

Sustainability Report

2016



SANTOS BRASIL



Contents

Annual Sustainability Report - 2016 Santos Brasil

Message from the CEO	3
About this Report	5
Identity	6
Ethics and Transparency	8
Strategy and management	9
Corporate governance	9
Risk management	13
Service Excellence	15
Operating performance	16
Competitive advantages	17
Financial performance	17
Safety	25
People	26
Cargo	27
Human Development	28
Internal public	29
Clients	30
Suppliers	30
Communities	31
Environment	32
GRI Supplementary Information	35
GRI Content Index	46
Declaration of Assurance	63
Corporate information / Credits	66

Message from the CEO

GRI G4-1 | G4-2

The deepening of Brazilian economic recession and its consequences, particularly in employment and consumption levels, had a strong impact on the Brazilian international trade flows and, therefore, in the results reported by Santos Brasil for 2016. The Port of Santos recorded a 3.9% drop in the total volume of container handled and of 8.9% drop in import containers, generating strong pressure on quay and storage operations.

The strategy we adopted to face the competitive and challenging business environment at the Port of Santos resulted in the market share recovery of Tecon Santos, which recorded a volume growth of 9.0%, with 1.4 million TEUs handled, keeping the leadership with 39.7% market share. In Vila do Conde, we recorded growth of 46.1%, with 103.6 thousand TEUs handled, as a result of the commercial effort to attract new clients. At Tecon Imbituba, we have handled 27,9 thousand TEUs, representing a decrease of 4.0% over the previous year. The provision of bonded warehouse by the Logistics segment dropped 32.1% directly affected by reduced imports of containerized cargo at the Port of Santos and the increased competition in providing this type of service.

The strong impact from the economic crisis on Brazil's automotive industry had a direct effect on the integrated logistics services provided by Santos Brasil Logística, whose portfolio has a relevant share of clients from this industry. We intensified our efforts to capture efficiency gains and to adjust the capacity of our operations by concentrating logistics clients at the São Bernardo do Campo Distribution Center and by closing the distribution center located in São Paulo.

Likewise, the fall in consumption recorded in the automotive industry also directly impacted the handling of the Vehicle Terminal (TEV), which fell by 14.8% in the number of vehicles handled in 2016. Exported vehicles accounted for 92.1% of the total of 179,888 units handled in the period.

We ended the year with net loss of R\$19.9 million and consolidated EBITDA of R\$87.4 million. EBITDA margin declined, closing the year at 10.5%, mainly due to the negative impacts caused by the macroeconomic scenario, pressing volumes and prices within an industry with high fixed costs. However, under the financial perspective, the cash flow arising from our operations and investments remained positive. We closed 2016 with R\$135.8 million in cash, despite paying a debt higher than R\$100 million in the same period. We ended the year with a net debt of R\$94.0 million and a leverage ratio of 1.1x (Net Debt/EBITDA). Total consolidated debt stood at R\$229.8 million.

In the first half of 2016, we developed an executive project that includes the investment of around R\$1.3 billion in the expansion project at Tecon Santos, which was submitted in late August to the Port Policies Department of the Ministry of Transportation, Ports and Civil Aviation (MTPAC). We also filed an application for the early extension of the lease agreement at Tecon Vila do Conde. Although by end-2016 the technical feasibility study had not been approved by ANTAQ, we still believe in the possibility of concluding the extension application before end-2017. The main goal of the new investment cycle is to implement new technologies that boost operational productivity and reduce our cost per container handled.

In June this year, we filed a Request for the Recovery of Economic-Financial Balance of Tecon Imbituba Lease Agreement with the Ministry of Transport, Ports and Civil Aviation (MTPAC). In December, we obtained a favorable decision from MTPAC, through the Secretaria of Ports, which granted injunction request to suspend the contractual obligation relating to the payment of the contractual minimum handling (MMC) of Tecon Imbituba Lease Agreement. The injunction is effective until MTPAC announces its decision regarding the Request to Reestablish Equilibrium. We expect a decision by the end of 2017.

Throughout the year, we enhanced our sustainability management with actions to improve our indicators regarding Health and Safety, Greenhouse Gas Emissions, Waste and Water. In line with the 10 principles of the Global Compact, an initiative that we supported since 2013, the Company launched our Human Rights Policy in 2016, confirming the practices that we encourage with our several stakeholders.

For 2017, the outlook points to a year similar to 2016, with weak signs of a recovery in international trade flows and conservative initiatives in the industry. We are more optimistic on the internal market, which is giving clearer signs of a recovery in imports, given the stronger Brazilian real against the U.S. dollar. It should be noted that coastal shipping should also keep the same growth levels observed over the past few years in 2017. At the Company, we will intensify our quest for efficiency and productivity, focusing on results, by readjusting the organizational structure and scaling operating and administrative costs and expenses. The goal is to get maximum return on our assets in

order to ensure our competitiveness and also promote the competitiveness of our stakeholders (shareholders, employees, clients and several partners).

We will continue offering our clients a complete portfolio of solutions and services that add value to the supply chain and differentiate us in the market through excellence in service delivery, in an ethical and transparent manner, respect to the environment, commitment to human development and with safety in our operations.

Antônio Carlos Duarte Sepúlveda

About this Report

For the ninth straight year, we are publishing this Sustainability Report to provide an account to our stakeholders on our economic, social and environmental performance in 2016. As in the previous document, released in May 2015, this publication adopts the G4 framework of the Global Reporting Initiative (GRI), with the Core “in accordance” option. The accounts and data contained herein, as well as the financial statements, which were subjected to external assurance, refer to all business units. None of the information provided in previous years was reformulated. [GRI G4-17](#) | [G4-22](#) | [G4-23](#) | [G4-28](#) | [G4-29](#) | [G4-30](#) | [G4-32](#) | [G4-33](#)

The contents follow the principle of materiality, a process that began in 2012 and is updated annually. The process involved aligning the results of internal and external surveys with analyses of the aspects of relevance to us and our stakeholders in order to identify the priority aspects for our corporate sustainability.

In 2014, our Sustainability Committee reassessed these aspects and redefined those that should guide our strategy. The process identified the following topics as priorities: Health & Safety; Transparency & Anticorruption Practices; CO₂ Emissions & Water Consumption; and Local Development, which are material to all stakeholders, both internal and external. In 2016, the topic “Solid Waste Management” was included to contribute to the management and dissemination of good waste management practices in the production chain. The performance indicators for each of these topics were submitted to external assurance, which was conducted by SGS and included in this report. [GRI G4-18](#) | [G4-19](#) | [G4-20](#) | [G4-21](#)

All these topics and the respective indicators are covered in this document in five blocks that portray the pillars that support our work to support the competitiveness of our clients:



At the end of the document, the GRI Content Index includes our priority aspects for the Sustainable Development Goals (SDG) and Global Compact, both sponsored by the United Nations.

If you have any questions, comments or suggestions about this report, please send an e-mail to dri@santosbrasil.com.br or sustentabilidade@santosbrasil.com.br or call 55 (11) 3279-3279. [GRI G4-31](#)

(Please see the GRI Supplementary Information for a table on “Stakeholder engagement” containing the main stakeholders and their respective recurring demands, our channels for interacting with them and the chapters in this report addressing the main topics of interest).

Identity

We are a Brazilian company with registered office in São Paulo, São Paulo and have been a reference in the country's container port operations for 20 years. We operate three terminals on the Brazilian coast in strategically located ports: Santos, São Paulo; Vila do Conde, Pará; and Imbituba, Santa Catarina. Our structure also includes a vehicle terminal (TEV) in the Port of Santos, two Bonded Industrial Logistics Centers (CLIAS), one in Santos and another in Guarujá, São Paulo, and a Distribution Center in São Bernardo do Campo, São Paulo, which allows us to offer our clients complete port-to-door logistics solutions. [GRI G4-3](#) | [G4-4](#) | [G4-5](#) | [G4-6](#) | [G4-8](#) |

Listed on the BM&FBovespa since 2006, we migrated to the Novo Mercado segment in August 2016, joining a select group of organizations that voluntarily adopt corporate governance practices in addition to those required by Brazilian law. At the time, the compositions of both the Board of Directors and the Board of Executive Officers were modified. [GRI G4-7](#) | [G4-13](#)

Our performance in the year, which was marked by social and environmental advances, was recognized by the market by figuring in the Época Negócios 360° ranking of the top 300 organizations in the Brazilian economy. We placed first in Social and Environmental Responsibility and Vision of the Future in the infrastructure sector and reached 75th place in the general classification, moving up six places from our position in 2015.

We also obtained Together for Sustainability certification after being audited by the organization, which is formed by the world's leading chemical companies, which use the Ecovadis platform to evaluate their chain. We also figure in the Gold Category, which represents only 5% of the suppliers of these companies.



Mission [GRI G4-56](#)

To promote competitiveness for our clients through efficient, agile and secure services, while respecting individuals and the environment, to ensure the generation of value for the shareholders and to contribute to Brazil's socioeconomic development.



Vision [GRI G4-56](#)

To be the best port infrastructure and integrated logistics services company in our markets of operation.



Values [GRI G4-56](#)



Identity

Units and location GRI G4-5 | G4-6 | G4-9



3
Container
terminals on the
Brazilian coast

5
Continents on
which we offer
our services

Handles
15.6%
of all containers
in Brazil

Handles
7.5%
of all containers
in South America

Key indicators GRI G4-9

Financial (R\$ million)			
	2014	2015	2016
Gross revenue from services rendered	1,152.3	1,109.3	956.7
Net revenue from services rendered	1,001.9	964.3	834.1
EBITDA	292.9	146.6	87.4
Net income	91.5	-18.1	-19.9
Capital expenditure	28.4	26.7	14.7
Social and environmental			
	2014	2015	2016
Accident severity seriousness rate	82.34	46.63	41.83
Accident frequency rate	5.61	4.89	4.83
Energy consumption (MWh)	32,916,889.64	29,486,441.23	37,130,736.61
Water consumption (m3)	82,606	88,435.84	84,748.28
Solid waste generation (m3)	512.16	274.66	181.34
CO ₂ emissions (total)	36,078.68	30,706.82	30,624.19
CO _{2e} emissions/TEU	18.87	16.13	15.22



Ethics & Transparency

Supported by these two pillars, in 2016, we migrated to the Novo Mercado special segment of the BM&FBovespa, undertaking even more rigorous commitments to corporate governance.

Ethics & Transparency

Strategy and management

In 2016, we stayed focus on reducing costs, boosting productivity and optimizing capital allocation. We continue to pursue maximum return on our assets by preparing them for a new investment cycle with the goal of meeting the demand expected from the expansion of the Panama Canal, which was concluded in 2016 and enables 366 meter-long vessels to berth on the Brazilian coast.

Throughout the year, we submitted to the Port Policies Department of the Ministry of Transportation, Ports and Civil Aviation (MTPAC) an executive project containing an investment of approximately R\$1.3 billion in the project to expand Tecon Santos. The project is pending a decision by MTPAC and, only after receiving approval, will we be able to request the permits required for the expansion works. The investment project also includes the acquisition of newer, more modern equipment to replace the ones currently used at Tecon Santos, which will provide efficiency and productivity gains and consequently reduce operating costs and expenses.

We also are awaiting a decision by year-end on our request to extend the Tecon Vila do Conde agreement to 2023. The request is based on the projected growth in container handled in the region, which in the last two years alone have grown by 72.6%. The contractual extension will enable the execution of our investment plan, which aims to expand the terminal's capacity to absorb demand and ensure service excellence and high-quality standards.

In June 2016, we submitted to MTPAC a Request to Reestablish the Economic and Financial Equilibrium of the Lease Agreement for Tecon Imbituba. In December, we

obtained a favorable decision from the ministry through its Port Policies Department, which approved the preliminary request to immediately suspend the contractual obligation demanding payment of the Minimum Contractual Operation (MMC) of the Lease Agreement for Tecon Imbituba. The injunction is effective until MTPAC announces its decision regarding the Request to Reestablish Equilibrium. On January 19, 2017, we were notified of the decision that granted suspensive effect to the appeal filed by SCPar Porto de Imbituba S.A., consequently suspending the effects of said injunction, the object of which will once again be evaluated by MTPAC in light of the counterarguments we presented in our defense.

Corporate governance

To us, ethics and transparency are more than principles, they are the pillars that support our business. To establish the rules of conduct that guide our internal and external relationships, we keep our Code of Ethics and Personnel Regulations up-to-date.

