018, with the majority of the funds allocated to Tecon Vila do Conde and Tecon Santos. The year's total includes equity and third-party funds. Our investments in 2018 were aimed at improving productivity and increasing the terminals' dynamic capacity.

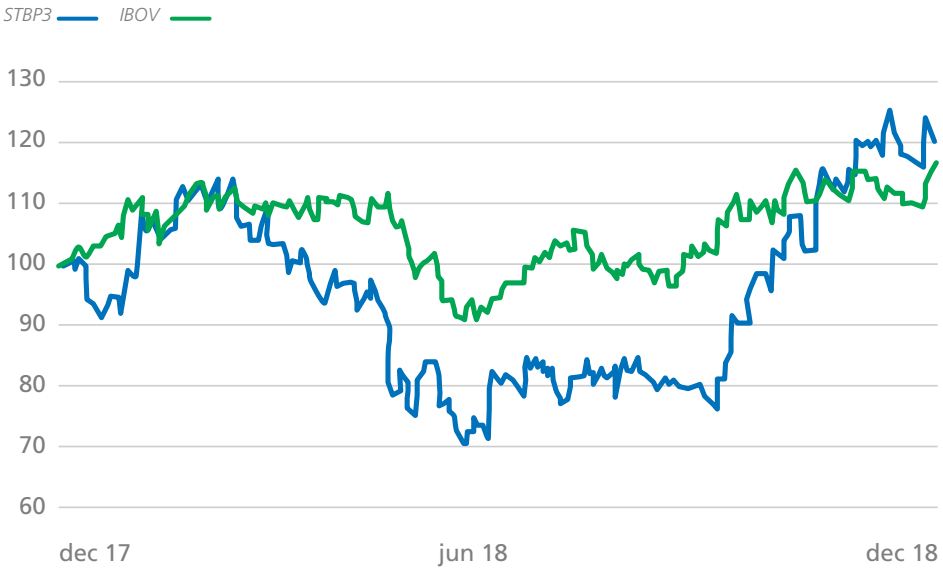
The total amount invested in the previous year increased 883% compared to the R$ 7.3 million invested in 2017.

INVESTMENTS	R$ million	Objectives	Source of Funds
Consolidated Total	71.8		
TECON SANTOS	26.5		
Continuous improvement and operational performance increase	3.1	Productivity increase	Own
Civil construction works	1.4	Depot construction	Own
Hardware & Software acquisition	0.4	Productivity increase	Own
Extended the lease contract	21.6	Productivity / capacity increase	Own & third-party
TECON IMBITUBA	0.2		
Continuous improvement and operational performance increase	0.1	Productivity increase	Own
Hardware & Software acquisition	0.1	Productivity increase	Own
TECON VILA DO CONDE	44.4		
Continuous improvement and operational performance increase	0.6	Productivity increase	Own
Tecon Vila do Conde expansion - general items	0.2	Productivity / capacity increase	Own
Hardware & Software acquisition	0.1	Productivity increase	Own
Equipment	0.4	Productivity / capacity increase	Own
Extended the lease contract	43.2	Productivity / capacity increase	Own & third-party
LOGÍSTICA	0.4		
Continuous improvement and operational performance increase	0.1	Productivity increase	Own
Equipment	0.2	Productivity increase	Own
Hardware & Software acquisition	0.1	Productivity increase	Own
TERMINAL DE VEÍCULOS	0.3		
Civil construction works	0.3	Structure adaptation	Own

STOCK MARKET

At the end of 2018, the book value recorded per share was R$ 2.01, while the closing price traded on B3 on December 28, 2018 was R$ 4.23 (R$ 3.39 in the previous year), resulting in a 24.7% valuation in the period. Our market value reached R$ 2,818.5 billion at the end of 2018, with an average daily trading volume of R$ 4.46 million for the year.

STBP3 X IBOV (100 BASE)



SHAREHOLDER RIGHTS

On August 22, 2016 we concluded the migration to the Novo Mercado, B3's strictest corporate governance segment. Our securities were then traded exclusively as common shares (ONs), guaranteeing for each ON the right to one vote in the resolutions of the General Shareholders' Meeting, and the emission by beneficiary parties is forbidden. Chapter II of our Bylaws deals with Capital Stock and Shares, its division and respective rights, without prejudice to other protection mechanisms provided for in specific statutory provisions.

R$ 2,818.5 BILLION

was the market value reached at the end of 2018.

INDEPENDENT AUDIT

Our Financial Statements and those of our subsidiaries are audited by KPMG Auditores Independentes, whose selection rests exclusively with the Board.

The internal policy for contracting services not related to the external audit seeks to assess the existence of a conflict of interest. Therefore, the following aspects are analyzed: the auditors should not (i) audit their own work; (ii) perform managerial duties for their client; and (iii) promote their client's interests. These conditions were observed in the fiscal year ended December 31, 2018.

In this sense, no other services were contracted in the fiscal year ended in December 31, 2018.

DVA

ADDED VALUE STATEMENTS (DVA) FOR THE FISCAL YEARS ENDED IN DECEMBER 31 2017 AND 2018
(Amounts are in R$ thousand) GRI 201-1 | 103-1, 103-2 (201)

	Control		Consolidated	
	31,12,2018	31,12,2017	31,12,2018	31,12,2017
REVENUES (EXPENSES)				
Sales of goods. products and services	607,771	573,248	1,062,857	937,628
Other revenues	8,082	14,288	11,315	17,409
Provision (reversal) for doubtful accounts and Losses from uncollectible credits	(9,291)	(8,536)	(10,090)	(7,960)
	606,562	**579,000**	**1,064,082**	**947,077**
INPUTS PURCHASED FROM THIRD PARTIES				
Cost of products. goods and services sold	(121,871)	(106,295)	(202,092)	(174,683)
Materials. energy. third-party services and others	(99,565)	(94,193)	(216,511)	(180,319)
Others	(661)	(680)	(1.092)	(930)
	(222,097)	**(201,168)**	**(419,695)**	**(355,932)**
GROSS ADDED VALUE	384,465	377,832	644,387	591,145
DEPRECIATIONS. AMORTIZATIONS & EXAUSTION	(93,843)	(96,592)	(124,166)	(132,982)
NET ADDED VALUE PRODUCED BY THE COMPANY	290,622	281,240	520,221	458,163
ADDED VALUE RECEIVED IN TRANSFER				
Equity	40,045	41,806	-	-
Financial income	17,185	13,469	25,246	23,194
	57,230	**55,275**	**25,246**	**23,194**
TOTAL ADDED VALUE TO BE DISTRIBUTED	347,852	336,515	545,467	481,357
ADDED VALUE DISTRIBUTION	347,852	336,515	545,467	481,357

	Control		Consolidated	
PERSONNEL				
Direct remuneration	156,706	162,722	212,906	214,152
Benefits	42,802	40,508	66,210	62,093
FGTS	10,738	14,523	15,460	19,166
	210,246	**217,753**	**294,576**	**295,411**
TAXES, FEES AND CONTRIBUTIONS				
Federal	35,431	26,518	96,225	57,164
State	67	149	6,352	6,694
Municipal	27,608	17,253	46,706	28,931
	63,106	**43,920**	**149,283**	**92,789**
THIRD-PARTY CAPITAL REMUNERATION				
Interest	69,012	77,831	82,434	85,959
Leases	2,509	2,332	16,195	12,519
	71,521	**80,163**	**98,629**	**98,478**
OWN CAPITAL REMUNERATION				
Dividends	707	-	707	-
Proposed additional dividends	2,123	-	2,123	-
Profit (Loss) withheld	149	(5,321)	149	(5,321)
	2,979	**(5,321)**	**2,979**	**(5,321)**

The accompanying notes are an integral part of these financial statements

SOCIAL AND ENVIRONMENTAL PERFORMANCE

We achieved significant gains in waste and water resource management, as well as advanced significantly in internally and externally building a culture and an equality environment.

INTERNAL AUDIENCE

We operate under solid values, committed to becoming a reference in the markets in which we are inserted, providing effective, flexible and safe services that respect the environment, the individual and the communities. Our Sustainability and Human Rights Policies are driven by this guideline and by the understanding that we are responsible for encouraging labor market inclusion.

Since 2011. we have been part of Enterprise Initiatives (IE) led by the Center for Sustainability Studies of the Fundação Getulio Vargas (GVCes - FGV). In 2018. at the workgroup's initial meeting, expectations were aligned with the content of the program conducted in the year, which included forums, workshops and training on climate change, sustainable finance, applied lifecycle, local development, trends in ecosystem services, as well as innovation and sustainability in the value chain. Based on the exchange of experiences and technical improvement, teams from different areas participated in the workshops and meetings for fostering advances and improvements in internal monitoring tools, valuation and analysis of risks and opportunities in incorporating sustainability into the business strategy.

In addition, regarding the three years since the launch of the United Nations (UN) Sustainable Development Objectives (SDGs), we share them in our social networks – an action in line with our sustainability guidelines that will continue throughout 2019.

GRI 103-2, 103-3 (202)

We closed 2018 with 2,970 employees, 12 trainees and 44 apprentices distributed as follows: Baixada Santista: 2,250; Imbituba: 155; Planalto Paulista: 227; and Vila do Conde: 338. All are governed by a remuneration and benefits policy that includes meritocracy and benefits in addition to what is set forth in the legislation, such as a health insurance plan extended to dependents, life insurance and, depending on the unit, variable income established in the Profit Sharing Plan (PPR). **GRI 102-8 | 401-2**

With the progress of the Viva Voz App's second operation phase, in 2018, all the Tecon Santos professionals that work under the shift regime began accessing the operative shift schedule in the palm of the hand. In the menu's Monthly Shifts item, it is possible to check the schedules and shifts for which they are selected during the month. Up to 30 minutes before the start of the daily work journey, the Daily Shift makes available the planning information for the day such as the team, mooring point, vessel, shift, equipment, group, type, and other information.

Read about it in Competitive Differentials/Innovation and Technology

EMPLOYEES

2,250
in the Baixada Santista area.

338
in Vila do Conde.

227
in the Planalto Paulista area

155
in Imbituba.

12
trainees.

44
apprentices.

The App's third phase will be implemented in 2019. Connect with People, where services such as a request for a duplicate of the ID badge will be accessible; updating of personal registration data and work portfolio; statement for INSS (Social Security) purposes, remuneration statement and income statement; declaration a remunerated employee, job description and working hours; and clarification of doubts related to the Personnel Administration and Payroll area.

In the training area – that totaled 11,205 hours in 2018 – the fourth edition of the Leadership Training program was conducted, whose inaugural class – "How to recruit and select people" – brought together leaders from Tecon Santos and the Santos Brasil Logística units. The training schedule also included topics such as cost management, personnel management and building sustainability teams. among others. The program was attended by 20 leaders. who improved their knowledge in over 44 class hours. Since the beginning of the initiative, more than 180 line managers have been trained. **GRI 404-1**

After approval by the Sustainability Committee of the updating of our Sustainability Policy, which also governs the Integrated Management System (IMS), its guidelines that are available on the Qualiflow System and on all our internal channels were disseminated to employees. Several actions on Viva Voz, in management rituals and on social networks emphasized our commitment to the theme.

People management also considers the engagement of families. So, in reference to Children's Day, we invited the children of our employees to portray their parents' professional activities in drawings. The 20 winners of the contest that live in the regions near our units in São Paulo State whose drawings had the highest number of likes and comments participated in a guided visit to Tecon Santos, accompanied by relatives. The winners in Tecon Vila do Conde and Tecon Imbituba received kits with painting material as a prize. The winning drawings were exhibited at the respective units.

To evaluate our processes, channels and communication actions, we conducted the 2018 Internal Communication Survey, whose questionnaire was made available on the intranet and on the Viva Voz App. 325 employees participated in the survey, evaluating the actions and sending suggestions, such as intensifying operational and strategic information and integrating Gente & Gestão (People and Management) to the Viva Voz App services. The proposal has already been initiated with the second phase of Conecte com a Gente (Connect to Us) and will be expanded with the new tools to be launched in 2019.

See GRI Appendix for information on employees, hiring, turnover, proportion of the lowest salary paid compared to the local minimum wage, and results of the pension plan.

CLIENTS

GRI 103-2, 103-3 (416)

Our portfolio in the NVOCC (Non Vessel Operator Common Carrier) market was stepped up in the year by Allink Neutral Provider, a company recognized for its experience in LCL cargo consolidation and, more recently, also in air cargo. They selected us as their main logistics service provider in the Port of Santos.

To meet the needs of the new client, we invested in specialized manpower and technology - which included the deployment of RFID (Radio Frequency Identification), with smart tags. Small chips (transponders) are installed in the cargo to enable automatic data capture and, consequently, real-time identification, eliminating manual work in reading bar codes. The solution streamlines checking the goods and the operation because, in addition to security, when we receive the cargo, each label shows its destination in seconds, which also facilitates the stuffing process.

Our relationship with clients involves not only developing customized solutions to serve them, but also the constant exchange of information. In this sense, in Belém (Pará State) we organized an event to make a presentation of the investments made at Tecon Vila do Conde to customs agents, exporters, importers, ship owners, and the press. In Porto Alegre (Rio Grande do Sul State), the same type of audience was involved in a meeting with our directors, which dealt with commercial activities and operating results, in addition to presenting Tecon Imbituba's strategic advantages.

SUPPLIERS

GRI 103-2, 103-3 (204) | 103-2, 103-3 (308) | 103-2, 103-3 (414)

We closed the year with 1,773 active suppliers governed by a strategy that favors acquisition of inputs directly from manufacturers or distributors. 71% of the purchase volume went to local suppliers or national suppliers who work in this region. Our compliance requirements related to regular documentation, financial situation and payment deadline, among others, sometimes prevent small suppliers from registering with us. We do not, however, set any type of restriction. **GRI 102-9 | 204-1**

When contracting, usual and eventual suppliers are provided with the general supplier conditions containing a declaration of non-use of slave labor, child labor or labor analogous to slavery. Failure to comply with these standards justifies immediate termination of the contract or purchase order, provided that the violations are duly proven. **GRI 408-1 | 409-1**

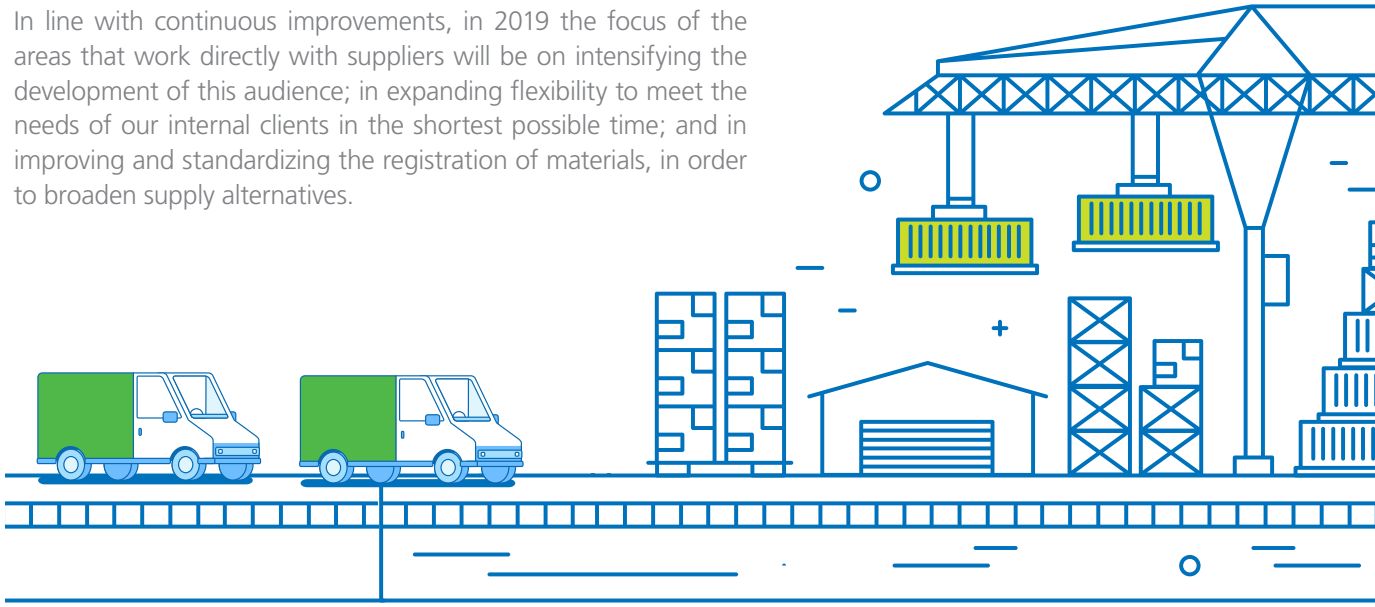
The systematic for contracts with partners in more critical categories was announced in 2017 and continued in the period, and will be extended in 2019. It gave greater flexibility to the processes, as could be measured in the positive feedback from clients.

The Supply Policy, in turn, guided by transparency for developing and maintaining lasting partnerships, includes the Websupply portal for requesting quotations for purchases. Prices are quoted directly by suppliers, and the system automatically compares conditions, indicating the most feasible one. Still with regard to transparency, the Confidential Portal is available to commercial partners, and it is where they can register eventual complaints or denunciations.

In line with continuous improvements, in 2019 the focus of the areas that work directly with suppliers will be on intensifying the development of this audience; in expanding flexibility to meet the needs of our internal clients in the shortest possible time; and in improving and standardizing the registration of materials, in order to broaden supply alternatives.

71%

is the share of procurement made from local suppliers.



Company	Total Purchases	Within the Region	%	Outside the Region	%
Santos Brasil Participações (Tecon Santos, Tecon Imbituba & TEV)	360,968,406.37	277,387,025.42	77%	83,581,380.95	23%
Santos Brasil Logística	173,850,900.35	114,076,547.18	66%	59,774,353.17	34%
Tecon Vila do Conde	61,533,614.82	29,900,321.53	49%	31,633,293.29	51%
TEV	23,646,161.49	20,657,328.39	87%	2,988,833.10	13%
Consolidated	619,999,083.03	442,021,222.52	71%	177,977,860.51	29%

Region	Total Purchases	%
Baixada Santista Region	228,861,892.28	51.78%
Federal Capital District	42,012.69	0.01%
Grande ABC Region	1,062,674.16	0.24%
Pará State	29,900,321.53	6.76%
Metro São Paulo Region	139,387,422.37	31.53%
Vale do Paraíba / North Coast Metro Region	38,417.68	0.01%
Tubarão Metro Region	42,728,481.81	9.67%

COMMUNITY

GRI 103-2, 103-3 (203) | 103-2, 103-3 (413)

We have intensified our commitment to building an equality culture and environment. With this purpose, in 2018 we produced the Diversity Primer, which aims to strengthen communication on disability and clarify myths and truths about the subject. In this manner, we came to understand our role in building an environment marked by respect in its relationships.

Under the theme "After all, we are all different!", the booklet deals with valuing the individual and respect for diversity - one of our Values – and shows data on the figures and causes of disabilities in Brazil and guides the Brazilian Inclusion Law (LBI), making room for people with any type of disability to submit resumes to apply for a job vacancy.

Along the same lines, on the National Struggle for Disabled People Day celebrated on September 21, we held a workshop for Tecon Santos leaders on valuing diversity.