We also have a compliance system that includes a Compliance Policy, Compliance Committee and Confidential Portal for submitting whistleblowing reports, complaints and suggestions. The channel, which is managed by an independent company to guarantee anonymity and the integrity of the information, registered 239 reports in 2016, distributed as shown in the figure on the right [GRI G4-50](#) | [G4-57](#) | [G4-58](#)

Our Corporate Bylaws is another instrument that works to inhibit and manage conflicts by, among other things, prohibiting the election of directors who are controlling shareholders or hold positions in companies considered our competitors or who hold conflicts of interest with us, as well as prohibiting directors with isolated conflicts of interest from voting in meetings. [GRI G4-41](#)



Ethics & Transparency

Governance structure

Board of Directors [GRI G4-34](#) | [G4-LA12](#) | [G4-38](#) | [G4-39](#) | [G4-40](#) | [G4-42](#) | [G4-47](#) | [G4-48](#) | [G4-49](#) | [G4-51](#) | [G4-52](#)

- Charged with establishing the general guidelines for the business and deciding on strategic issues; analyzing management reports containing information on operating, environmental, social and financial performance; approving the annual budget and investment plan; guiding and supervising the Board of Executive Officers; and overseeing the running of the business.
- Formed by seven members who were elected to two-year terms in the Annual Shareholders' Meeting, with reelection permitted. On October 3, 2016, the composition was changed and the following members were elected: Verônica Valente Dantas (chairwoman), Maria Amalia Delfim de Melo Coutrim (Vice-chairwoman), as well as Daniel Pedreira Dorea, Eduardo de Britto Pereira Azevedo, Ricardo Schenker Wajnberg, Julio André Kogut and Rodrigo Leonardo Anunciato (directors).

- Members have proven professional experience and recognized technical and academic knowledge.
- Directors meet ordinarily every two months and extraordinarily whenever necessary.

Board of Executive Officers [GRI G4-48](#) | [G4-51](#)

- Charged with managing business in accordance with the strategies determined by the Board of Directors.
- Formed by Chief Executive Officer and three Executive Officers (Chief Financial Officer, Chief Operating Officer and Chief Compliance Officer) who are elected for two-year terms, with reelection permitted. In 2016, the composition was changed. In a meeting of the Board of Directors on October 26, Daniel Pedreira Dorea was elected CFO, replacing Washington Cristiano Kato, who retired; Marcos Magalhães Tourinho was elected CCO; and Antonio Carlos Sepúlveda was reelected CEO, temporarily accumulating the position of COO.
- Part of the Board's compensation is fixed, comprising short-term incentives, and another part is variable, comprising long-term incentives. Variable compensation includes the Stock Option Plan approved by the Board of Directors. Bonus targets represent the fixed compensation and are associated with the Company's financial, operational and safety performance.

Audit Board

- Permanent and independent body.
- Duties include supervising the acts of the management and compliance with the law and bylaws, guaranteeing the quality and integrity of financial reports and information, and issuing opinions on the financial statements.
- Formed by three members: Gilberto Braga (chairman), Antonio Carlos Pinto de Azeredo and Leonardo Guimarães Pinto.

Compliance Committee

- Independent and autonomous.



Ethics & Transparency

- Duties include encouraging employees and the senior management to comply with the Compliance Policy; recommending the approval of donations and sponsorships; evaluating internal controls and business risks; investigating reports received through the whistleblowing channel and forwarding evidence to the Management for it to take action; resolving issues related to the Compliance Policy and evaluating and settling conflicts between this policy and others; and analyzing cases of omissions.
- Formed by no fewer than two and no more than five members, who are recommended by the executive officers.
- Two-year term, with reelection permitted.

Sustainability Committee

- Duties include validating the strategies and the Sustainability Report, monitoring indicators and supporting the application of the Sustainability Policy at all business units.
- Chaired by our CEO.
- Formed by a multi-disciplinary team.
- Meets semiannually.

Capital markets

We have an Investor Relations Department that is available to shareholders and to banks and brokerage firms that cover our stock, as well as other relationship and interaction channels, such as the Ombudsman for Investors, telephone and e-mail. We also hold meetings at our registered office, conference calls and visits to the business units, as well as presentations at public events organized by financial institutions. [GRI G4-57](#)

In 2016, we migrated to the Novo Mercado segment of the BM&FBovespa, and, since August 22, our stock trades on this segment of the exchange with the highest corporate governance standards under the ticker STBP3, putting it in a select group of companies that voluntarily adopt practices in addition to those mandated by Brazilian law. These include adopting a set of corporate rules that expand the rights of minority shareholders and a clearer and more comprehensive information disclosure policy. [GRI G4-13](#)



With the conversion of all preferred shares into common shares at the ratio of one to one, our capital stock now comprises solely common shares. Also with our migration to the Novo Mercado, the shareholder agreements signed in 2007 ceased to exist, and all litigation between signatories was automatically extinct. The controlling group formed under the agreements also ceased to exist. All shareholders now enjoy the same rights and can vote equally on the matters discussed in shareholder meetings.

The migration confers greater power to minority shareholders and elevates the legal security of these shareholders to the maximum level ensured by the BM&FBovespa. This makes investing in our stock more attractive to investors, which consequently supports higher stock price appreciation and liquidity, while also improving our capacity to raise capital at more favorable rates.

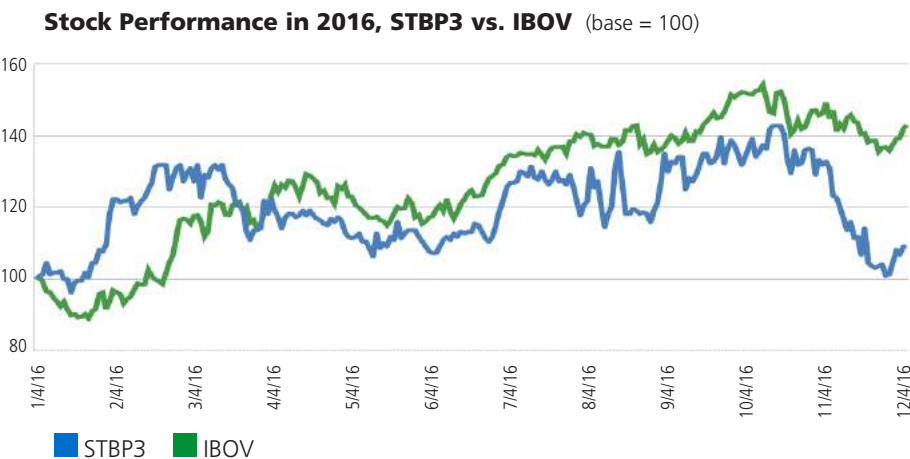
Ethics & Transparency

Shareholder rights

The rights of our shares are established in Article 5 of the Bylaws, which addresses the total capital stock and its division, and also our autonomy to increase the capital independent of a decision by the Shareholders’ Meeting up to the limit of 2,000,001,000 common shares, upon approval by the Board of Directors.

Stock performance

At the end of 2016, book value per share stood at R\$2.09, while the closing quote of our stock on the São Paulo Stock Exchange (BM&FBovespa) was R\$2.40 (compared to R\$2.52 a year earlier when the stock was traded as units comprising five shares, of which four were preferred and one was common, or R\$12.60 per unit), which represents market capitalization of R\$1,598.6 million. In the year, average daily financial trading volume stood at R\$1.7 million.



Commitments

We have been a signatory to the United Nations Global Compact for sustainable development since 2013. In 2009, we also adhered to the program Na Mão Certa sponsored by Childhood Brasil, which works to combat the sexual exploitation of children and youth on Brazilian highways.

We also maintain relations with government authorities through organizations that represent our industry as well as other industries: [GRI G4-15](#) | [G4-16](#)

- Brazilian Association of Bonded Warehouse Terminals (Abtra);
- Brazilian Association of Container Terminals for Public Use (Abratec);
- Brazilian Association of Port Terminals (ABTP);
- Commercial and Business Association of Guarujá (Aceg);
- National Federation of Port Operators (Fenop);
- São Paulo State Industry Federation (FIESP);
- Industrial Social Services (SESI);
- Brazilian Association of Security Professionals (Abseg);
- Fiesp Working Group to Prevent Cargo Theft;
- Overseas Security Advisory Council (OSAC); and
- National Quality Foundation (FNQ).

Another highlight of our engagement with the public sector is our participation in the Municipal Fund for the Rights of the Children and Youth of Guarujá (Fumcad) and in the Guarujá Agenda 21, a forum created to incorporate the UN's sustainable development goals in public policy at the municipal level.



Ethics & Transparency

Risk management GRI G4-14

Risk management is a practice we adopt in all our operations to identify, analyze, evaluate and treat internal controls to support the proposal of measures to mitigate or eliminate the main risks inherent to our industry.

Market risks: Our policies related to this topic include conducting economic and financial studies and analyses to assess the impacts of various scenarios on market positions and drafting reports to monitor the events to which we are subject. We are constantly mapping our risks, threats and opportunities based on projections of scenarios and their impacts on our results. We contracted the creation of financial instruments that focus on guaranteeing liquidity, profitability and security through regular analyses of the exposure to risks that we plan to cover. Control consists of permanently monitoring the conditions contracted in relation to the conditions in force in the market.

Currency risk: Our results are susceptible to variations due to the effects from the volatility in exchange rates on transactions pegged to foreign currencies. We adopt financial instruments to hedge against short-term variations in foreign-denominated liabilities related to loans

and financing. Our policy is to manage exposures considering the flows projected for the subsequent 12-month period, on average.

Interest rate risk: Arises from the possibility of incurring gains or losses resulting from variations in the interest rates charged on our financial assets and liabilities. We strive to maintain most of our loans and financing pegged to the TJLP rate, CDI overnight rate, fixed rates or rates indexed to LIBOR or Euribor, for instance.

Liquidity risk: Represents the potential for a mismatch between the maturities of our assets and liabilities that could prevent us from meeting our obligations within the established period. Our strategy is to maintain adequate liquidity levels to guarantee the performance of our commitments and to take advantage of any commercial opportunities as they emerge. We also regularly analyze mechanisms and tools that allow us to raise capital.

Credit risk: Related to the possibility of not receiving the amounts or credits owed to us by clients or counterparties. Our credit policies aim to mitigate any problems arising from client delinquency by adopting meticulous criteria for our client portfolio, which takes into account payment capacity (credit analysis) and diversification (risk dispersion). Another measure to minimize credit risks related to financial institutions is to diversify our transactions across various prime institutions.

Inflation risk: The costs with personnel, leasing and infrastructure, and labor costs are adjusted annually for inflation in the period. Other important costs are electricity, fuel and port tariffs, which are effectively managed. With our main client, we maintain, until 2019, a long-term agreement based on the variation in inflation in the period, as measured by the IGP-M and IPCA indexes.

Corruption risks: Arises from the possibility of being held liable, in accordance with the laws applicable to corporations, for offenses against public administration, since our liability is absolute in cases of corruption involving employees, administrators



Ethics & Transparency

and representatives. This risk is mitigated by adopting the Integrity Program established by law, of which the Compliance Policy and Compliance Committee are a part. The program establishes internal mechanisms and procedures to foster integrity, audits and incentives to report any irregularities in the effective adoption of the Code of Ethics and the policies and guidelines for detecting and remedying misconduct, fraud, irregularities and unlawful acts.

Regulatory risks: These are posed by sudden or unexpected changes in the rules regulating the industry and other labor, environmental and tax rules, and are mitigated through rigorous legal compliance; operating efficiency; healthy and transparent relations with government agencies; and actively participating in organizations that represent our industry, which work to ensure the stability of the rules governing concessions in the port industry.

Operating risks: Arise from the possibility of incurring losses from faults, deficiencies or inadequacies in internal processes, people and systems, as well as external events. They are mitigated through regular investments in technological innovations; maintaining backup redundancy for networks and databases; CCTV monitoring of terminals and distribution centers; online tracking of own and third-party freight; managing knowledge through documented and audited procedures; and adopting action plans for equipment maintenance.

Environmental risks: Possibility of losses arising from negative impacts on the environment. Any impacts from our operations on the environment are mitigated by management practices focused on ensuring the sustainability of the business. Every year, we implement internal controls of our greenhouse gas emissions and maintain a commitment to reduce them; we control operations involving chemicals based on the standards ISO 14000, OHSAS 18001 and SASSMAQ; we adopt adequate procedures for responding to emergencies related to the risk of oil leaks from equipment or of substances from vessels; and maintain sanitary and chemical wastewater treatment plants and a system for collecting, separating, classifying and transporting solid waste to their proper destination.

Within the scope of internal controls, we adopt procedures to manage risks, which are approved and documented in our Integrated Management System, which covers the main international certification standards: ISO 9001:2008 (quality management), ISO 14001:2004 (environmental management), OHSAS 18001:2007 (occupational health and safety), SASSMAQ (quality, health and safety certification for companies providing services to the chemical industry) and International Ship and Port Facility Security Code (ISPS Code).





Service Excellence

Bucking the downward trend in container handled at the Port of Santos, we posted growth of 9% to end the year with market share of 39.7%.



Service Excellence

Operating performance

Container handled at the Port of Santos fell 3.9% in 2016, reflecting the country's recession, which caused lower consumer spending and mounting unemployment. The reduction was mainly due to lower flows of import and cabotage cargo, which was partially offset by the higher volume of export cargo and transshipment, a service that has gained importance after the port expanded its capacity in 2013.