In addition to signatories to the Global Compact, we are committed to the 17 Sustainable Development Goals (SDGs) that involve the environmental, economic and social spheres and have to be reached by all of the world's countries by 2030. Supported by our Sustainability Policy, we contribute to achieving the objectives by guiding our strategy through four key aspects: Health & Safety; CO_2 emissions, water consumption and waste management; Transparency and anticorruption practices; and Human development.

In line with one of the gender equality objectives, in celebrating the International Women's Day, we launched three videos on the theme that can be accessed on our internal and external channels, in which some of our employees discuss the importance of the tools available for limiting any gender discrimination and inequality and the challenges faced by women in the labor market and others.

The Formare Aprendiz Program is another example of an initiative that adds value within and outside the workplace. It was developed in partnership with Fundação Iochpe for facilitating the insertion of young people into the labor market through professional qualification, and has expanded the number of vacancies in the Administrative Assistant course from 15 to 20. Initial training for the job is offered to people aged 18 and 19 enrolled in the third year of high school or have completed this degree in public schools, from families in economic and social vulnerability situation and living in Guarujá (São Paulo State). GRI 203-1

The program begins in August and its conclusion is scheduled for November 2019. It comprises 1.8 thousand training hours and the classes are ministered at Tecon Santos by some 80 of our volunteers. The novelty for the new class is the change in teaching methodology, which goes beyond practical and theoretical classes for preparing more qualified and complete professionals. The teachers have undergone a new training period with Fundação Iochpe professionals, in order to understand the current market demands, such as notions of citizenship and ethics, and social aspects.

Meanwhile, the 14 youngsters who graduated from the program's previous class completed the course in July and participated in a closing ceremony. Since 2009, when the first class started, Formare Aprendiz Santos Brasil has already benefited 251 youngsters, 89 of whom were hired by us in different sectors.

Also in the year, we renewed the partnership with Instituto Novos Sonhos in the Aldeia community in Guarujá. The institution is responsible for the care of around 100 children and adolescents, who take classes in jiu-jitsu and are involved in actions for the social inclusion of their families. The partnership also includes social and cultural events, sponsorship of project students in regional jiu-jitsu tournaments, and workshops focused on human development.

Several activities were also conducted under our Eu sou Voluntário (I Am a Volunteer) program, which involved 170 employees in 2018. In addition to serving as educators at Formare, on the International Volunteering Day, together with the program's students, they carried out an action benefitting the Associação Casa De Acolhimento Lar Maanaimin in Guarujá, which provides care to children and adolescents whose basic rights were violated. The volunteers interacted with the participants in an afternoon of play, dance, snacks and gifts. In addition, a Solidarity Christmas Tree was set up in the Formare classroom, where letters were deposited with the children's wishes, which the employees could pick up and satisfy their wishes.

Another of our actions was integrating with the Navegação do Bem campaign, in support of the Integrated Assistance Center for People with Cancer - Cenin, which offers humanized care to patients from hospitals in the Baixada Santista and Grande ABC metro regions. The goal was to fill a sea container with powdered milk, whole milk and children's and geriatric diapers. We were placed third among the many companies that participated in the campaign, totaling 353 items collected.

GRI 203-2

BENEFITS TO THE ENVIRONMENT AND LOCAL DEVELOPMENT

At the end of 2018, we contributed financial resources to the Rede Asta project, which will be the flagship in the social area in 2019 in all of the regions where we operate. The initiative aims to turn artisans into entrepreneurs, and residues into new products. The scope of the project is the Asta Platform, a social technology created to transform the "hand-made" economy in Brazil. Furthermore, self-managed face-to-face meetings take place for boosting the entrepreneurs' businesses. Our contribution to the project will foster the dissemination of the digital platform with the artisans, seeking to qualify 5,000 women. The App will be developed in five metropolitan regions by the end of 2019.

The project is connected to our sustainability guidelines and our values when considering innovation, conscientious consumption and waste management, women's empowerment, and human/local development.

THE ENVIRONMENT

As a result of several initiatives aligned with our commitment to environmental preservation, in 2018 we recorded a 3% reduction in waste generation in our units - equivalent to 60 metric tons - and of 25% in water consumption, in comparison with the previous year.

The guidelines for reducing the impacts of our activities and reducing the consumption of natural resources are disseminated internally and translated into a series of actions. In 2018, in Tecon Vila do Conde, one of them was the incentive to replace plastic cups with reusable water bottles. The campaign was created by a member of the Young Apprentice program, released during the Safety Dialogues and resulted in a drop from 400 to 200 cups consumed per month in only one of the terminal's sectors.

We also encouraged water saving through publications and videos made available to the professionals, with tips on small actions that can be adopted in the work routine and are able to contribute to avoiding waste.

We seek to minimize environmental impacts with equipment such as the food grinder installed at the Tecon Santos and Clia Santos units in 2018.

It enables all the organic garbage generated in the canteens to be crushed and turned into liquid waste and then sent to Effluent Treatment Stations (ETEs) through the sewage system.

Our operations follow the same principle, In addition to ETEs with a 150-cubic meter daily capacity, we adopted the dry cleaning system for vehicles and equipment; we reuse treated water and collected rainwater; and we developed the Green Fleet and Waste Management programs. **GRI 303-3**

In addition, we have initiatives like the Sustainable Driver, in which we encourage fuel economy with our fleet drivers and, in this manner, we reduce pollutant emission. The program includes monthly monitoring and disclosure of each driver's average fuel consumption, and the most efficient ones are recognized with financial bonuses. **GRI 103-2, 103-3 (304) | 103-2, 103-3 (307)**

25%
REDUCTION
in water consumption.

3%
REDUCTION
in waste generation, the equivalent to 60 metric tons.

WE REUSE
treated water and rainwater.

We developed the Green Fleet and Residue Management programs.

We adopted a dry-wash system for vehicles & equipment.

EMISSIONS GRI 103-2, 103-3 (305)

To measure our services' environmental performance, Greenhouse Gas (GHG) emissions are calculated by TEU handled in container operations; by pallet handled in distribution activities; and per kilometer driven in road transportation. All results are shown in metric tons of CO_2e.

In 2018, emissions totaled 32,296 tons of CO_2e, including 29,474 tons of direct emissions and 2,822 tons from purchased power. In terms of emission intensity, our port operations recorded 13.99 kgCO_2e/TEU, 6% lower than in the previous year. GRI 305-5

All processes showed excellent environmental performance at Santos Brasil Logística: in the consolidated figures from all units, we obtained an 806 metric tons of CO_2e reduction. Although the total emissions from the activities of the Distribution Center in São Bernardo do Campo had a 6.4 metric tons of CO_2e in absolute figures, the unit recorded a notable environmental performance evolution in reaching the 0.41 kgCO_2e/pallet handled mark, ensuring a 22.5% reduction in the indicator compared to 2017.

Storage activities, in turn, recorded a close to 9.5% reduction in the emission indicator. Meanwhile, In road transportation activities, we showed the same level as in the previous year, recording 1.02 kgCO_2e/km.

See data on our emissions in the GRI Appendix.

WATER GRI 103-2, 103-3 (303)

Our attention to the water crisis is reflected in initiatives such as the dry cleaning of road transportation vehicles and equipment - a system we adopted three years ago, in which water is replaced with biodegradable products that do not harm the environment. From when the measure was implemented, we have saved about 8.6 million liters of water in 5,695 washes.

We also invested in other projects and actions for reducing the resource's consumption and in reuse, such as rainwater collection and the Effluent Treatment Station with water generation for reuse.

Although the Imbituba unit had a 40% increase in water consumption, due, mainly, to the need to moisten the empty container yard as ordered by local authorities, interventions carried out during the year made it possible to reduce drinking water consumption by 27,317 cubic meters. The highlight in this sense was Tecon Santos, who recorded a 26,210 cubic meter reduction. With the recorded results, we reduced water consumption by 25% compared to the previous cycle.

See the GRI Appendix for data on water consumption, use and reduction.

EMISSIONS

32,296 tons of CO_2e.

Our operations recorded 13.99 kgCO_2e/TEU. a close to 6% reduction.

A 806 metric ton of CO_2e reduction.

WATER

we saved around 8.6 million liters of water in doing 5,695 washing operations.

RESIDUES GRI 103-2, 103-3 (306)

71% of the solid waste generated in our units is recyclable, Even so, we invested in environmental education and solutions such as the crusher for organic waste generated in the units' cafeterias, which has been installed at Tecon Santos and Clia Santos. In this manner, we closed the year with a 3% reduction compared to the previous year, which means that we generated 60 metric tons less of solid waste.

Due to the characteristics of the services provided by Tecon Imbituba and the disposal of metal scrap from Tecon Vila do Conde, the combined volume of approximately 127 additional tons of recyclable waste were generated in the two units compared to 2017. However, faced with new demands regarding solid waste management, actions such as the review of the Solid Waste Generation Program and raising awareness of new suppliers and partners in the regions to seek sustainable alternatives and reduce environmental impacts were adopted.

Continuing the results presented in the previous year, we have developed new partners in the Southern and Northern regions for managing residues, and we destinated around 120 tons of materials under Reverse Logistics guidelines set forth in the National Solid Waste Policy (PNRS), Law nº 12.305 of August 2, 2010.

See the GRI Appendix for data on waste generation per unit and reverse logistics.

ENERGY GRI 103-2, 103-3 (302)

Our energy consumption for the year was 38,085,011.58 kWh, which was 4% higher than in the previous year (36,529,143.21 kWh), due to the significant growth in operations at the Tecon Imbituba and Tecon Vila do Conde units.

See the GRI Appendix for data on power consumption and intensity.

60 METRIC TONS

is the volume of solid residues that we avoided generating during the year.

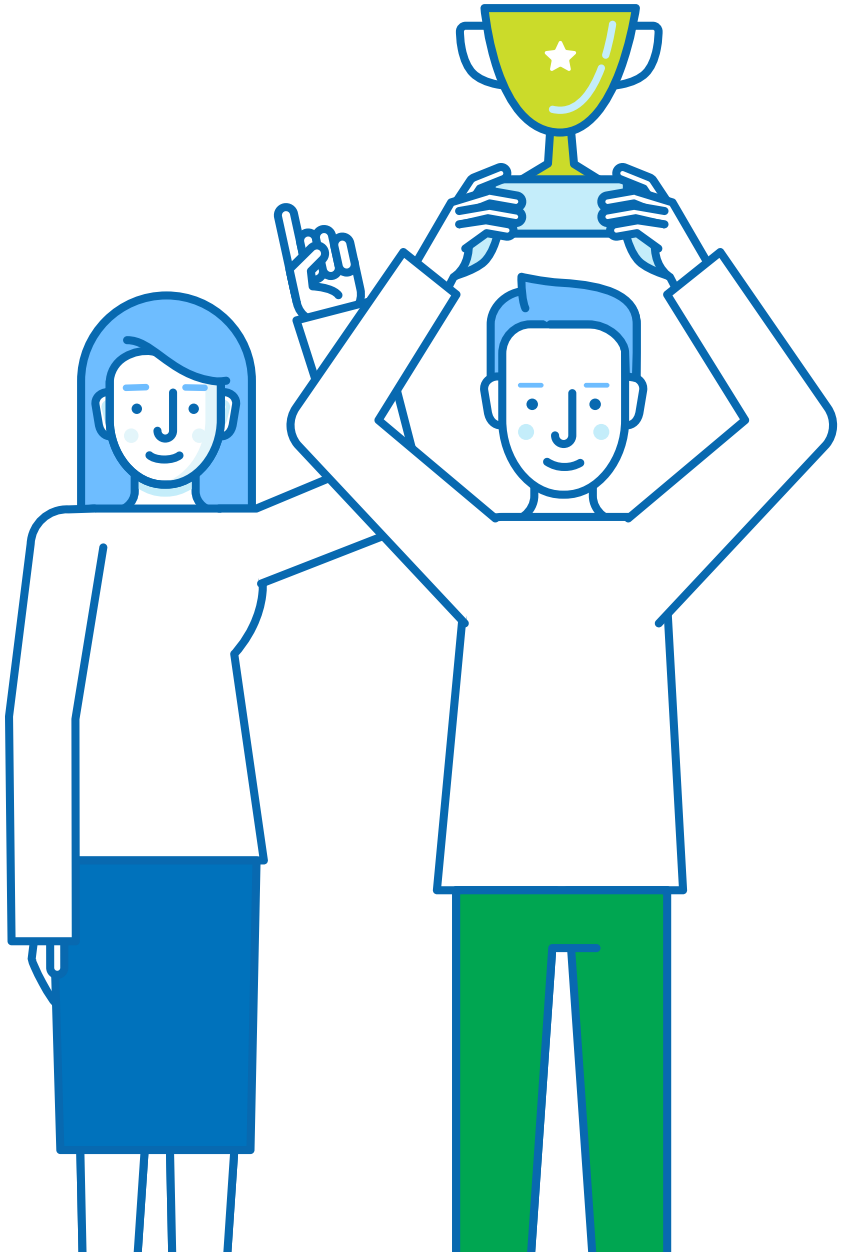
RECOGNITION

AWARDS

Época Negócios 360º – We were highlighted in the 7th edition of the yearbook as the Best Company in terms of Corporate Governance in the infrastructure sector, and we jumped to 5th place overall in the same category among the 337 companies in the ranking. We remain in second place in the Sustainability and Future Vision categories.

Guia Exame de Sustentabilidade – We were awarded as an Outstanding Company in the Waste Management category in the 2018 edition, which highlighted organizations fostering good corporate responsibility practices in the social, economic and environmental sphere.

GC Powerlist Brazil – Our Legal Manager Gabriel Jacques de Moura was one of the highlights in The Legal 500 publication, which featured the GC Powerlist Brazil 2018 list of influential leaders who drive company legal departments. The voting is by partners of law firms and executives, and considers criteria such as innovation, ability to develop solutions to complex issues, and influence in the company and in the legal sector.



As Melhores da IstoÉ Dinheiro – IstoÉ magazine ranked us among the best in the country, putting us in the 519th place in the ranking that chooses the market's thousand most reputable companies in financial management practices, corporate governance, social responsibility, human resources, innovation and quality.

Latin American Executive Team - Small Cap – Both our CEO Daniel Dorea and Investor Relations Manager Juliano Navarro were well-placed in the Institutional Investor magazine's ranking. In Transport Companies, Daniel Dorea was placed second as the best CFO in the ranking of buy-side analysts, and Juliano Navarro was placed second among the best Investor Relations professionals in the general and buy-side ranking. The voting was made by 430 buy-side analysts and managers and 248 sell-side analysts.

Prêmio Líderes do Brasil 2018 – The Grupo de Líderes Empresariais (Lide), which recognizes successful businesses and players in their areas, even in the face of economic instability, issued the award in the Logistics/Transport category.

Recognition for Safety – Our client Basf, a world leader in the chemical segment, recognized us for our commitment to safety values and compliance with the directives in our operations, The Occupational Safety technician Paulo Barreiros was also highlighted for his commitment in 2018 in strictly following the organization's rules.

CERTIFICATIONS

Tecon Santos and the Vehicle Handling Terminal (TEV) – Both underwent an audit for maintaining recertification in the ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007 norms that guide the application of quality, environmental aspects, and occupational safety and health management norms.

Tecon Vila do Conde and Tecon Imbituba – Both were recertified in ISO 9001:2015 e 14001:2015 norms.

Logística – The units were submitted to recertification for maintaining ISO 9001:2015 and the Health, Safety, Environment and Quality Assessment System (SASSMAQ), which verifies the performance of companies providing services to the chemical industry. The next audit took place in February 2019.

ABOUT THIS REPORT

For the 11th consecutive year, we are publishing our Sustainability Report to present to all stakeholders the advances of our business as well as our achievements and challenges. In this document, which follows the Global Reporting Initiative (GRI) guidelines, the reported performance refers to 2018. **GRI 102-50 | 102-52 | 102-54**

The information refers to all our operating units, whose economic and financial results are consolidated and submitted to external auditing by KPMG, as well as social and environmental indicators related to occupational health and safety. With regard to the previous document published in April 2018, there is no rewording of information nor any changes in scope and limitation. **GRI 102-45 | 102-48 | 102-49 | 102-51 | 102-56**

To define the content presented herein, internal and external research results associated to topics that are relevant to us and our market were considered. This process, which is updated annually and submitted to the Sustainability Committee, established the following topics that are relevant both internally and externally: Health and safety; Transparency and anticorruption practices; CO_2 emissions, water consumption and waste management; and Human development. **GRI 102-46 | 102-47 | 103-1**

The respective indicators related to them are expressed in the GRI Content Summary.

For comments on this document, please e-mail dri@santosbrasil.com.br and sustentabilidade@santosbrasil.com.br or call +55 (11) 3279-3279 **GRI 102-53**

See GRI Appendix, in the "Engagement with stakeholders" table, the available channels for interacting with them, the most recurring demands submitted, and the pages in which they are covered in this report.

CORPORATE INFORMATION

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ASSURANCE STATEMENT

STATEMENT OF VERIFICATION ACTIVITIES OF THE SOCIOENVIRONMENTAL INDICATORS IN 2018 FOR SANTOS BRASIL GIVEN BY SGS ICS CERTIFICADORA (SGS).

NATURE AND SCOPE OF CERTIFICATION

The SGS was hired by Santos Brasil to carry out the third-party assurance of their socioenvironmental indicators in 2018. The assurance scope, based on assurance methodology of the SGS Sustainability reports comprise the verification of the CO2 emission indicators, waste generation, water use and occupational accidents in 2018 for the following sites: Tecon Santos; TEV; Tecon Vila do Conde; Tecon Imbituba and Santos Brasil Logística (CD SP; CD SBC; Clia Guarujá, Clia Santos and TTR).

The responsibility socioenvironmental indicator data of Santos Brasil and their presentation lies on directors and managers of Santos Brasil. The SGS is not related to any material included to the socioenvironmental indicators. We are liable for giving our opinion of the data, charts and statements covered by the assurance scope, in order to communicate the Santos Brasil's stakeholders

This report was assured considering our protocols of content accuracy assessment based on guidelines of AA1000AS Assurance Standard; guidelines of ISO 19001 for Management System Audits and Reporting Principles for Defining Report Quality (GRI 101: Foundation). The assurance comprised data sampling combined with the previous investigation, interviews with strategic employees, documentation review, data record and assessment of the socioenvironmental indicators 2018 collected and managed by Santos Brasil.

IMPARTIALITY AND COMPETENCE STATEMENT

The SGS Group is global lead in inspection, analysis and verifications services, operating in more than 140 countries and rendering services that includes management system certification, audits and trainings on quality, environmental, social and ethic segments, sustainability assurance reports and greenhouse gases verification. The SGS attests your independence against Santos Brasil, stating that is exempt from interest conflict with the organization, their subsidiary and stakeholders.

The assurance team was composed according to members' expertise, experience and competence for this activity, the team is composed of:

- A Lead Auditor for Sustainability Assurance report, a lead auditor for the socioenvironmental programs, a greenhouse gases (GHG) inspector.
- Na auditor for Sustainability Audit report, Inspection head of greenhouse gases (GHG) and climate change programs, an auditor for socioenvironmental programs.

ASSURANCE OPINION

Regarding the methodology presented and verification performed, we have not found any circumstances that suggests the information and data contained in socioenvironmental indicators 2018, are not reliable and does not correspond to a fair and balanced representation of the activities rendered by Santos Brasil in 2018 against the requirements assessed. The assurance team has the opinion the socioenvironmental indicators can be used by Santos Brasil Stakeholders based on their analysis and decision making.