Our strategy for effectively operating in the more competitive environment in Santos supported a recovery in our market share. After posting growth of 9.0% in the number of containers handled, Tecon Santos ended 2016 with market share of 39.7%. The two new shipping services launched in late 2015, which operate routes to the West Coast of South America and to Africa, contributed to this result, accounting for 11.9% of the total volume handled at the terminal.

The mix of services offered by Tecon Santos registered distinct intensities for long haul, transshipment and cabotage cargo. Operating indicators for 2016 point to increases of 3.8% and 20.4% in total full containers for import and export, respectively. Meanwhile, transshipment container handled grew by 10.1%, while total cabotage container movements remained stable compared to last year.

The 7.8% growth in Storage Operations at our port terminals outperformed the growth in full import containers, which is explained by our commercial strategy which, given the 8.9% drop in full import containers at the Port of Santos included the redistribution of some of the clients of our CLIAs to Tecon Santos, a primary zone. At Tecon Imbituba, we registered a decrease of 4.0% in the number of containers handled in 2016. The end of berthing for a long haul service in July 2015 led to a higher share of cabotage operations in the mix of services provided by the terminal, of 95.2% of total handled. Impacted by the economic crisis and the consequent reduction in steel imports, general cargo handled fell by 41.6% at our operations in the South region.

In 2016, we maintained at Tecon Vila do Conde the same operating performance of previous years, ending the period with growth in container handled of 46.1%.

This performance is partially due to the two shipping services operating routes to Europe and the Caribbean that began berthing at the terminal in January 2016.

The consolidation of our three operations in the Port Terminal segment supported volume growth of 10.5% in 2016, with a total of 1,016,394 handled. The full-empty container mix at the end of the year was 76.9% full containers (77.0% in 2015).

The reduction in import container cargo at the Port of Santos and the more intense competition in bonded warehousing services led to a drop of 32.1% in the segment's storage operations in 2016. The economic crisis affected Brazil's automotive industry, which is positively correlated to the integrated logistics services of Santos Brasil Logística. The weaker demand for these services fueled our efforts to capture efficiency gains and to adjust our operating capacity. Meanwhile, efforts to capture synergies led to the concentration of our logistics clients in the Distribution Center located in São Bernardo do Campo, São Paulo.

The operations of the Vehicle Terminal also reflected the weaker sales in the automotive industry. We registered a 14.8% decline in the number of vehicles handled in 2016 at the terminal. Vehicles handled for export corresponded to 92.1% of the total of 165,726 units handled in the period.



Service Excellence

Operating Performance

	2016 (R\$)	2015 (R\$)	Change (%)
Port Terminals			
Quay operations – containers	1,016,394	919,922	10.5
Full containers	783,094	707,603	10.7
Empty containers	233,300	212,319	9.9
Quay operations . general cargo (t)	102,992	161,711	-36.3
Storage operations	119,640	110,965	7.8
Logistics			
Storage operations	35,946	52,911	-32.1
Vehicle Terminal			
Moved vehicles	179,888	211,150	-14.8

Competitive advantages

Innovation, the use of modern technologies and a complete logistics infrastructure are some of our competitive advantages that support our processes, teams and solutions and in turn promote the competitiveness of our clients. In 2016, the highlights were:

New logistics services, such as cross-docking, which was launched in the year and is offered exclusively at the Port of Santos, and cuts by half the costs incurred by clients when transferring goods from the containers used for maritime transportation to our containers. Next, the cargo is stored at Tecon Santos and the original container is returned to the shipowner, which reduces the fees to be paid.

Technology applied to operations, examples of which include OCR portals, a character recognition system that reads the license plates of trucks and container data via cameras to ensure the fast and accurate entry of vehicles into Tecon Santos.

Another measure was automating the gates at Tecon Santos, which reduces by 80% the time it takes for a truck driver to enter the unit. WhatsApp may also be used to authorize a truck's entry at the terminal and registered freight carriers can opt to receive a QR Code via the app containing all information on the cargo.

Conveniences for clients, which include the Vehicle Scheduling System (SAV) on the Client Portal, which expedites the vehicle entrance process at Tecon Santos. The initiative was adopted in 2007 and became mandatory at the Port of Santos in 2014. Our website also has a Client Portal, which can be accessed and controlled over the internet, which improves the efficiency and agility of the procedures carried out at Tecon Santos and the CLAs. Another solution is the Client APP, which confers greater mobility and speed by enabling services, such as the registration and positioning of containers, via tablet or smartphone, as well as consulting the berthing list at our terminals.

Operational excellence. In 2016, we set two new operating records at Tecon Santos: in February, with the mark of 224.36 MPH (movements per hour) reached by our operations for the vessel Monte Cervantes, and in April, with the highest figure ever registered at the Port of Santos, of 116.25 MPH.

Financial performance

Gross revenue from services rendered

In 2016, we posted a 6.5% increase in gross revenue from quay operations compared to 2015, excluding revenue originating from the partial reversal, in 2015, of the provision for the lawsuit involving the separation, delivery and billing services of Bonded Terminals (TRAs), as explained in note 18 to our Financial Statements. The provision of bonded warehousing services fell by 8.1% in 2016 compared to 2015, due to the tougher competition in this segment.

Despite the lower provision of integrated logistics services in 2016, our commercial efforts for breakbulk cargo storage and higher-value services, as well as contractual renegotiations, supported growth of 11.6% in average revenue per container stored, to R\$5,143.83.

Service Excellence

According to the National Association of Vehicle Manufacturers (Anfavea), automotive production and imported vehicle licensing fell by 11.9% and 43.9%, respectively, in 2016. Changes in vehicle production and sales explained the reduction in imports. Of the total vehicles moved at the Vehicle Terminal (TEV) in 2016, only 7.9% were imports (23.3% in 2015), which reduced the terminal's average revenue in the year by 13.9%, to R\$238.48.

Net revenue from services rendered

Our consolidated net revenue amounted to R\$834.1 million, down 13.5% from 2015.



Cost of services rendered

(R\$ million)	2016	2015	Change (%)
PORT TERMINALS			
Movement costs	125.5	113.6	10.5
Personnel costs	198.5	183.8	8.0
Leasing and infrastructure	71.5	65.5	9.2
Depreciation and amortization	64.9	93.7	-30.7
Other Costs	82.7	68.1	21.4
Total	543.1	524.7	3.5
LOGISTICS			
Movement costs	37.1	39.7	-6.5
Personnel costs	53.7	60.9	-11.8
Depreciation and amortization	14.5	14.5	-
Other costs	39.8	44.7	-11.0
Total	145.1	159.8	-9.2
VEHICLE TERMINAL			
Movement costs	14.9	15.8	-5.7
Leasing and Infrastructure	6.4	5.3	20.8
Depreciation and amortization	9.0	9.0	-
Other costs	4.9	5.4	-9.3
Total	35.2	35.5	-0.8
Eliminations	-14.1	-15.6	-9.6
Consolidated	709.3	704.4	0.7

Service Excellence

Port Terminals

The better operating performance observed in 2016, combined with the higher costs with container capturing, labor provisions and maintenance and the increases in personnel and leasing costs, supported a 0.7% increase in the average cost (excluding depreciation and amortization) per container handled/stored at the port terminals, to R\$420.94.

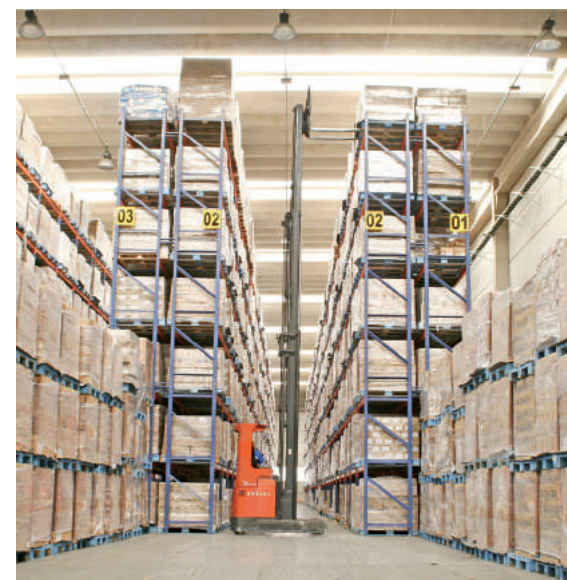
- Cost of handling (individual labor, TUP channel rate and other variable costs): the 11.6% reduction in electricity costs obtained from the purchase of energy at lower prices was offset by container capturing costs, which increased in 2016 due to the higher provision of bonded warehousing services at Tecon Santos.
- Personnel costs: the increase of 8.0% was due to the combination of: (i) the wage increases under the collective bargaining agreement signed in the second quarter of 2016; (ii) the higher provision for labor claims arising from the adjustment of our headcount to the current operating environment; and (iii) the reversal of the provision for the employee profit sharing program.
- Leasing and infrastructure: the 9.2% increase comprises the contractual increase in leasing installments and includes, since September 2015, the fee charged for the Minimum Contractual Operation established in the extension of the concession contract for Tecon Santos.
- Depreciation and amortization: the decline in this line is due to the extension of the concession contract for Tecon Santos, which altered the estimated depreciation of assets, which is based on the estimated useful life of the assets until the end of the new concession period and the extension of the amortization period of the concession until 2047.
- Other costs: the increase in 2016 was due to the increases of: (i) R\$4.8 million in maintenance costs, especially at Tecon Santos and Tecon Vila do Conde; (ii) R\$4.5 million in third-party labor claims; (iii) R\$2.1 million in equipment leasing; (iv) R\$0.9 million in information technology expenses; and (v) R\$2.4 million in other costs.

Logistics

- Cost of Handling (fuel, freight and other variable costs): the decrease in variable costs seen in 2016 was attenuated by the increases of 11.7% and 5.5% in freight and toll costs, respectively.
- Personnel costs: despite the non-recurring labor costs of R\$1.1 million incurred by the intensification of the process to adjust the scale of the logistics segment, personnel costs decreased by 11.8% in 2016.
- Other costs: the effort to capture synergies across the distribution centers resulted in a non-recurring cost of R\$1.9 million. Another highlight was the reductions in the items maintenance and equipment leasing in 2016.

Vehicle Terminal

With the reduction in the total number of vehicles handled by the Vehicle Terminal TEV, the average unit cost (excluding depreciation and amortization) increased by 16.0% to R\$145.65 in 2016. The increase in leasing and infrastructure costs is due to: (i) the annual increase in leasing installments; and (ii) the reduction in vehicle movements at TEV and the consequent increase in the provision for payment of Minimum Guaranteed Handling Volume (MMC).



Service Excellence

Operating expenses

(R\$ million)	2016	2015	Change (%)
PORT TERMINALS			
Selling	38.5	83.8	-54.1
General. administrative and other	12.9	50.0	-74.2
Depreciation and amortization	0.3	0.4	-25.0
Total	51.7	134.2	-61.5
LOGISTICS			
Selling	28.0	30.2	-7.3
General. administrative and other	7.5	9.9	-24.2
Depreciation and amortization	0.0	0.1	-100.0
Total	35.5	40.2	-11.7
VEHICLE TERMINAL			
Selling	0.7	1.4	-50.0
General and administrative expenses	-1.7	-0.1	1,600.0
Depreciation and amortization	0.0	0.0	-
Total	-1.0	1.3	-
CORPORATE			
General and administrative	40.0	55.3	-27.7
Depreciation and amortization	7.2	13.9	-48.2
Total	47.2	69.2	-31.8
Consolidated	133.4	244.9	-45.5



Port Terminals

- Selling expenses: in 2015, these expenses included non-recurring items amounting to R\$58.2 million, of which R\$51.4 million was the accrual of a provision for outstanding invoices with a partial reversal of the provision for the lawsuit related to the provision of container separation and immediate delivery services. The conservative approach adopted to counter the effects from the recession led to the accrual of an additional provision of R\$8.4 million.
- General, administrative and other expenses: in 2016, these expenses included R\$7.3 million in non-recurring revenue from the recovery of taxes for prior fiscal years and the reversal of labor claims. General, administrative and other expenses in 2016, adjusted for non-recurring items, decreased 28.4% from 2015, and were adjusted for the following non-recurring results: (i) R\$8.8 million in revenue from the correction of the reversed provision; and (ii) R\$30.6 million loss arising from the impairment test at Tecon Imbituba. Variations include the reduction in expenses with administrative personnel

Service Excellence

Logistics

- Selling expenses: the slower decline in operating indicators in 2016 is explained by the increase in the average billing of stored containers, due to the higher share of bonded warehousing services for breakbulk cargo in the segment's operating and revenue mix.

Vehicle Terminal

- Following the trend in the Port Terminal segment, TEV recognized R\$3.0 million in non-recurring revenue from the recovery of taxes related to prior fiscal years.

Corporate

- General, administrative and other expenses: supported by the ongoing capture of efficiency gains and cost reductions, the corporate segment contracted by 9.1% compared to 2015, adjusted for the expenses incurred in the contractual extension of Tecon Santos and the expenses with legal advisory services in the amount of R\$44 million.
- Depreciation and amortization: the decline in this line is due to the extension of the concession contract for Tecon Santos, which altered the estimated depreciation of assets, which is based on the estimated useful life of the assets until the end of the new concession period and the extension of the amortization period of the concession until 2047. Our expenses decreased 45.5% to R\$133.4 million in 2016. After adjusting them for the main items mentioned, the result was R\$143.7 million, 6.4% lower than in 2015.

EBITDA and EBITDA margin

(R\$ million)	2016	Margin (%)	2015	Margin (%)	Change (%)
Port Terminals	126.3	19.3	157.7	21.8	-19.9
Logistics	-10.3	-	21.5	10.4	-
Vehicle Terminal	11.4	31.1	22.7	45.0	-49.8
Corporate	-40.0	-	-55.3	-	-27.7
Consolidated	87.4	10.5	146.6	15.2	-40.4

In 2016, we posted Consolidated EBITDA of R\$87.4 million, with EBITDA margin of 10.5%. Our results were affected by non-recurring items that impacted EBITDA and EBITDA margin. After adjusting the accounting result for 2016 by the following non-recurring items: (i) R\$3.2 million in costs and expenses with capturing synergies in the logistics segment; (ii) R\$9.4 million in revenue from the recovery of taxes from prior years; (iii) R\$2.3 million expense related to a retroactive agreement for container capturing services in Santos; (iv) R\$8.4 million related to the change in criteria for the provision for doubtful accounts; (v) R\$2.8 million in reversal of labor provisions; and (vi) R\$5.9 million in commercial agreements related to prior fiscal years, recurring EBITDA for the year was R\$95.0 million, with margin of 11.3%.



Service Excellence

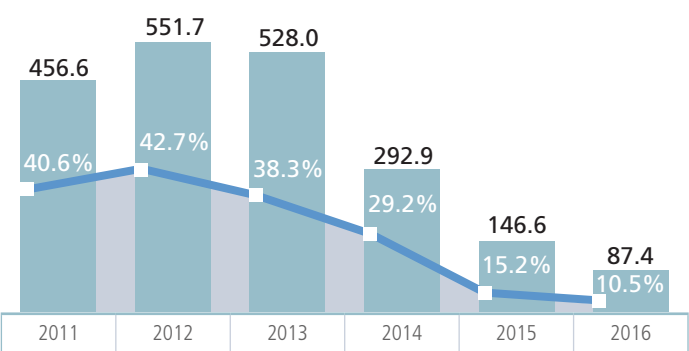
The decrease in EBITDA margin was due to the following factors: (i) lower volume of import containers at the Port of Santos; (ii) higher competition in bonded warehousing services in both the primary and secondary zones of the Port of Santos; (iii) the change observed in the profile of vehicles moved by the TEV, which not only contracted, but was nearly completely represented by exports; and (iv) the adverse effects from the macroeconomic scenario on our operations and costs.

EBITDA from the Port Terminals segment decreased 19.9% in 2016, due to: (i) the gain from the reversal of a provision in the prior year; and (ii) the more intense competition in bonded warehousing services.

The Logistics segment posted an EBITDA loss due to the adverse effects from the economic crisis on the automotive industry, to which it is positively correlated, and to the restructuring and adjustment of supply during the year.

Due to the combination of the lower number of vehicles moved and the lower share of export vehicles in the operational mix, the Vehicle Terminal posted EBITDA of R\$11.4 million, with margin of 31.1% in 2016.

**EBITDA
(in R\$ million)
and margin %**



Net income

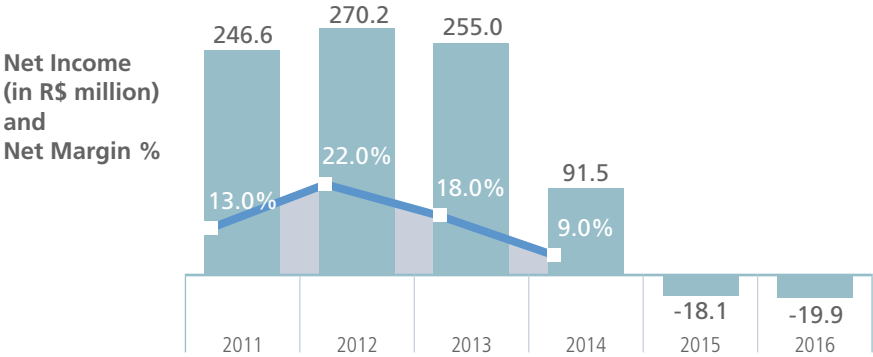
(R\$ million)	2016	2015	Change %
EBITDA	87.4	146.6	-40.0
Depreciation and amortization	96.0	131.6	-27.1
EBIT	-8.6	15.0	-
Financial income/expense	-13.6	-29.2	-53.4
Income and Social Contribution taxes	2.3	-3.9	-
Net income for the period	-19,9	-18,1	9,9

We operate in capital-intensive industries that are highly correlated to local production and consumption, which means that the effects from the crisis affected all of our operations. Our net result was affected by: (i) higher competition in and weaker demand for bonded warehousing services; (ii) the restructuring of the logistics segment that included demobilizing an operating unit; and (iii) the reduction in the operations of the TEV with a change in the profile of services offered. In 2016, we recorded a net loss of R\$19.9 million. In accordance with our Bylaws, the following deductions or additions will be made to our net income for the year, on a decreasing basis and in the following order:

- (a) five percent (5%) to constitute the Legal Reserve, up to the limit of twenty percent (20%) of the capital stock. The constitution of the Legal Reserve may be waived in a fiscal year when its balance, plus the amount of capital reserves, exceeds thirty percent (30%) of the capital stock;
- (b) the amount allocated to the Contingency Reserve and the reversal of the reserves constitute in prior fiscal years;
- (c) Unearned Profits and the Reversal of Profits previously recorded in this reserve and realized in the fiscal year;

Service Excellence

- (d) twenty-five percent (25%) to pay the minimum mandatory dividend; and
- (e) the remaining portion of adjusted net income after payment of the minimum mandatory dividend will be allocated to the Investment and Expansion Reserve, whose purpose is to:
- (i) guarantee funds for investment in fixed assets, without prejudice to the retention of profits in accordance with Article 196 of Federal Law 6,404/79; and
- (ii) strengthen working capital; and also may be used in: (iii) transactions involving the redemption, reimbursement or acquisition of shares in our capital stock, which the Shareholders' Meeting may decide to waive in the event of the payment of dividends in addition to the minimum mandatory dividend.



Debt and cash and cash equivalents

(R\$ million)	Currency	12/31/2016	31/12/2015	Change (%)
Short term	Local	145.5	107.5	35.3
	Foreign	20.8	33.4	-37.7
Long term	Local	59.7	169.4	-64.8
	Foreign	6.7	29.3	-77.1
Total debt		232.7	339.6	-31.5
Cash and cash equivalents		192.6	231.6	-16.8
Net debt		40.1	108.0	-62.9

Although we experienced a period of turbulence that affected both our operating and financial performance, cash flow from operations and investments remained positive, with the Company ending 2016 with cash and cash equivalents of R\$135.8 million even after the payment of debt in excess of R\$100.0 million in the period. We ended the year with net debt of R\$94.0 million and a Net Debt/EBITDA ratio of 1.1 times. Total consolidated debt stood at R\$229.8 million.

Investments

We invested R\$14.7 million in the period, with a higher volume of capital allocated to Tecon Santos and Logistics. Of the total amount invested, we employed own capital for 91.5% of the projects. The remaining 8.5% drew on financing facilities for equipment and imports. Most of the investments were aimed at capturing productivity gains. The total amount invested in the year was down 44.9% from the R\$26.7 million invested in 2015.

Service Excellence

Investment	R\$ million	Objective	Source of funds
PORT TERMINALS			
Tecon Santos	9.5		
Continuous improvement and higher operating performance	5.0	Productivity gains/safety	Own
Acquisition of hardware and software	3.3	Productivity gains	Own
Civil Construction	1.0	Productivity gains	Own
Equipment	0.2	Adjustments to civil structures	Own
Tecon Imbituba	2.0		
Equipment (trucks)	1.1	Productivity gains	Own
Acquisition of Overhead Crane at Terminal CG	0.6	Productivity gains	Own
Civil Construction	0.2	Legal experience	Financing – FINAME 2016
Tecon Vila do Conde	0.5		
Continuous improvement and higher operating performance	0.4	Productivity gains	Own
Construction work	0.1	Productivity gains	Own
LOGISTICS	2.4		
Continuous improvement and higher operating performance	1.5	Productivity gains/safety	Own
Civil Construction	0.4	Productivity gains	Own
Equipment	0.5	Continuous gains and increase in operating performance	Financing – FINIMP 2015
VEHICLE TERMINAL	0.2		
Continuous improvement and higher operating performance	0.2	Adjustments to civil structures	Own
CONSOLIDATED	14.7		

Financial indicators (R\$ million) – consolidated

	2016	2015	Change (%)
Gross revenue			
Port Terminals	744.4	824.3	-9.7
Logistics	184.9	243.9	-24.2
Vehicle Terminal	42.9	58.5	-26.7
Eliminations	-15.5	-17.4	-10.9
Cost of services rendered	709.3	704.4	0.7
OPERATING EXPENSES	133.4	244.9	-45.5
EBITDA			
EBITDA Margin	87.4	146.6	-40.4
Depreciation and amortization	96.0	131.6	-27.1
Financial income/expense	-13.6	-29.2	-53.4
Income and Social Contribution taxes	2.3	-3.9	-
Net Income/Loss	-19.9	-18.1	9.9

(Please refer to GRI Supplementary Information - Economic & Financial Performance for the Statement of Value Added)



Safety

We are a reference in port safety in Brazil and, in 2016, our efforts on this front led to significant declines in our accident seriousness and frequency rates.



Safety

We are a reference in port safety in Brazil and, in 2016, our efforts on this front led to significant declines in our accident seriousness and frequency rates.

Since we launched operations in the country 19 years ago, we have adopted rigorous safety procedures that are aligned with the best practices adopted by the world's leading container terminals. This topic is one of the priorities of our Sustainability Policy and is aligned with UN Sustainable Development Goals (SDGs).

We are a reference in port safety in the country and work preventively by continually investing in programs and training to promote this value. In 2016, we received a series of visits to ensure our position as a reference in safety. One was from representatives of the federal police forces of Belgium, Bolivia and Peru at Tecon Santos, who learned about the practices, structure and indicators adopted and the prevention model in force at the terminal. In addition to international committees, in 2016, we also welcomed authorities from Brazil's Marine Corps, the presidency of the Brazilian Commission of Public Safety in Ports, Terminals and Waterways (Conportos) and the State Commission of Public Safety in Ports, Terminals and Waterways (Cesportos).

One example of our firm commitment to safety was the holding by Tecon Santos of the largest firefighting simulations ever at the Port of Santos, whose response times scored very high. The initiative, which was organized in September by Companhia Docas do Estado de São Paulo (Codesp) and the Port of Santos Mutual Aid Plan (PAM), of which we are part, involved 250 people and raised awareness among another one thousand people. The main goal was to assess response times in emergencies and to strengthen integration across all agencies in order to ensure better safety for the port's clients and consequently for local communities.

People

Over the course of the year, we continued our campaign to disseminate the concept of interdependence, which is based on the principle that the actions of a single individual can cause positive or negative effects throughout all of society.

When applied to safety, being aware of interdependence prevents, for example, another employee's life being put at risk.

Our concern with safety is revealed by the other measures adopted during our operations, which include:

- Conducting quarterly health, environment and safety events to disseminate the concepts internally;
- Regularly holding training programs, inspections and awareness campaigns;
- Conducting daily safety dialogues and weekly safety alerts at the start of shifts for all employees;
- Respiratory protection equipment and protective clothing for combating events involving smoke and chemical products;
- Cage container for separating special cargo and for rescuing people from heights;
- Program for monitoring adverse weather conditions;
- Total of 479 trained fire brigade members, with 228 at Tecon Santos, 22 at Tecon Imbituba, 46 at Tecon Vila do Conde and 183 in Logistics;
- Maintaining occupational safety technicians, civil firefighters and occupational nursing technicians at all units;
- Tecon Santos: six occupational safety technicians, five civil firefighters and five occupational nursing Technicians on site 24/7;
- Tecon Vila do Conde: four occupational safety technicians on site 24/7 and one occupational nursing technician;
- Tecon Imbituba: one occupational safety technician; and
- Santos Brasil Logística: three occupational safety technicians.

We also have a Port Terminal Accident Prevention Commission (CPATP) formed by 68 employees from the container and vehicle terminals and 40 employees from



Safety

the logistics units who participate on the Internal Accident Prevention Commission (CIPA). The topic of safety is addressed in the collective bargaining agreements entered into with trade associations and unions, which encompass 100% of the professionals. [GRI G4-11](#)

All of the efforts made during the year sought to reduce our main safety indicators, which are monitored through frequency and seriousness rates. In 2016, both indicators maintained a positive downward trend. The seriousness rate was 10% lower than in 2015, at 41.83, while the frequency rate was 4.83, down slightly from 4.89 in the prior year.