SUMMARY OF RESULTS ASSURED

The annual result summary of the socioenvironmental indicators 2018 of Santos Brasil according to the aforesaid scope can be found on table below:

	Tecon Santos	Tecon e TCG Imbituba	Tecon Vila do Conde	Clia Santos	Clia Guarujá	CD SBC	TTR
CO_2 Emission Indicator							
Total CO_2 Emission – kg	18.46 x 106	1.28 x 106	3.86 x 106	1.66 x 106	0.45 x 106	0.16 x 106	6.42 x 106
CO_2 Emission – kg/TEU	12.75	14.83	25.33	26.00	21.99	NA	NA
CO_2 Emission – kg/pallets	NA	NA	NA	NA	NA	0.41	NA
CO_2 Emission – kg/km	NA	NA	NA	NA	NA	NA	1.02
Waste Indicator							
Total recyclable (classes I and II) - ton	580.20	125.72	88.54	106.37	71.09	580.19	NA
Total non-recyclable (class I) – ton	32.42	16.45	21.15	11.94	17.35	0.00	NA
Total non-recyclable (class II) - ton	344.36	10.45	10.56	77.60	38.43	46.26	NA
Total waste (tons)	956.98	152.62	120.25	195.91	126.87	626.45	NA
Water Indicator							
Consumption (m^3/per head)	2.65	0.68	0.34	1.41	1.11	1.62	NA
Occupational Accident indicator							
Frequency rate (TF)	5.14	25.59	6.17	3.93	0.00	0.00	6.54
Severity Rate (TG)	42.16	244.89	18.52	39.33	0.00	0.00	54.51

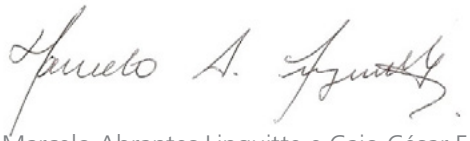
NA: Non-applicable.
(1) The total TF for logistics corresponds to the sum of Clia Santos, Clia Guarujá, CD SBC and TTR, where TF (K10) = 0 and TF (Storage III) = 5,87.
(2) The total TG for logistics is the sum of Clia Santos, Clia Guarujá, CD SBC and TTR, where TG (K10) = 0 and TF (Warehouse III) = 88,03.

RECOMMENDATIONS, FINDINGS AND CONCLUSIONS

The socioenvironmental indicators are suitable to the standards considered. The material aspects and their limits within and out of the organization in general are properly set and there is no information that were not evidenced. It is important to highlight the effort, promptness and organization of the Santos Brasil team while developing their socioenvironmental indicators.

The Santos Brasil has shown an excellent control and organization of the evidences and emission, waste use and accident rate indicators, showing a huge advance and effort of the team to enhance quality of the indicators in comparison to the past audit of the indicators 2016t held by SGS in 2017 . We have not found any circumstance suggesting the information and data assessed are not reliable.

Executed by and on behalf of SGS



Marcelo Abrantes Linguitte e Caio César Ferreira Faria
Lead Auditor and Socioenvironmental Auditor
SGS ICS Certificadora Ltda.
February 25th, 2019
www.sgs.com

ANEXO GRI

SAFETY GRI 403-2

OCCURRENCES	TECON SANTOS					
Own employees	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
No. of accidents with no lost working hours	7	2	7	3	1	1
Men	7	2	7	3	1	1
Women	0	0	0	0	0	0
No. of accidents with lost working hours	17	21	18	22	21	15
Men	14	21	18	19	21	14
Women	3	0	0	3	0	1
"Frequency ratio (accident with lost working hours)"	4.55	5.74	5.34	6.21	6.35	5.14
Occupational disease ratio	0	0	0	0	0	0
Men	0	0	0	0	0	0
Women	0	0	0	0	0	0
Working days lost	546	355	197	150	185	123
Absenteeism ratio (%)	0.35	0.42				
No. of deaths	0	0	0	0	0	0
Men	0	0	0	0	0	0
Women	0	0	0	0	0	0
"Severity ratio (accident with lost working hours)"	145.89	114.89	5.44	42.37	93.92	42.16
Third Party	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
No. of injuries	8	8	10	8	17	6
No. of occupational diseases	0	0	0	0	0	0
Deaths	0	0	0	0	0	0
Independent (OGMO)	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
No. of injuries	14	8	7	9	8	3
No. of occupational diseases	0	0	0	0	0	0
No. of days lost with medical leave	162	32	31	46	31	0
Deaths	0	0	0	0	0	0

OCCURRENCES	TECON IMBITUBA					
Own employees	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
No. of accidents with no lost working hours	0	0	1	0	1	0
Men	0	0	1	0	1	0
Women	0	0	0	0	0	0
No. of accidents with lost working hours	2	1	4	2	1	7
Men	2	1	4	2	1	7
Women	0	0	0	0	0	0
"Frequency ratio (accident with lost working hours)"	10.31	5.61	11.69	9.09	4.20	25.59
Occupational disease ratio	0	0	0*	0	0	0
Men	0	0	0*	0	0	0
Women	0	0	0*	0	0	0
Working days lost	15	4	49	12	10	67
Absenteeism ratio (%)	-	0.15				
No. of deaths	0	0	0	0	0	0
Men	0	0	0	0	0	0
Women	0	0	0	0	0	0
"Severity ratio (accident with lost working hours)"	77.00	22.00	97.46	54.52	41.97	244.89
Third Party	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
No. of injuries	0	0	1	0	0	2
No. of occupational diseases	0	0	0	0	0	0
Deaths	0	0	0	0	0	0
Independent (OGMO)	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
No. of injuries	2	3	0	0	0	1
No. of occupational diseases	0	0	0	0	0	0
No. of days lost with medical leave	15	70	0	0	0	0
Deaths	0	0	0	0	0	0

OCCURRENCES	TECON VILA DO CONDE					
Own employees	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
No. of accidents with no lost working hours	2	2	1	0	1	2
Men	2	2	1	0	1	2
Women	0	0	0	0	0	0
No. of accidents with lost working hours	1	6	11	2	2	4
Men	1	6	11	2	2	4
Women	0	0	0	0	0	0
"Frequency ratio (accident with lost working hours)"	2.63	11.72	5.77	3.29	3.62	6.17
Occupational disease ratio	0	0	0*	0	0	0
Men	0	0	0*	0	0	0
Women	0	0	0*	0	0	0
Working days lost	10	67	74	64	19	12
Absenteeism ratio (%)	-	0.17%				
No. of deaths	0	0	0	0	0	0
Men	0	0	0	0	0	0
Women	0	0	0	0	0	0
"Severity ratio (accident with lost working hours)"	26.28	130.92	106.68	105.39	34.42	18.52
Third Party	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
No. of injuries	0	1	0	0	0	1
No. of occupational diseases	0	0	0	0	0	0
Deaths	0	0	0	0	0	0
Independent (OGMO)	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
No. of injuries	0	1	0	0	0	0
No. of occupational diseases	0	0	0	0	0	0
No. of days lost with medical leave	0	0	0	0	0	0
Deaths	0	0	0	0	0	0

OCCURRENCES	TEV					
Own employees	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
No. of accidents with no lost working hours	0	0	0	0	0	0
Men	0	0	0	0	0	0
Women	0	0	0	0	0	0
No. of accidents with lost working hours	0	0	1	0	0	1
Men	0	0	1	0	0	1
Women	0	0	0	0	0	0
"Frequency ratio (accident with lost working hours)"	0	0	8.76	0	0	12.19
Occupational disease ratio	0	0	0*	0	0	0
Men	0	0	0*	0	0	0
Women	0	0	0*	0	0	0
Working days lost	0	0	3	0	0	15
Absenteeism ratio (%)	-	0.09%				
No. of deaths	0	0	0	0	0	0
Men	0	0	0	0	0	0
Women	0	0	0	0	0	0
"Severity ratio (accident with lost working hours)"	0.00	0.00	26.29	0.00	0.00	182.82
Third Party	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
No. of injuries	0	2	1	0	1	0
No. of occupational diseases	0	0	0	0	0	0
Deaths	0	0	0	0	0	0
Independent (OGMO)	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
No. of injuries	-	-	-	-	-	-
No. of occupational diseases	-	-	-	-	-	-
No. of days lost with medical leave	-	-	-	-	-	-
Deaths	-	-	-	-	-	-

OCCURRENCES	LOGÍSTICA					
Own employees	2013	2014	2015	2016	2017	2018
No. of accidents with no lost working hours	0	0	1	0	0	0
Men	0	0	1	0	0	0
Women	0	0	0	0	0	0
No. of accidents with lost working hours	11	12	7	4	7	6
Men	11	12	7	4	7	6
Women	0	0	0	0	0	0
"Frequency ratio (accident with lost working hours)"	4.58	4.78	3.14	2.29	5.02	3.43
Occupational disease ratio	0	0	0*	0	0	0
Men	0	0	0*	0	0	0
Women	0	0	0*	0	0	0
Working days lost	111	96	67	34	72	60
Absenteeism ratio (%)	1.02%	0.93%				
No. of deaths	0	0	0	0	0	0
Men	0	0	0	0	0	0
Women	0	0	0	0	0	0
"Severity ratio (accident with lost working hours)"	46.25	38.24	30.10	19.45	42.42	34.29

INTERNAL AUDIENCE

NEW HIRES GRI 102-8

Type of Contract	Baixada Santista	Imbituba	Planalto	Vila do Conde	Grand Total
Indefinite term	77	1	7	31	116
Trainees	7				7
Apprentices	12		3		15
Grand total	96	1	10	31	138

BY REGION – TOTAL NUMBER

Company	Baixada Santista	Imbituba	Planalto	Vila do Conde	Grand Total
SB Logística	20		6		26
Tecon Imbituba		1			1
Tecon Santos	76		4		80
Tecon Vila do Conde				31	31
Grand Total	96	1	10	31	138