(See the tables on safety in the GRI Supplementary Information - Safety)

Cargo

To us, safety is directly related not only to guaranteeing the physical integrity of everyone involved in our operations, but also the trust of our clients that all their cargo will arrive at their destination undamaged.

To guarantee this and meet the customs regulations in force in the customs areas, such as the one at the Port of Santos, all facilities at Tecon Santos are monitored by camera 24/7. We also rely on the most modern software for controlling cargo in the port industry, which guides the distribution of containers and separates special cargo. We also have:

- Emergency trailers used to separate cargo in the event of an incident;
- Support vehicles with hoses, nozzles, respiratory protection equipment, traffic cones and striped tape, as well as two emergency containers;
- Emergency Response Plan for all types of cargo; and
- Operations reports that can be verified in real time.



Human Development

Our Sustainability and Private Social Investment policies focus on regional advances and social inclusion, with education the priority.



Human Development

Internal public

We ended 2016 with 3,160 employees, 50 apprentices and 6 trainees. In addition to earning a fixed income, the employees of Tecon Santos and Santos Brasil Logística participate in the Profit Sharing Plan, through which we share our accomplishments, linked to productivity, the economic scenario and team performance. Meanwhile, the performance evaluation considers the meeting of targets, the level of commitment (measured by attendance and punctuality) and the corporate indicator, which in 2016 became the My Workplace Program, which focused on organization and cleanliness in the work environment. Provided that the financial target (EBITDA) is met, employees are compensated proportionately based on their performance, and can earn a premium of up to 100% of their monthly salary.

We offer a benefits package that includes life insurance, a health plan that extends to all dependents and paid sick leave, among other benefits, depending on the unit. These benefits are complemented by actions such as the partnership formed in 2016 with Unimed for the Healthy Pregnancy program, which passes on information to future mothers about pregnancy, delivery, post-partum, breast feeding and baby care. [GRI G4-LA2](#)

Qualification modules are also administered in various formats and platforms. In the year, some 50 leaders from Tecon Santos and Santos Brasil Logística participated in the second class of the Leader Development Program, which involved 154 people. The in-company training program is administered by our leaders with the aim of developing new teams aligned with our internal culture. Around 97 coordinators and supervisors who are part of the program also participated in the first meetings of the Sustainability Academy, which is dedicated to disseminating the concepts of sustainability in day-to-day work routines. In the last five years, we allocated R\$25 million to people training and development.



Value in Action

Created in 2016, the program Values in Action recognizes employees who excel in disseminating and practicing our Values. Any professional can nominate a colleague, with the justifications evaluated by a committee of representatives from the Human Resources, Corporate Communication, Operations and Sales departments. The nominees are selected by the managers and officers, with winners for each value at each operation. In 2016, the program received 110 nominations.

Environmental Journey

We organized an Environmental Journey in which employees learned how to plan, execute and measure the results of volunteer actions in their communities. To support this action, our Sustainability Department, in partnership with the São Paulo Volunteer Center, developed the Volunteer Guide, which is available on the Intranet.

Faça Bonito

Another action, which is being conducted for the fourth straight year, is Faça Bonito, which works to raise awareness among truck drivers and other employees about the sexual exploitation of children and youth on highways. The initiative is aligned with the Na Mão Certa Program, to which we have been a signatory since 2009, and works to train leaders to acts as agents in the protection of childhood and youth.

Viva Voz Channels

The Viva Voz channels are the official means of communication with internal stakeholders. Every year we conduct a survey to evaluate its efficiency and to identify opportunities for improvement. In 2016, surveys were conducted in March and November and involved 671 people, which is a representative sample of all business

Human Development

units. In the results for November, which were better than in March, we managed to increase the number of positive evaluations, while improving channel use, trust and message retention. The two indicators that decreased slightly were coverage and agility, both of which will be the targets of an action plan for the coming year.
(Please see GRI Supplementary Information - Internal Stakeholders for tables on employee profile by region, employment contract, gender, age bracket and education; new hires by age, gender and region; turnover by unit and region; ratio of lowest wage to national minimum wage by unit and gender; hours of training; and employees assessed).

Clients

The efforts to promote stakeholder engagement in 2016 prioritized clients and focused on enhancing the feedback and research systems. We set targets for all executives related to the Net Promoter Score (NPS), which is the tool we use to measure satisfaction and brand recall. We ended the year with a consolidated NPS of 65 points, which compares with the target of 64. We improved the after-sales system by carrying out a telephone consultation to measure satisfaction related to commercial, operational, financial and service aspects, which complements the online survey available through which clients can score our performance. All clients surveyed received feedback.

We also worked on addressing complaints and, through the Quality Assurance department, evaluated the opportunities for improving our internal processes, while the Competitive Intelligence department guarantees feedback to clients. This process is completed by the quarterly forum Everyone for the Client, in which managers meet to discuss the improvements, adopted and monitor the progress of complaints and NPS in general.

Ensuring service excellence is key to our mission of promoting our clients' competitiveness. In this regard, integration between the Service Center and Commercial Relationship teams resulted in a new Client Relationship department, which launched activities in February. The goals are to strengthen the relationship of trust and build client loyalty.

Analysts began serving specific client portfolios instead of working on-demand, which improves the personal nature, speed and accuracy of responses. The management of quantitative and qualitative indicators such as Response Time and Service Quality also supported the identification of opportunities for improvement, which were implemented during the year. At the end of 2016, 89% of clients said they were satisfied or very satisfied with our service.

Suppliers

After organizing, in 2015, a meeting with suppliers, we made progress on improving our contracting criteria and our relations with these stakeholders.

In 2016, we created a multi-disciplinary working group that will, through the first quarter of 2017, review the procedures related to the selection, qualification and performance evaluation for all suppliers of materials and services (including social, environmental, approval and certification criteria), based on their impact and criticality. The goal is to improve the horizontal process of supplier relations, in full compliance with our Integrated Management System.

The social and environmental topics, which are aligned with the commitments of the Global Compact, such as prohibiting child or forced labor, as well as health and safety, are included in a declaration of commitment linked to all supply agreements. There are also plans to conduct audits at any time at the facilities of our commercial partners, including those key to our maintaining ISO 14001 certification. [GRI G4-HR5](#) | [G4-HR6](#)

(Please see GRI Supplementary Information - Suppliers for a table with the proportion of spending on local suppliers)

Ensuring service excellence is key to our mission of promoting our clients' competitiveness



Human Development

Communities

Aware of the fact that our impact on local communities is not solely positive, through the jobs created and income generated, we strive to mitigate any negative effects through actions aligned with our Sustainability and Private Social Investment policies, which focus on local development and social inclusion, primarily through education.

One of our programs is Formare Aprendiz, which we conduct in partnership with the Iochpe Foundation and features modules connected to our needs and those of the community and market. In 2016, we administered the 1,800-hour program Administrative Assistant, which is divided into practical and theoretical activities. Since its launch in 2009, Formare has already engaged 205 youth, 79 of whom were hired by us. The class taking part in the program in late 2016, formed by 20 students, will graduate in April 2017, since the program now lasts 15 months. [GRI G4-EC8](#)

Another initiative sponsored since 2012 is the social project of the Settaport Foundation, which includes soccer and judo classes for youth with the goal of democratizing access to educational sports and to promoting social inclusion.

We strive to expand our internal actions and engage local residents. Through the Sustainability Academy, for instance, we organized the first class open to the local community on the premises of Tecon Santos, in which 20 students participated. [G4-SO1](#)

In Guarujá, we participated in meetings of the Municipal Children's Protection Council (CMDCA) and made donations to the Municipal Children's Fund (Fumcad), which helps to maintain social projects that offer vocational training to youth and promote social inclusion.

I'm a Volunteer Program

We encourage our employees to get involved in volunteer actions and believe that dedicating their time and talent to volunteer work brings positive results and transformations to the world in which we live. In addition to engaging

Since 2009, Formare
has already
engaged 205 youth,
79 of whom were hired
by us



internal stakeholders in the company's socially responsible activities, the initiative strengthens employees' ties to social projects and local communities. Approximately 170 employees are currently involved in our volunteer projects and actions.

Human Rights Policy

Aligned with the Compliance and Sustainability policies and with the principles of the Global Compact, in 2016 we launched our Human Rights Policy. Its purpose is to establish basic guidelines for upholding and safeguarding internal human rights and helping to foster these rights throughout the value chain and in our sphere of influence. All employees are required to be familiar with the new guidelines, and training will be administered to specific groups over the course of 2017.





Environment

Our ongoing actions and rigorous monitoring of indicators led, in 2016, to reductions in our CO₂ emissions and water consumption.



Environment

As signatories to the UN Global Compact and as part of our commitment to the Sustainable Development Goals (SDG), we strive to reduce CO₂ emissions, water consumption and waste generation. The actions on these fronts are monitored by the Sustainability Committee using indicators that allow us to assess the scope of targets and to identify advances and opportunities for improvement.

In 2016, we further intensified these efforts and strengthened our relations with the academic community by resuming our participation on the Companies for the Climate platform of the Center for Sustainability Studies (GVces) of the Getúlio Vargas Foundation (FGV). We also got involved at the regional level through Agenda 21, an action plan adopted by governments and civil society that targets all areas in which human activities affect the environment by participating on the program's forum in Guarujá.

Emissions

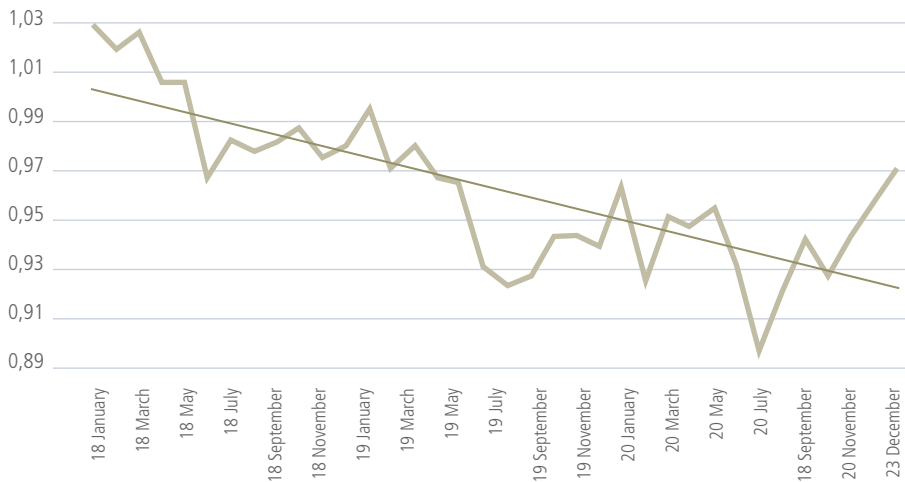
Greenhouse gas emissions are measured by TEUs handled in the port operations, by pallets handled in the logistics operations and by kilometer traveled in road transportation. All results are reported in kilograms of CO₂.

In 2016, direct emissions amounted to 27,591.01 tons of CO₂e (carbon equivalent) while emissions from energy purchases amounted to 3,033.17 tons of CO₂e. The total volume of 30,624.19 was 0.3% lower than the 30,720.46 tons of CO₂e emitted in 2015.

We registered a reduction in our emissions per TEU handled due to the optimization of our operations and the consequent decrease in diesel consumption per movement. We ended 2016 with 15.22 kgCO₂e / TEU handled, down 5.6% from the 16.13 KgCO₂e/TEU handled registered in 2015. Meanwhile, our emissions per pallet handled fell from 1.10 KgCO₂e to 0.7 KgCO₂e. In road transportation, the indicator fell from 0.96 KgCO₂e per kilometer traveled to 0.95 KgCO₂e per kilometer traveled.

We made progress on the installation in our offices of LED lighting, which is a technology capable of reducing emissions by 64.3% compared to regular light bulbs, as well as on the Sustainable Driver program, which encourages and orients employees to adopt good safety practices and use resources rationally, which means lower emissions of pollutant gases. In 2016, the initiative reached an average of 2.7 kilometers travelled per liter of fuel. The result is a 17% improvement from January 2014, when the program was launched, when consumption stood at 2.30 kilometer per liter. In 2016, 6,717,511 km were traveled on 2,605,966.23 liters of fuel.

CO₂ / Km



Environment

The Sustainable Driver program is part of the Green Fleet Program, which since 2014 has accounted for a reduction of 8.25% in gas emissions per kilometer traveled. The program includes investments in fleet modernization, a process called Green Purchase.

(Please see GRI Supplementary Information for tables with direct, indirect and total emissions per company unit).

Water

In the full year, the Company's water consumption rate in cubic meters per employee was 1.7, which is 5.6% lower than the 1,78 rate found in 2015. In volume, the 84,748-cubic meter total water consumption was 4.2% lower than in the previous fiscal year.

To maintain the downward pace of this indicator, we seek innovative solutions, such as the reuse system installed at Clia Santos, where rainwater is captured, treated and used to wash machinery at the unit.

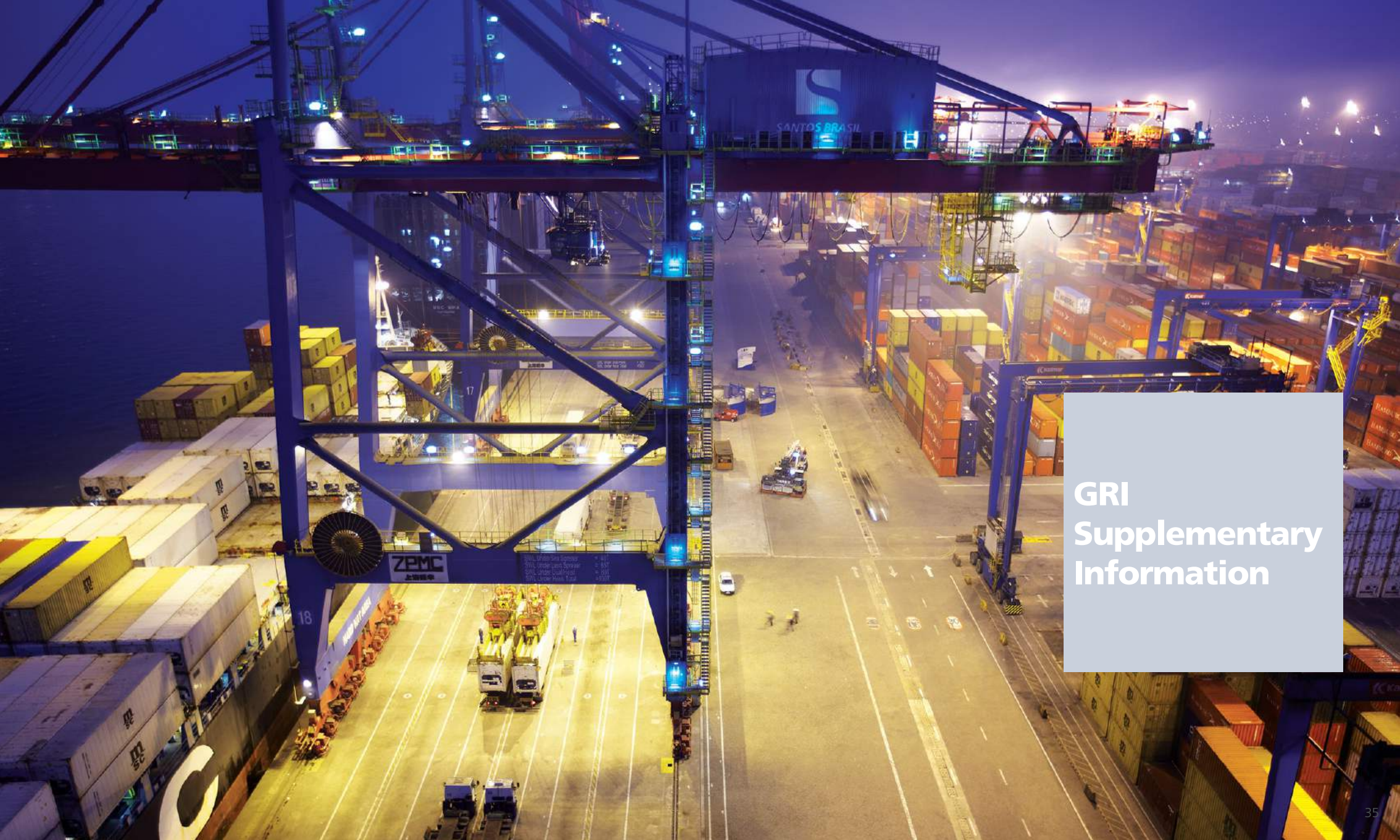
Two years ago, we also adopted dry washing for road transportation vehicles and equipment, a measure that saved 5.9 million liters of water by end-2016. Compared to conventional washing, dry washing a truck, for example, saves 1,500 liters of water. Since the initiative's launch, 3,924 washes have been performed.

(Please see GRI Supplementary Information for tables on water consumption by company unit and by source).

Solid Waste

In 2016, we dedicated efforts to creating the Solid Waste Management Program and in parallel focused on the Procurement Department, which involved reviewing all destination agreements and analyzing the possibility of developing, by end-2017, a composting process for Tecon Santos. The strategy for solid waste is to concentrate efforts on its origin, which means reducing the volume consumed and consequently purchases.





GRI
Supplementary
Information

About the Report

Stakeholder engagement GRI G4-24 | G4-25 | G4-26 | G4-27

Stakeholder	Demands	Channels	Pages
Shareholder	Status of the analysis of the executive expansion project at Tecon Santos• Financing schedule and structure for the investment in expansion • Competition faced at the Port of Santos • Impact of economic crisis on our operations • Migration to the Novo Mercado corporate governance segment	E-mail, website, IR Ombudsman, results conference, Apimec meetings and service to analysts	11
Clients	Operating results• Innovations in the services offered • New procedures • Sustainability	Sales consultants, Customer Relations department, satisfaction survey, our website, marketing e-mails, app and social networks	30
Government	Operating, environmental and safety performance• Delivery of port access between Cônego Domenico Rangone Highway and Santos Dumont Avenue	Specific contacts in the organizational structure	12
Employees	Operating results • Health and Safety • Volunteer Work • Recognition • Sustainability	Monthly magazine, weekly dashboard, e-mails, internal TV, personal communication and social networks	29-30
Suppliers, third parties and related persons	Environment • Rapprochement and relationship • Supplier qualification and training • Learning/professional courses for community youngsters.	Dashboard, materiality survey and monthly meetings	30
Press	Financial results • Formare Apprentice Program • Safety • Novo Mercado segment • Innovation in services • Sustainability	Communication department and media relations and social networks	12
Trade associations and unions	Adjustments of wages and benefits for inflation	Annual meetings	26
Industry companies	Safety • Engagement by local communities	Industry forums and entities	12
Communities	Donations and sponsorships• Volunteer work• Formare Program	Sustainability Team, social networks (Facebook and Twitter) and community dialogues	31
Environment	Reduction in carbon emissions• Energy efficiency • Reuse and reduction of water consumption • Solid waste management	QHES Department	32-34

Economic and financial performance

Statements of Value Added for the fiscal years ended December 31, 2016 and 2015 GRI G4-EC1

	Parent Company		Consolidated	
	12.31.2016	12.31.2015	12.31.2016	12.31.2015
Revenue				
Sales of goods, products and services	659,656	753,293	939,719	1,089,497
Other revenue	13,405	27,108	20,041	29,552
Accrual (reversal) of provision for bad debt and losses from uncollectable credits	(9,554)	(56,167)	(11,849)	(56,945)
	663,507	724,234	947,911	1,062,104
Inputs acquired from third parties				
Cost of products, goods and services sold	(149,062)	(136,501)	(198,096)	(184,805)
Material, energy, third-party services and other	(109,202)	(116,083)	(183,230)	(194,390)
Losses with depreciation of assets	-	(30,639)	-	(30,639)
Other	(869)	(742)	(1,879)	(2,557)
	(259,133)	(283,965)	(383,205)	(412,391)
Gross value added	404,374	440,269	564,706	649,713
Depreciation, amortization and depletion	(64,344)	(100,493)	(96,022)	(131,587)
Net value added produced	340,030	339,776	468,684	518,126
Value added received through transfer				
Equity pickup	(9,679)	9,736	-	-
Financial income	25,815	43,199	36,065	52,664
	16.136	52.935	36.065	52.664

Amounts in thousands of Brazilian reais (R\$)

Economic and financial performance

	Parent Company		Consolidated	
	12.31.2016	12.31.2015	12.31.2016	12.31.2015
Value added to distribute	356,166	392,711	504,749	570,790
Distribution of value added	356,166	392,711	504,749	570,790
Personnel				
Direct compensation	162,813	172,202	221,631	235,376
Benefits	39,116	36,476	61,625	61,170
FGTS	10,847	9,511	17,507	14,638
	212,776	218,189	300,763	311,184
Taxes, fees and contributions				
Federal	52,731	51,836	79,914	100,126
State	59	68	5,808	6,026
Municipal	20,164	23,200	29,074	33,506
	72,954	75,104	114,796	139,658
Value distributed to providers of capital				
Interest	49,190	79,234	49,711	81,906
Rent	41,156	38,313	59,389	56,171
	90,346	117,547	109,100	138,077
Value distributed to shareholders				
Interest on shareholders' equity	-	-	-	-
Dividends	-	-	-	-
Proposed additional dividends	-	-	-	-
Retained earnings (accumulated losses)	(19,910)	(18,129)	(19,910)	(18,129)
	(19,910)	(18,129)	(19,910)	(18,129)

Amounts in thousands of Brazilian reais

Safety

Safety management GRI G4-LA6 | G4-LA7

Occurrences	Tecon Santos				Tecon Imbituba				Tecon Vila do Conde				TEV				Logistics			
Employees	2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016
Number of reportable accidents	7	2	7	3	0	0	1	0	2	2	1	0	0	0	0	0	0	0	1	0
Men	7	2	7	3	0	0	1	0	2	2	1	0	0	0	0	0	0	0	1	0
Women	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Number of lost-time accidents	17	21	18	22	2	1	4	2	1	6	11	2	0	0	1	0	11	12	7	4
Men	14	21	18	19	2	1	4	2	1	6	11	2	0	0	1	0	11	12	7	4
Women	3	0	0	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lost-time accident frequency rate	4.18	5.87	5.31	6.21	10.31	5.61	15.59	9.09	2.63	13.27	15.65	3.29	0	0	8.76	0	4.55	4.79	3.19	2.29
Occupational disease rate	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Men	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Women	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lost days	546	355	197	150	15	4	49	12	10	67	74	64	0	0	3	0	111	93	67	34

Safety

Occurrences	Tecon Santos				Tecon Imbituba				Tecon Vila do Conde				TEV				Logistics			
Employees	2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016
Absentee rate	0.35%	0.42%				0.15%				0.17%				0.09%			1.02%	0.93%		
Number of fatalities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Men	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Women	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Severity rate	134	119	58.13	42.37	77	22	191.02	54.52	26	148.15	105.31	105.39	0	0	26.29	0	46	40	30.55	19.45

Occurrences	Tecon Santos				Tecon Imbituba				Tecon Vila do Conde				Logistics			
Supervised workers	2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016
Number of injuries	8	8	10	8	0	0	1	0	0	1	0	0	0	2	1	0
Number of occupational diseases	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fatalities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Independent contractors (OGMO)	2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016
Number of injuries	14	8	7	9	2	3	0	0	0	1	0	0	-	-	-	-
Number of occupational diseases	0	0	0	0	0	0	0	0	0	0	0	0	-	-	-	-
Number of lost days with leave	162	32	31	46	15	70	0	0	0	0	0	0	-	-	-	-
Fatalities	0	0	0	0	0	0	0	0	0	0	0	0	-	-	-	-

Internal public

Employee profile
By region and employment contract [GRI G4-10](#) | [G4-LA1](#)

Employment contract	Baixada Santista	Imbituba	Planalto Paulista	Vila do Conde	Total
At will	2450	163	225	322	3160
Apprentice	31	7	2	10	50
Intern	6	0	0	0	6
Total	2487	170	227	332	3216

Employee profile
By education [GRI G4-LA12](#)

Level	Number
Masters degree	1
Postgraduate	67
College Degree	527
College Undergraduate	100
Technician degree	156
Uncompleted technical course	9
High School graduate	1958
Uncompleted High School	94
Completed Basic Education	246
Uncompleted Basic Education	58
No schooling	0
Total	3216

Region	Employees
Baixada Santista	2487
Imbituba	170
Planalto Paulista	227
Vila do Conde	332
Overall total	3216

Employee profile – By gender and age group [GRI G4-10](#) | [G4-LA1](#)

Age group	Female			Male			Total
	Nº	%	% total	Nº	%	% total	
Under 30 years	173	41.49	5.38	469	16.76	14.58	642
30 to 50 years	229	54.92	7.12	1970	70.38	61.26	2199
Over 50 years	15	3.60	0.47	360	12.86	11.19	375
Total	417	100.00	12.97	2799	100.00	87.03	3216

New hires – Age group [G4-LA1](#)

Age group	Feminino			Masculino		
	Nº	%	% geral	Nº	%	% geral
Under 30 years	22	81	22	27	38	27
30 to 50 years	5	19	5	37	51	37
Over 50 years	0	0	0	8	11	8
Total	27	*	*	72	*	*
Total new hires						99

* All companies

New hires – Employment contract [G4-LA1](#)

Employment contract	Baixada Santista	Planalto Paulista	Imbituba	Vila do Conde	Total
At will	44	15	13	2	74
Apprentice	19	1	3	2	25
Intern	0	0	0	0	0