GRI 102-8 | 405-1

Age Group	Women			Men			Grand Total
	Quantity	% Women	% Overall	Men	% Men	% Overall	
Under 30 years	147	39.62%	4.86%	398	14.99%	13.15%	545
30 a 50 years	203	54.72%	6.71%	1,849	69.64%	61.10%	2,052
Over 50 years	21	5.66%	0.69%	408	15.37%	13.48%	429
Grand total	371	100.00%	12.26%	2,655	100.00%	87.74%	3,026

TYPE OF EMPLOYMENT	Baixada Santista	Imbituba	Planalto	Vila do Conde	Grand Total
Indefinite term	2,250	155	227	338	2,970
Apprentice	33	5	6	0	44
Trainee	12	0	0	0	12
Grand total	2,295	160	233	338	3,026

EDUCATIONAL LEVEL	Number of Employees
Masters	1
Post-Graduate	63
College Degree	512
Did not finish College	73
Technical Degree	167
Did not finish Technical Education	5
Secondary Education	1,914
Did not finish Secondary Education	53
Fundamental Education	193
Did not finish Fundamental Education	45
No Education	0
Grand Total	3,026

GRI 202-1

Company	Gender	Minimum Wage by Company	Minimum Wage Nationwide	Difference	%
Logística	Male	R$ 1,241.97	R$ 954.00	R$ 287.97	30.19%
	Female	R$ 1,241.97	R$ 954.00	R$ 287.97	30.19%
Tecon Santos	Male	R$ 1,367.35	R$ 954.00	R$ 413.35	43.33%
	Female	R$ 2,028.41	R$ 954.00	R$ 1,074.41	112.62%
Tecon Imbituba	Male	R$ 1,547.33	R$ 954.00	R$ 593.33	62.19%
	Female	R$ 1,668.44	R$ 954.00	R$ 714.44	74.89%
Tecon Vila do Conde	Male	R$ 1,261.59	R$ 954.00	R$ 307.59	32.24%
	Female	R$ 1,647.65	R$ 954.00	R$ 693.65	72.71%
TEV	Male	R$ 1,367.35	R$ 954.00	R$ 413.35	43.33%
	Female	R$ 1,780.73	R$ 954.00	R$ 826.73	86.66%

GRI 403-3

HOURS WORKED AND UNJUSTIFIED ABSENTEEISM BY COMPANY – 2018

	Total Hours worked in the year	Unjustified absenteeism in the year	% over hours worked
Logística	1,570,748.38	7,995.65	0.51%
Tecon Imbituba	269,330.68	132.65	0.05%
Tecon Santos	3,064,475.70	3,098.62	0.10%
Tecon Vila do Conde	642,737.60	1,496.50	0.23%
TEV	83,409.88	93.83	0.11%

ENVIRONMENT
Emissions

GRI 401-1

Region	Number of employees
Baixada Santista	2,295
Imbituba	160
Planalto	233
Vila do Conde	338
Grand total	3,026

GRI 401-1

TURNOVER BY REGION – 2018

Company	%
Logística	12.11%
Tecon Imbituba	8.86%
Tecon Santos	5.33%
Tecon Vila do Conde	14.14%
TEV	5.16%
TOTAL TURNOVER	8.13%

TURNOVER BY REGION – 2018 GRI 401-1

Region	%
Pará	14.14%
Santa Catarina	8.86%
São Paulo	7.34%
Distrito Federal	0.00%

CO_2E EMISSIONS BY UNIT GRI 305-4 | 305-5

	Emissions	Tecon Santos	Tecon/TCG Imbituba	Tecon Vila do Conde	Clia Santos	Clia Guarujá
2017	Tons of CO_2e	18,382.54	943.43	2,731.81	1,620.65	248.15
	kilos of CO_2e /TEU	13.91	20.09	23.39	27.27	30.06
2018	Tons of CO_2e	18,462.50	1,277.03	3,864.81	1,662.22	450.26
	kilos of CO_2e /TEU	12.75	14.83	25.33	26.00	21.99

EMISSIONS		TTR
2017	Tons of CO_2e	7,479.38
	kg of CO_2e/km	1.02
2018	Tons of CO_2e	6,423.21
	kg of CO_2e/km	1.02
TARGET		SBC
2017	Tons of CO_2e	150.49
	kg of CO_2e/pallet	0.53
2018	Tons of CO_2e	156.89
	kg of CO_2e/pallet	0.41

TEU HANDLING – 2017 X 2018

	TEU					Pallet	Km Driven
	Tecon Santos	Tecon/TCG Imbituba	Tecon Vila do Conde	Clia Santos	Clia Guarujá	CD São Bernardo	TTR
2017	1,321,435.00	46,954.00	116,800.82	59,435.00	8,256.00	283,164.00	7,329,888.00
2018	1,448,249.00	86,123.00	152,599.48	63,929.00	20,474.00	380,790.75	6,282,668.00

CO_2e EMISSIONS GRI 305-1 | 305-2

Direct emissions (Scope I)	Tons of CO_2e
Total Emissions - Scope I	29,474.74
Tecon Santos	16,366.10
Tecon/TCG Imbituba	1,135.04
Tecon Vila do Conde	3,614.12
Clia Santos	1,477.33
Clia Guarujá	419.64
TTR	6,404.90
CD São Bernardo	57.61
Indirect emissions (Scope II)	**Tons of CO_2e**
Total Emissions – Scope II	2,822.17
Tecon Santos	2,096.40
Tecon/TCG Imbituba	142.00
Tecon Vila do Conde	250.69
Clia Santos	184.89
Clia Guarujá	30.59
TTR	18.32
CD São Bernardo	99.28
Direct emissions (Scope 1) + Indirect emissions (Scope 2) Tons of CO_2e	
Total	32,296.90

EMISSIONS – PORT OPERATIONS			$kgCO_2e/TEU$
2017	Tons of CO_2e	22,057,784	14.85
	Handled	1,485,190	
2018	Tons of CO_2e	23,604,340	13.99
	Handled	1,686,971	

EMISSIONS – CLIAS			$kgCO_2e/TEU$
2017	Tons of CO_2e	1,868,800	27.61
	Handled	67,691	
2018	Tons of CO_2e	2,358,863	25.03
	Handled	84,403	

EMISSIONS – TTR			$kgCO_2e/km$
2017	Tons of CO_2e	7,479,380	1.02
	Km driven	7,329,888	
2018	Tons of CO_2e	6,423,210	1.02
	Km driven	6,282,668	

EMISSIONS – CD			$kgCO_2e/pallet$
2017	Tons of CO_2e	150,490	0.53
	Pallet handled	283,164	
2018	Tons of CO_2e	156,890	0.41
	Pallet handled	380,791	

Residues

RESIDUE GENERATION - 2018 (METRIC TONS) GRI 306-2

	Tecon Santos	Tecon/TCG Imbituba	Tecon Vila do Conde	Logística	Total
Total recyclable (class I & II)	580.20	125.72	88.54	757.65	1,552.11
Total non-recyclable (class I & II)	377.00	26.90	31.71	191.58	627.19
Total	957.20	152.62	120.25	949.23	2,179.30

RESIDUE GENERATION - 2017 (METRIC TONS) GRI 306-2

	Tecon Santos	Tecon/TCG Imbituba	Tecon Vila do Conde	Logística	Total
Total recyclable (class I & II)	588.64	44.67	42.03	970.61	1,645.95
Total non-recyclable (class I & II)	365.15	25.22	34.46	168.67	593.50
Total	953.79	69.88	76.49	1,139.28	2,239.45

MONTHLY AVERAGE RESIDUE GENERATION BY UNIT 2018 - (METRIC TONS)

	Tecon Santos	Tecon/TCG Imbituba	Tecon Vila do Conde	Logística
Total recyclable (class I & II)	48.35	10.48	7.38	63.14
Total non-recyclable (class I & II)	31.42	2.24	2.64	15.97
Total	79.77	12.72	10.02	79.10

REVERSE LOGISTICS 2018 (METRIC TONS) GRI 306-2 | 301-3

	Port Operation	Logistics	Total
January	27.82	0.00	27.82
February	9.22	3.23	12.45
March	4.29	0.00	4.29
April	3.24	0.00	3.24
May	0.52	0.00	0.52
June	15.21	9.04	24.25
July	1.9	2.23	4.13
August	0.66	4.75	5.41
September	4.48	3.58	8.06
October	12.46	3.10	15.56
November	10.43	2.51	12.94
December	1.03	1.05	2.08
Total	91.26	29.49	121

RESIDUE GENERATION PER HANDLING 2017 (kg/TEU) GRI 306-2

	Tecon Santos	Tecon/TCG Imbituba	Tecon Vila do Conde	Clia Santos	Clia Guarujá	CD São Bernardo
Total recyclable (class I & II)	0.45	0.95	0.36	2.69	7.88	2.63
Total non-recyclable (class I & II)	0.28	0.54	0.30	1.35	5.11	0.16
Total	0.72	1.49	0.65	4.04	12.99	2.80

RESIDUE GENERATION PER HANDLING 2018 (kg/TEU) GRI 306-2

	Tecon Santos	Tecon/TCG Imbituba	Tecon Vila do Conde	Clia Santos	Clia Guarujá	CD São Bernardo
Total recyclable (class I & II)	0.40	1.46	0.58	1.66	3.47	1.52
Total non-recyclable (class I & II)	0.25	0.29	0.23	1.40	2.72	0.12
Total	0.65	1.75	0.81	3.06	6.20	1.65

Water

WATER CONSUMPTION (CUBIC METERS) GRI 303-1

	Tecon Santos	Tecon/TCG Imbituba	Tecon Vila do Conde	Clia Santos	Clia Guarujá/ TTR	CD São Bernardo
January	7,271	82	131	792	282	560
February	5,488	127	133	653	276	307
March	7,482	134	131	544	310	359
April	6,672	152	130	866	295	428
May	7,968	132	131	668	326	360
June	3,147	100	131	524	279	370
July	4,156	133	131	515	275	445
August	4,311	148	130	486	310	326
September	4,593	149	150	452	295	323
October	4,496	198	132	474	307	310
November	4,301	84	132	441	303	315
December	5,020	137	134	229	302	339
Total	64,905.00	1,576.00	1,596.56	6,644.00	3,560.00	4,442.00

WATER CONSUMPTION (CUBIC METERS) GRI 303-2

	Public mains/ hydromineral sources	Artesian well	Total Santos Brasil	Hydro sources by water collection
Tecon Santos	64,905.00	-		Public water mains and hydromineral water sources
Tecon/TCG Imbituba	1,576.00	-		
Tecon Vila do Conde	1,596.56	-		
Clia Santos	6,644.00	-		Public water mains and hydromineral water sources
Clia Guarujá/TTR	3,560.00	-		
CD São Bernardo	-	4,442.00		
Total	78,281.56	4,442.00	82,723.56	

WATER CONSUMPTION (CUBIC METERS) - 2017 X 2018 GRI 305-4

	Tecon Santos	Tecon/TCG Imbituba	Tecon Vila do Conde	Clia Santos	Clia Guarujá	CD São Bernardo
2017	91,115.00	1,121.00	1,587.21	6,688.00	4,187.00	5,343.00
2018	64,905.00	1,576.00	1,596.56	6,644.00	3,560.00	4,442.00

RATIO PER CAPITA (cu.m.)