* All companies

Internal public

Turnover (%) GRI G4-LA1

Unit	Tecon Santos	3.76
	Tecon Imbituba	4.15
	Tecon Vila do Conde	9.32
	TEV	0.00
	Logística	7.83
	Total turnover	5.23
Region	Pará	9.32
	Santa Catarina	4.15
	São Paulo	4.81
	Distrito Federal	0.00

Professional training GRI G4-LA9

Employee category	No. of employees			Total hours of training			Average hours of training		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Administrative	263	379	642	5,344	7,793	13,137	20.32	29.63	49.95
Operational	122	2,268	2,390	2,284	58,054	60,338	18.72	475.85	494.57
Executive Board	0	11	11	0	16	16	0.00	1.45	1.45
Supervision	17	83	100	827	2,909	3,736	48.65	171.12	219.76
Coordination	11	36	47	345	1,075	1,420	31.36	97.73	129.09
Management	4	22	26	11	243	254	2.75	60.75	63.50
Total	417	2,799	3,216	8,811	70,090	78,901	21.13	25.04	46.17

Ratio of standard entry-level wage compared to minimum wage GRI G4-EC5

Unit	Gender	Minimum monthly wage/ unit (R\$)	National minimum monthly wage (R\$)	Difference (R\$)	Difference (%)
Tecon Santos	Male	R\$ 1,271.38	R\$ 880.00	R\$ 391.38	44.48
	Female	R\$ 1,886.04	R\$ 880.00	R\$ 1,006.04	114.32
Tecon Imbituba	Male	R\$ 1,471.28	R\$ 880.00	R\$ 591.28	67.19
	Female	R\$ 1,586.43	R\$ 880.00	R\$ 706.43	80.28
Tecon Vila do Conde	Male	R\$ 1,177.54	R\$ 880.00	R\$ 297.54	33.81
	Female	R\$ 1,177.54	R\$ 880.00	R\$ 297.54	33.81
TEV	Male	R\$ 1,271.38	R\$ 880.00	R\$ 391.38	44.48
	Female	R\$ 1,821.32	R\$ 880.00	R\$ 941.32	106.97
Logística	Male	R\$ 1,164.64	R\$ 880.00	R\$ 284.64	32.35
	Female	R\$ 1,651.99	R\$ 880.00	R\$ 771.99	87.73

Employees assessed

Employee category	Men	Women	Total
Administrative	379	263	642
Operational	2268	122	2390
Executive Board	0	0	0
Supervision	83	17	100
Coordination	36	11	47
Management	0	0	0
Total	2766	413	3179

Suppliers

Proportion of spending on local suppliers GRI G4-EC9

Unit	Total	%
Santos Brasil Participações	88,438,795.04	100
Local suppliers	53,535,768.88	60.53
Other regions	34,903,026.16	39.47
Logistics - Clia Guarujá and Clia Santos	38,738,721.73	100
Local suppliers	27,863,315.19	71.93
Other regions	10,875,406.53	28.07
Logistics - DC SBC and DC SP	9,685,784.74	100
Local suppliers	4,963,838.72	51.25
Other regions	4,721,946.02	48.75
TEV	1,421,514.57	100
Local suppliers	446,643.55	31.42
Other regions	974,871.02	68.58
Tecon Imbituba	6,690,083.12	100
Local suppliers	4,593,444.76	68.66
Other regions	2,096,638.36	31.34
Tecon Vila do Conde	19,016,750.10	100
Local suppliers	13,536,209.97	71.18
Other regions	5,480,540.21	28.82
Total	163,991,649.39	100
Local suppliers	104,939,221.08	64.00
Other regions	59,052,428.31	36.00

Note1: compared to prior years, the proportion of spending on local suppliers was affected by a review of the technical and financial criteria of agreements, which became more rigid.

Note2: Definition of the scope of "Local suppliers"

Summary – Suppliers in the region

Santos Brasil Participações: Considers Baixada Santista

SB Logística SBC + Jaguaré + K10: Considers the municipalities of Osasco, Santo André, SBC, SP, Guaratinguetá, Diadema and Riacho Grande

SB Alemoa + Guarujá: Considers Baixada Santista

TEV: Considers Baixada Santista

Convicon: Considers the state of Pará

Imbituba: Considers the state of Santa Catarina

Environment

GHG emissions GRI G4-EN15 | EN16

Direct emissions (Scope1)	Tons of CO _{2e}
Tecon Santos	17,122.91
Tecon Imbituba*	798.05
Tecon Vila do Conde*	2,471.78
Santos Brasil Logística	7,172.32
Total	27,565.06
Indirect emissions (Scope 2)	Tons of CO _{2e}
Tecon Santos	2,408.49
Tecon Imbituba	27.91
Tecon Vila do Conde	185.61
Santos Brasil Logística	387.01
Total	3,009.02
Direct emissions (Scope 1) + Indirect emissions (Scope 2) Tons of CO _{2e}	
TOTAL	30.624,19

**Emissions from DCs due to the use of LPG*

GHG emissions GRI G4-EN15 | EN16

Year	Emissions	Tecon Santos	Tecon Imbituba	Tecon Vila do Conde	Santos Brasil Logística – Clias
2014	Tons of CO ₂ e	23,781.75	754,213.24	1,916.59	3,079.00
	Kg of CO ₂ e per TEU	17.81	17.53	28.99	25.14
2015	Tons of CO ₂ e	18,808.22	822,327.53	1,881.26	2,117.02
	Kg of CO ₂ e per TEU	14.68	27.29	25.68	26.79
2016	Tons of CO ₂ e	19,531.41	848.53	2,657.40	1,149.16
	Kg of CO ₂ e per TEU	13.94	30.75	26.85	21.58

GHG emissions GRI G4-EN15 | EN16

Year	Emissions	Santos Brasil Logística – DCs	Santos Brasil Logística – TTR
2014	Tons of CO ₂ e	440.87	6,093.18
	Kg of CO ₂ e per pallet	0.86	1.03
2015	Tons of CO ₂ e	298.10	6,814.39
	Kg of CO ₂ e per pallet	1.10	0.96
2016	Tons of CO ₂ e	168.61	6,241.56
	Kg of CO ₂ e per pallet	0.67	0.94

Environment

Emission intensity per unit

Scope 1 GRI G4-EN18

GHG emissions per movement	
Tecon Santos	12.18
Tecon Imbituba	28.59
Tecon Vila do Conde	23.86
Santos Brasil Logística	
Clia Santos	18.76
Clia Guarujá	11.28
CD São Paulo	0.19
CD São Bernardo	0.18
TTR	0.94

Emission intensity per unit

Scope 2 GRI G4-EN18

GHG emissions per movement	
Tecon Santos	1.71
Tecon Imbituba	1.00
Tecon Vila do Conde	1.79
Santos Brasil Logística	
Clia Santos	4.88
Clia Guarujá	4.11
CD São Paulo	0.96
CD São Bernardo	0.39
TTR	0.0044

Water consumption (in liters) GRI G4-EN8

	Tecon Santos	Tecon Imbituba	Tecon Vila do Conde	Clia Santos	Clia Guarujá	CD São Bernardo	CD São Paulo	TTR	Total Santos Brasil
Jan	4,454.00	55.00	134.00	591.00	200.96	264.00	65.00	113.04	5,877.00
Feb	4,435.00	52.00	133.60	533.00	133.12	266.00	81.00	74.88	5,708.60
Mar	4,020.00	68.00	130.00	519.00	245.76	370.00	75.00	138.24	5,566.00
Apr	3,240.00	114.00	132.70	523.00	235.52	350.00	83.00	132.48	4,810.70
May	7,750.00	56.00	131.00	481.00	217.60	240.00	49.00	122.40	9,047.00
Jun	5,590.00	65.00	130.00	519.00	193.28	384.00	59.00	108.72	7,049.00
Jul	5,760.00	70.00	133.80	522.00	180.48	369.00	2.00	101.52	7,138.80
Aug	5,545.00	59.00	130.00	489.00	167.04	374.00		93.96	6,858.00
Sept	5,318.00	78.00	130.00	328.00	133.76	321.00		75.24	6,384.00
Oct	6,279.00	53.00	132.88	481.00	152.96	354.00		86.04	7,538.88
Nov	8,359.00	117.00	131.30	560.00	170.24	571.00		95.76	10,004.30
Dec	6,844.00	93.00	130.00	670.00	193.92	726.00		109.08	8,766.00
Total in m³	67,594.00	880.00	1,579.28	6,216.00	2,224.64	4,589.00	414.00	1,251.36	84,748.28

Water consumption (in liters) GRI G4-EN8

Unit	Public mains	Total	Water sources affected by water collection
Tecon Santos	67,594.00		Public water sources and hydromineral water sources
Clia Guarujá	2,224.64		
Clia Santos	1,579.28		Public water sources and artesian well
CD São Bernardo	4,589.00		
CD São Paulo	414.00		
TTR	1,251.36		Public water sources
Total	84,748.28	84,748.28	

An aerial photograph of a large port facility. In the foreground, several large container ships are docked at a quay. The ship on the left is red and labeled 'WALLONIUS WILHELMSEN'. The ship in the center is blue and labeled 'MSC'. The ship on the right is red and labeled 'HAMBURG SÜD'. A fourth ship, also labeled 'MSC', is moving through the water in the foreground. The port area is filled with numerous colorful shipping containers stacked in rows. Several gantry cranes are visible along the quay. In the background, a dense urban area with many small houses is visible, separated from the port by a road and some greenery. A semi-transparent blue rectangle is overlaid on the left side of the image, containing the text 'GRI Content Index' in white.

GRI Content Index

GENERAL STANDARD DISCLOSURES				
		Chapter/Answer	Global Compact	Sustainable Development Goals
Strategy and analysis				
G4-1	Message from the CEO.	Message from the CEO		16
G4-2	Significant impacts, risks and opportunities.	Message from the CEO		16
Organizational profile				
G4-3	Name of the organization.	Identity		
G4-4	Primary brands, products and services.	Identity		
G4-5	Location of organization's headquarters.	Identity		
G4-6	Number of countries where the organization operates.	Identity		
G4-7	Nature of ownership and legal form.	Identity		
G4-8	Markets served.	Identity		
G4-9	Scale of the organization.	Identity/Operating performance/Economic-financial performance		
G4-10	Total number of employees by employment contract and gender.	GRI Supplementary Information / Internal public	6	8
G4-11	Percentage of total employees covered by collective bargaining agreements.	Safety / People	3	8
G4-12	Organization's supply chain.	The Company is reviewing its supply chain.		
G4-13	Significant changes regarding the organization's size, structure, ownership or supply chain.	Ethics and transparency / Capital market		
G4-14	How the precautionary approach or principle is addressed by the organization.	Risk management		
G4-15	Externally developed charters, principles, or other initiatives to which the organization subscribes or which it endorses.	Commitments		17
G4-16	Membership in national or international associations and organizations.	Commitments		17

Material aspects identified and boundaries				
G4-17	Entities included in the consolidated financial statements.	About this report		
G4-18	Process for defining report content.	About this report		
G4-19	Material aspects identified in the process for defining report content.	About this report		
G4-20	Material aspect boundary within the organization.	About this report		
G4-21	Material aspect boundary outside the organization.	About this report		
G4-22	Effect of restatements of information provided in previous reports.	About this report		
G4-23	Significant changes from previous reporting periods in the scope and aspect boundaries.	About this report		
Stakeholder engagement				
G4-24	Stakeholder groups engaged by the organization.	GRI Supplementary Information / Stakeholder engagement		
G4-25	Basis for identification and selection of stakeholders to engage.	GRI Supplementary Information / Stakeholder engagement		
G4-26	Organization's approach to stakeholder engagement	GRI Supplementary Information / Stakeholder engagement		
G4-27	Key topics and concerns raised through stakeholder engagement.	GRI Supplementary Information / Stakeholder engagement		
Report profile				
G4-28	Reporting period.	About this report		
G4-29	Date of most recent previous report.	About this report		
G4-30	Reporting cycle.	About this report		
G4-31	Contact point for questions regarding the report or its contents.	About this report		
G4-32	'In accordance' option chosen by the organization.	About this report		
G4-33	Policy and practice with regard to seeking external assurance for the report.	About this report		

Governance				
G4-34	Governance structure of the organization.	Corporate governance		
G4-35	Process for delegating authority for economic, environmental and social topics by the highest governance body.	The powers to decide on economic, environmental or social topics are defined by the Bylaws. The Board of Directors regularly analyzes management reports containing operating and financial information.		
G4-38	Composition of the highest governance body and its committees.	Corporate governance		5,16
G4-39	Whether the chair of the highest governance body is also an executive officer.	Corporate governance		16
G4-40	Selection and nomination process for the highest governance body and its committees.	Corporate governance		16
G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided and managed.	Corporate governance		
G4-42	Highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, mission, vision or value statements, strategies, policies, and goals.	Corporate governance		
G4-47	Frequency of the highest governance body's review of impacts, risks, and opportunities.	Corporate governance		
G4-48	Highest committee or position that reviews and approves the Sustainability Report.	Corporate governance		
G4-49	Process for communicating critical concerns to the highest governance body.	There are no plans for consulting employees about work relations with formal representation bodies.		
G4-50	Nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	Corporate governance		
G4-51	Critical remuneration policies for the highest governance body and senior executives that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	The members of the Board of Directors receive fixed compensation, with no relation to social and environmental performance.		