	Tecon Santos	Tecon/TCG Imbituba	Tecon Vila do Conde	Clia Santos	Clia Guarujá	CD São Bernardo
2017	3,62	0,49	0,35	1,54	0,92	2,03
2018	2,65	0,68	0,34	1,41	1,11	1,62

CONSUMPTION X TEU RATIO

	Tecon Santos	Tecon/TCG Imbituba	Tecon Vila do Conde	Clia Santos	Clia Guarujá	CD São Bernardo
2017	0.07	0.02	0.01	0.11	0.51	0.02
2018	0.04	0.02	0.01	0.10	0.17	0.01

Energy

ENERGY INTENSITY – (kWh/TEU) GRI G4-EN5

		Tecon Santos	Tecon/TCG Imbituba	Tecon Vila do Conde	Clia Santos	Clia Guarujá	CD São Bernardo	TTR
2017	kWh	28,517,219.28	956,481.00	2,857,491.85	2,523,443.96	392,743.20	261,828.80	1,019,935.12
	kWh/TEU	2.01	2.01	2.35	3.16	4.55	-	-
	kWh/pallet	-	-	-	-	-	-	0.34
	kWh/km	-	-	-	-	-	0.004	-
2018	kWh	28,202,452.50	1,961,768.00	3,391,814.07	2,470,114.03	417,247.20	260,576.28	1,381,039.50
	kWh/TEU	1.45	1.65	1.64	2.67	1.49	-	-
	kWh/pallet	-	-	-	-	-	-	0.26
	kWh/km	-	-	-	-	-	0.002	-

TEU/PALLET/KM HANDLING – 2017 X 2018

	Tecon Santos	Tecon/TCG Imbituba	Tecon Vila do Conde	Clia Santos	Clia Guarujá	CD São Bernardo	TTR
2017	1,321,435.00	46,954.00	116,800.82	59,435.00	8,256.00	283,164.00	7,329,888.00
2018	1,448,249.00	86,123.00	152,599.00	63,929.00	20,747.00	380,790.75	6,282,668.00

ENERGY CONSUMPTION – (kWh) GRI 302-1

	Tecon Santos	Tecon/TCG Imbituba	Tecon Vila do Conde	Clia Santos	Clia Guarujá	CD São Bernardo
January	2,273,665.44	175,838.00	362,032.50	177,906.71	38,826.00	102,807.60
February	2,248,780.76	223,149.00	291,848.10	207,597.16	35,568.00	91,787.30
March	2,959,750.68	208,160.00	351,518.30	207,503.00	35,609.40	122,759.30
April	2,595,530.88	222,175.00	286,438.10	200,806.16	37,275.60	114,988.90
May	2,740,717.00	201,924.00	156,168.27	216,960.21	33,190.20	100,869.60
June	2,430,664.84	155,008.00	265,193.35	211,908.23	31,084.80	110,426.70
July	2,359,460.92	147,169.00	262,595.54	205,226.56	33,835.20	110,156.30
August	2,405,263.96	129,701.00	285,415.23	191,780.96	29,284.20	109,755.40
September	2,122,842.88	127,738.00	282,651.17	227,462.90	35,668.80	106,390.40
October	2,083,363.50	139,257.00	282,651.17	234,522.18	37,735.80	106,609.40
November	1,994,236.52	118,574.00	282,651.17	196,604.80	34,932.60	199,889.40
December	1,988,175.12	113,075.00	282,651.17	191,835.17	34,236.60	104,599.20
Total	28,202,452.50	1,961,768.00	3,391,814.07	2,470,114.03	417,247.20	1,381,039.50

STAKEHOLDER ENGAGEMENT GRI 102-40 | 102-42 | 102-43 | 102-44

Stakeholders	Main themes (Demands)	Main channels
Shareholders	• Status of the Tecon Santos expansion project analysis process • Funding timeline and structure f or investment in the expansion • Competition faced in the Port of Santos • Clarification on possible impacts of the Ports Decree in the expansion plan for Tecon Santos and the Company's lease agreements • Update on the renewal process of the contract with Hamburg Sud • Report on progress of the asset sales process • Evaluation of impacts caused by the truckers' strike	E-mail, Website, IR Ombudsman, result verification, Apimec meetings and contacts with analysts
Clients	• System improvements • Innovations in services offered • New procedures	Business consultants, Customer Relations Area, Satisfaction survey, website, marketing e-mail, APP, and social networks
Public Power	• Operational, environmental and safety performance • Single Foreign Trade Program	E-mail, forums and specific contact points in the organizational structure
Employees	• Leadership • Social initiatives and internal campaigns • Sustainability • Occupational safety and health • Technology and innovation • Operating equipment • Investments • Targets and Profit Sharing Plan	Weekly wall panel, e-mails, personal communication, internal app, social networks and channel for direct communication with the leadership
Suppliers, third parties and aggregates	• Transparency in business • Non-involvement with work analogous to slave labor • Reverse logistics • The Environment	E-mail, website, systems and direct contact
Press	• Financial results • Investments in Tecon Vila do Conde • Performance records at the terminals • Contracts (new and renovation) • New services • Technology • Coastal Shipping • Truckers' strike (freight)	Communication area, Press office, social networks and website
Class associations	• Compensation adjustment and benefits due to inflation • Regular meetings	"Gente & Gestão" team
Communities	• Donations and sponsorships • Formare Aprendiz Program	Sustainability Team, social networks and Community Dialogues

CONTENT SUMMARY GRI

GRI 102-55

GRI 102: GENERAL CONTENT

		Page/Answer
1. Organization Profile		
102-1	Name of the organization	Cover
102-2	Activities, Brands, Products and Services	Page 3
102-3	Location of Headquarters	Page 3
102-4	Location of Operations	Page 3
102-5	Legal ownership	Page 3
102-6	Markets Served	Pages 3 & 4
102-7	Size of the Organization	Page 3
102-8	Information on employees and other workers	Page 3 and 42 and GRI Appendix
102-9	Supply Chain	Page 47
102-10	Significant changes in the organization and its supplier chain	There were no significant changes.
102-11	Principle or Approach to precaution	Page 26
102-12	External Initiatives	Page 19
102-13	Participation in associations	Page 19
2. Strategy		
102-14	Statement by the most senior decision-maker of the organization	Pages 9 & 10
102-15	Main impacts, risks and opportunities	Pages 9 & 10

		Page/Answer
3. Ethics & Integrity		
102-16	Values, principles, standards and behavioral norms	Page 4
102-17	Counseling and ethical concern mechanisms	Page 20
4. Governance		
102-18	Governance Structure	Pages 21 & 22
102-19	Delegation of Authority	Page 21
102-20	Executive Responsibility for economic, environmental and social issues	Page 21
102-21	Stakeholder consultation on economic, environmental and social topics	We have received suggestions from our stakeholders through our channels all year long. Several themes are considered, including those that have economic, environmental and social impact.
102-22	Composition of the highest governance body and its committees	Page 21
102-23	President of the highest governance body	Page 21
102-24	Appointment and selection of the highest governance body	Page 21
102-25	Conflicts of Interest	Page 20
102-26	Role of the highest governance body in defining purpose, values and strategy	Page 21

		Page/Answer
102-27	Measures for improving the knowledge of the highest governance body	This information is considered confidential.
102-28	Performance evaluation of the highest governance body	The final amount of the executives' variable remuneration is the result of a business plan consisting of (Ebitda/EVA), team goals (shared), and individual goals (by project/ performance).
102-29	Identification and management of economic, environmental and social impacts	Economic, environmental and social impacts are identified and monitored in our main committees,such as the Sustainability committee.
102-30	Effectiveness of risk management processes	Page 26
102-31	Analysis of economic, environmental and social topics	Economic, environmental and social issues are reviewed annually and inserted into our routine through the management calendar and periodic meetings held with all levels.
102-32	Role of the highest governance body in the Sustainability Report	The Sustainability Report is approved by the main executives on the Sustainability Committee.
102-33	Communication of critical concerns	There is no provision for consulting employees about working with formal representation bodies.
102-34	Nature and total number of critical concerns	There is no such control.
102-35	Remuneration policies	The Board has a fixed remuneration that is unrelated to social and environmental performance. For executives, the remuneration comprises a monthly salary (plus 13th salary + vacation) and Short Term Incentives (bonuses). Bonus goals are performance related and are composed of Ebitda and EVA.
102-36	Process for establishing remuneration	Annual or bi-annual surveys are conducted for directors by specific consultancies, seeking to position them with the market. The variable remuneration model for executives isdefined by the Gente & Gestão area together with the Statutory Directors. The remuneration modelof the Executive Directors is defined by the Board.
102-37	Stakeholder involvement in setting remuneration	This type of analysis is not performed.
102-38	Annual remuneration listing	This type of analysis is not performed.
102-39	Percentual increase ratio over the total annual remuneration	This type of analysis is not performed.

		Page/Answer
5. Stakeholder Engagement		
102-40	List of stakeholders	GRI Appendix: Stakeholder Engagement
102-41	Collective negotiation agreements	Collective negotiation agreements cover 100% of our employees.
102-42	Basis for identifying and selecting stakeholders for engagement	GRI Appendix: Stakeholder Engagement
102-43	Approach to Stakeholder Engagement	GRI Appendix: Stakeholder Engagement
102-44	Main topics and concerns raised	GRI Appendix: Stakeholder Engagement
6. Reporting Practices		
102-45	Entities included in the consolidated financial statements	Page 56
102-46	Setting the contents of the report and topic boundaries	Page 56
102-47	List of Material Topics	Page 56
102-48	Reformulating information	Page 56
102-49	Scope and Limit Change	Page 56
102-50	Period covered by report	Page 56
102-51	Date of last report	Page 56
102-52	Reporting Cycle Page	Page 56
102-53	Point of contact for questions about the report	Page 56
102-54	Declaration of having prepared the report in compliance with GRI Standards	Page 56
102-55	Table of GRI Contents	Pages 70-74
102-56	External verification	Page 56
GRI 103: FMANAGEMENT TYPES		
103-1	Explanation of material topic and its limit	Page 56
103-2	Management types and their components	Indicated in the course of the entire document.
103-3	Evaluation of the management type	Indicated in the course of the entire document.

		Page/Answer
GRI 200: ECONOMY SERIES		
GRI 201: Economic performance		
201-1	Direct generated and distributed economic value	Page 42
201-2	Financial implications and other risks and opportunities resulting from climate change	There is no calculation of the financial implications.
201-3	Obligations of the defined benefit plan and other retirement plans	Tecon Santos has a Private Pension Plan, together with the body/supplier BrasilPrev, which enables employees to draw up a secure personal income/investment plan aiming at future financial stability in cases of termination/ retirement. The Private Pension Plan has rules established by the company and complies with the guidelines set forth by Banco do Brasil, an institution that is associated with BrasilPrev. The plan has two groups, which we call Group I and Group II. Group I consists of those receiving remuneration equal or higher than R$ 3,701.21 and the company contributes with 2.5% and the employee with 2.5% or above this amount, and decision is up to the employee's discretion. Group II is made up of those who receive a remuneration lower than R$ 3,701.21 and there is no monthly contribution, however its redemption is equivalent to three salaries to be received in case of termination for retirement, while complying with the eligibility rules, which are to be least 65 years old, 10 years' employment from the date of the contract or the effective start of the employment, whichever is the latest, to the termination of the employment relationship. The other units do not have this benefit.
201-4	Financial Assistance received from the government	There is none
GRI 202: Market presence		
202-1	Proportion of lowest salary paid, by gender, compared to the local minimum wage	GRI Appendix/Internal Audience
GRI 203: Indirect Economic Impacts		
203-1	Investments in infrastructure and offered services	Page 49
203-2	Significant indirect economic impacts	Page 50
GRI 204: Procurement Practices		
204-1	Proportion of expenses with local suppliers	Page 47

		Page/Answer
GRI 205: Anti-corruption		
205-1	Operations evaluated for corruption-related risk	We do not perform this type of analysis.
205-2	Communication and training on anti-corruption policies and procedures	Everybody joining the company receives integration training, which differs according to the unit, but with the same institutional content, which includes occupational safety aspects, the Code of Conduct, personnel regulations and knowledge of compliance. All employees are also trained regarding our Compliance Policy and the Confidential Channel.
205-3	Confirmed cases of corruption and actions taken	None have been recorded.
GRI 206: Unfair competition		
206-1	Legal actions for disloyal competition, trust practices and monopoly	None have been recorded.
SERIE 300 – ENVIRONMENTAL		
GRI 302: Energy		
302-1	Energy consumption outside the organization	Page 53 and GRI Appendix/Energy
302-2	Energy consumption outside the organization	We do not monitor energy consumption outside our organization.
302-3	Energetic intensity	GRI Appendix/Energy
302-4	Reduction of energy consumption	GRI Appendix/Energy
302-5	Reduction of energy requirements for products and services	We comply with all the requirements of the GHG Protocol and the guidelines of our Sustainability Policy, seeking new alternatives for power reduction, with a focus on process efficiency.
GRI 303: Water		
303-1	Water consumption by source	GRI Appendix/Water
303-2	Water sources significantly affected by water withdrawal	GRI Appendix/Water
303-3	Recycled and Reused Water	Page 51
GRI 304: Biodiversity		
304-2	Significant impacts of activities, products and services on biodiversity in protected areas that are of high value to biodiversity outside protected areas	As a logistics company, the main impacts that were measured, managed and treated are associated with CO_2 emissions and the release of treated effluents into water bodies.

		Page/Answer
GRI 305: Emissions		
305-1	Direct GHG Emissions (Scope 1)	GRI Appendix/Emissions
305-2	Indirect GHG emissions from energy acquisition (Scope 2)	GRI Appendix/Emissions
305-3	Other indirect GHG emissions (Scope 3)	We do not issue Scope 3 emissions.
305-4	Intensity of carbon emissions	GRI Appendix/Emissions
305-5	Reduction of CO_2 emissions	GRI Appendix/Emissions
305-6	Emissions of substances that destroy the ozone layer (SDO)	Not applicable. Emissions of substances that destroy the ozone layer (SDO) are not significant.
305-7	Nox, Sox and other significant emissions	Not applicable. We have no Nox and Sox emissions.
GRI 306: Effluents and Residues		
306-1	Water discharge by quality and destination	The sanitary effluents generated in the Tecon Imbituba and Logistics units, except for Clia Santos, are stored in septic tanks for subsequent shipment to regional treatment units. In the Tecon Vila do Conde unit, the entire sanitary effluent is treated by Companhia Docas do Pará (CDP) through its own system. The industrial activity effluents generated in maintaining and washing machinery/ equipment are segregated in the Water and Oil Separation System (SAO) and in the industrial effluent treatment plant, where the oily residue is collected and the water is reused for washing machines and equipment. The wastewater (treated effluent) is periodically analyzed by an accredited and certified laboratory.
306-2	Residue by type and disposal method	GRI Appendix/Waste
306-3	Significant leaks	None
306-4	Transportation of hazardous residues	None
306-5	Water bodies affected by water disposal and drainage	The Tecon Santos unit has two effluent treatment systems, one of which is a biological ETE for sanitary sewage treatment and a system for reusing water from its treatment. Clia Santos has a physical-chemical ETE for treating the industrial effluents generated in maintaining and washing the unit's machinery. All the oily effluent generated during the washing process is treated at the physical-chemical station, where the oil is withdrawn and will be destined for re-refining. The water resulting from the treatment process is reused for washing equipment for the flushing system of the maintenance area's toilets.

		Page/Answer
GRI 307: Environmental Compliance		
307-1	Non-compliance with environmental and regulatory legislation	Internal audits on legal environmental requirements are carried out following internal procedures, and the Conama 306 environmental audit is performed at Tecon Santos, Tecon Vila do Conde and Tecon Imbituba. The reports of the Conama 306 audits are sent to environmental agencies and regional port administrators.
GRI 308: Environmental Assessment of Suppliers		
308-1	New suppliers are selected based on environmental criteria	We value environmental aspects, and enter into contracts with companies that perform an environmentally correct destination of the products we use at the end of their useful life. Examples are the partnerships with tire strippers, who dispose of the tires in line with what is required by the environmental bodies and issue a final destination certificate.
308-2	Negative environmental impacts in the supply chain and actions taken	We do not make this analysis.
GRI 413: Local communities		
413-1	Operations with engagement of local communities, impact assessment and program development	Social programs serve 100% of the surrounding communities, but engagement and impact assessment do not occur fully in all of them.
413-2	Operations with significant and potential impacts in local communities	We seek to mitigate possible negative effects with actions in line with our Sustainability and Private Social Investment Policies – that focus on local development and social inclusion, primarily through education. We have made a new social diagnosis of the community in Guarujá, in partnership with Instituto Elos. By 2019, this work should be expanded to the other regions where we operate.
GRI 414: Social assessment of suppliers		
414-1	New suppliers were selected using social criteria	When contracting our usual suppliers, they are given the general supply conditions where there is a declaration of non-use of slave or child labor etc. Non-compliance of these obligations shall be grounds for immediate termination of the purchase order, provided that the violations are proven.
414-2	Negative social impacts on the supplier chain and actions taken	We are not aware of any negative social impact on the supplier chain.

		Page/Answer
GRI 415: Public Policies		
415-1	Political contributions	We do not contribute to politicians or political parties.
GRI 416: Client Health and Safety		
416-1	Assessment of health and safety impacts of the products and services categories	All our activities and services have risk analysis indicating the possible deviations and the required mitigating and emergency measures.
416-2	Cases of non-conformity related to impacts on health and safety from products and services	We are not product manufacturers, and our services do not impact society's health and safety.
GRI 418: Client Privacy		
418-1	Proven complaints concerning the violation of client privacy and data loss	We did not record any complaints or claims for violation of client privacy or loss of data in the year.
GRI 419: Social and Economic Compliance		
419-1	Non-compliance with laws and regulations in the social and economic areas	No cases were recorded in the year.

EXECUTION

GENERAL COORDINATION

Corporate Communication & Sustainability
Investor Relations

CONTENT, WRITING AND DESIGN

KMZ Conteúdo

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