G4-52	Process for determining remuneration.	For directors, annual or bi-annual surveys are conducted through specific consultations, with the purpose of analyzing the salary positioning in relation to the market. The variable Remuneration model for executive officers (except for those established by the Bylaws) is defined by the Human Resources and Management departments jointly with the Executive Officers established by the Bylaws.		
Ethics and integrity				
G4-56	Organization's values, principles, standards and rules of behavior	Identity	10	16
G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behavior.	Corporate governance	10	16
G4-58	Internal and external mechanisms for reporting concerns about unethical or unlawful behavior.	Corporate governance	10	16

SPECIFIC STANDARD DISCLOSURES					
		Page/Answers	Omissions	Global Compact	Sustainable Development Goals
CATEGORY: ECONOMIC					
Aspect: Economic performance					
G4-DMA	Form of management.	Economic and Financial Performance			
G4-EC1	Direct economic value generated and distributed.	GRI Supplementary Information / Economic and Financial Development			2,5,7,8,9
G4-EC2	Financial implications from climate change.		There is no calculation of any financial implications.	7	13
G4-EC3	Coverage of the obligations in the benefit plan.	Tecon Santos has a private pension plan provided by Brasilprev that allows employees to plan securely for their personal income/ investment for their future financial stability in the event of termination and retirement. The plan has rules established by the Company and complies with the guidelines of Banco do Brasil.			
Aspect: Market presence					
G4-DMA	Form of management.	Identity			
G4-EC5	Variation in the ratio of the standard entry level wage by gender to the local minimum wage.	GRI Supplementary Information / Internal public		6	1,5,8
Aspect: Indirect economic impacts					
G4-DMA	Form of management.	Economic and Financial Performance			
G4-EC7	Development and impact of infrastructure investments and services supported.		The level of development of expected investments and impacts is not registered.		2,5,7,9,11

G4-EC8	Significant indirect economic impacts, including the extent of impacts.	Communities			1,2,3,8,10,17
Aspect: Procurement practices					
G4-DMA	Form of management.	Suppliers			
G4-EC9	Proportion of spending with local suppliers at important operational units.	GRI Supplementary Information / Suppliers			12
CATEGORY: ENVIRONMENTAL					
Aspect: Energy					
G4-DMA	Form of management.	Environment			
G4-EN4	Energy consumption outside of the organization.	The organization does not monitor energy consumed by the chain.		8	7,8,12,13
G4-EN5	Energy intensity.	Environment		8	7,8,12,13
G4-EN6	Reduction in energy consumption.	Environment		8,9	7,8,12,13
Aspect: Water					
G4-DMA	Form of management.	Environment			
G4-EN8	Total water withdrawal by source.	GRI Supplementary Information / Environment		7,8	6
G4-EN9	Water sources significantly affected by withdrawal of water.	GRI Supplementary Information / Water consumption		8	6
G4-EN10	Percentage and total volume of water recycled and reused.	Environment	The Company invests in water reuse projects and initiatives, in addition to surveys to enable disclosing more accurate data.	8	6,8,12

Aspect: Biodiversity					
G4-DMA	Form of management.	Environment			
G4-EN11	Operational sites owned, leased, managed in or adjacent to protected areas and areas of high biodiversity value outside protected areas.		Is not a material topic.	8	6,14,15
G4-EN12	Significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Since it is a logistics company, the main environmental impacts measured, managed and treated are related to emissions of carbon dioxide (CO ₂) and the discharge of treated wastewater in water bodies.		8	6,14,15
G4-EN13	Habitats protected or restored.	The Company maintains a partnership with the NGO Projeto Baleia Franca, which works to protect, conserve and recover right whale populations in the waters off of Brazil.		8	6,14,15
Aspect: Emissions					
G4-DMA	Form of management.	Environment			
G4-EN15	Direct GHG emissions (Scope 1).	GRI Supplementary Information / Environment		7,8	3,12,13,14,15
G4-EN16	Indirect GHG emissions from purchased energy (Scope 2).	GRI Supplementary Information / Environment		7,8	3,12,13,14,15
G4-EN17	Other indirect GHG emissions (Scope 3).		The Company does not report Scope 3 emissions.	7,8	3,12,13,14,15
G4-EN19	Reduction in GHG emissions.	GRI Supplementary Information / Environment		8	13,14,15
G4-EN21	NOx, SOx, and other significant air emissions.		The Company does not report NOx, Sox and other emissions.	7,8	13,14,15
Aspect: Effluents and waste					
G4-DMA	Form of management.	Environment			

G4-EN22	Water discharge by quality and destination.	The Company uses cesspools for collecting sanitary wastewater generated by its Logistics units and Tecon Imbituba, which are cleaned monthly. The sanitary wastewater generated by Tecon Vila do Conde is treated by Companhia Docas do Pará. Oily wastewater is separated by the units using the Water and Oil Separation System, which treats the wastewater and collects and analyzes the treated water.		8	3,6,12,14
G4-EN23	Weight of waste by type and disposal method.	The Company generates 20.30 tons of hazardous waste and 166,99 tons of , non-hazardous waste, which represents a reduction of 33%. Of this total, 121.13 tons were recycled, 9.46 tons were recovered and 50.76 tons were disposed of in landfills.		8	3,6,12
G4-EN24	Total number and volume of significant spills.	There were no significant spills at the units in 2016.		8	3,6,12,14,15
G4-EN26	Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by discharges of water and runoff.	Tecon Santos has the capacity to treat 140 m3 of sanitary wastewater per day at its Wastewater Treatment Plant. Oily wastewater is treated in the physical-chemical plant operated by the company, with daily capacity of 10 m³.		8	6,14,15
Aspect: Products and services					
G4-DMA	Form of management.	Operating performance			
G4-EN27	Extent of mitigation of environmental impacts of products and services.	The goals and targets of Santos Brasil include programs to reduce environmental impacts.	There are no mitigation indicators for all aspects.	7,9	6,8,12,13,14,15

Aspect: Compliance					
G4-DMA	Form of management.	Corporate governance			
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	R\$21,195.00		8	15
Aspect: Transportation					
G4-DMA	Form of management.	Competitive advantages			
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce.	Since it is a logistics company, the main environmental impacts measured, managed and treated refer to emissions of carbon dioxide (CO ₂) and the discharge of treated wastewater in water bodies. The Company has programs to reduce these indicators.		8	11,12,13
Aspect: Supplier environmental assessment					
G4-DMA	Form of management.	Suppliers			
G4-EN32	Percentage of new suppliers that were screened using environmental criteria.	100% of new suppliers		8	8
CATEGORY: SOCIAL / LABOR PRACTICES AND DECENT WORK					
Aspect: Employment					
G4-DMA	Form of management.	Human development / Internal public			
G4-LA1	Number and rates of new employee hires and employee turnover by age group, gender and region.	GRI Supplementary Information / Internal public	The turnover rate is not broken down by gender.	6	5,8
G4-LA2	Benefits granted to employees.	Internal public			8

Aspect: Occupational health and safety					
G4-DMA	Form of management.	Safety			
G4-LA5	Percentage of total workforce represented in formal health and safety committees.	100%			8
G4-LA6	Types of injury and rates of injury, occupational diseases, lost days and absenteeism, and total number of work-related fatalities, by region and by gender.	GRI Supplementary Information / Safety	Rates of lost days and absenteeism are not broken down by gender.		3,8
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation.	GRI Supplementary Information / Safety			3,8
G4-LA8	Health and safety topics covered in formal agreements with trade unions.	Santos Brasil has a benefit package that differs from one unit to another and includes life insurance, health plan covering dependents, and sick pay, among other benefits, and ensures the health and safety of everyone.			8
Aspect: Training and education					
G4-DMA	Form of management.	Human development / Internal public			
G4-LA9	Average hours of training per year per employee by gender, and by employee category.	GRI Supplementary Information / Internal public		6	4,5,8

G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Once a year, the Company prepares the Annual Training Plan (PAT), which includes continued learning programs for the development of technical and management skills. One of the programs is designed to develop leaders, which include the coordinators, supervisors and other leaders of the company. It results in an assessment with the issue of a report that allows the assessed employee to know their gaps and to prepare an individual development plan with the support of their manager.			8
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	Except for managers and executive officers, which are annually assessed by the Business Plan, employees are subject to a performance and skill assessment. The performance targets are negotiated at the start of the year. Feedback is provided constantly, but the process is published in December and January by the system, through which employees report their results and prepare, with their manager, an Individual Development Plan.		6	5,8
Aspect: Diversity and equal opportunities					
G4-DMA	Form of management.	Human development / Internal public			
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, and minority groups.	Board of Directors: The highest governance body is formed by seven members, of which two are independent, and by seven alternate members. The sitting members, elected by the Annual Shareholders' Meeting for a two-year term of office, with reelection permitted, include five men and two women; five members are between the ages of 30 and 50 and two members are over the age of 50.		6	5,8

Aspect: Supplier assessment for labor practices					
G4-DMA	Form of management.	Suppliers			
G4-LA14	Percentage of new suppliers that were screened using labor practice criteria	100% of new suppliers Requirements include compliance with HES legal standards and, recently, adherence to the commitment "Declaration of no child and/or forced labor"			5,8,16
G4-LA15	Significant impacts for labor practices in the supply chain.	The Company conducts audit of documents in its chain in order to minimize any negative impacts.			5,8,16
Aspect: Labor practices grievance mechanisms					
G4-DMA	Form of management.	Corporate governance			
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms.	In 2016, 273 incidents were registered.			16
CATEGORY: HUMAN RIGHTS					
Aspect: Investments					
G4-DMA	Form of management.	Human development / Internal public			
G4-HR2	Total hours of employee training on human rights policies	100% of employees undergo integration training. Each professional attends a 7-hour corporate training program and an 8-hour training program on mandatory topics, such as occupational safety and property security. There is also training on the Anti-Corruption Law, which totaled a 1,018 hours.		1	16

Aspect: Child labor					
G4-DMA	Form of management.	Commitments			
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor.	Suppliers		5	8,16
Aspect: Forced or compulsory labor					
G4-DMA	Form of management.	Commitments			
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor.	Suppliers		4	8
Aspect: Security practices					
G4-DMA	Form of management.	Safety			
G4-HR7	Percentage of security personnel trained in the organization's human rights policies.	100% of employees were trained in human rights policies in 2016.		1	10,16
Aspect: Appraisal					
G4-DMA	Form of management.	-			
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or assessments.		The Company has not conducted any analysis.	1	10
Aspect: Supplier human rights assessment					
G4-DMA	Form of management.	Suppliers			
G4-HR10	Percentage of new suppliers that were screened using human rights criteria.	100% of new suppliers Requirements include compliance with HES legal standards and, recently, adherence to the commitment "Declaration of no child and/or forced labor."		2	10

CATEGORY: SOCIETY					
Aspect: Local communities					
G4-DMA	Form of management.	Communities			
G4-S01	Percentage of operations with local community engagement programs.		Social programs serve 100% of local communities, but the engagement and impact assessment differ from one community to other.	1	11,17
G4-S02	Operations with significant actual or potential negative impacts on local communities.	Communities		1	1,2
Aspect: Anti-corruption					
G4-DMA	Form of management.	Commitments			
G4-S03	Number and percentage of operations assessed for risks related to corruption.		The Company does not conduct any analysis.	10	16
G4-S04	Communication and training on anti-corruption policies and procedures.	100% of employees received training on the Compliance Policy and Confidential Portal.		10	16
G4-S05	Confirmed incidents of corruption.	There were no confirmed incidents of corruption in 2016.		10	16
Aspect: Public policy					
G4-DMA	Form of management.	Corporate governance			
G4-S06	Total value of financial contributions to politicians and political parties.	The Company does not make contributions to political parties and politicians.		10	16
Aspect: Anti-competitive behavior					
G4-DMA	Form of management	Corporate governance			

G4-S07	Number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices.	In 2016, there were no legal actions for anti-competitive behavior, anti-trust, and monopoly practices.			16
Aspect: Compliance					
G4-DMA	Form of management	Corporate governance			
G4-S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	R\$78,346.00			16
Aspect: Supplier assessment for impacts on society					
G4-DMA	Form of management	Suppliers			
G4-S09	Percentage of new suppliers that were screened using criteria for impacts on society.		The Company does not conduct any analysis.		
Aspect: Grievance mechanisms for impacts on society					
G4-DMA	Form of management	-			
G4-S011	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms.	The Company does not manufacture products and its services do not affect public health and safety.			16

CATEGORY: PRODUCT RESPONSIBILITY					
Aspect: Consumer health and safety					
G4-DMA	Form of management	Safety			
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.		All activities and services undergo risk assessments, which indicate any weaknesses and mitigation and emergency measures, which is called the Hazard and Risk Table.		
G4-PR2	Number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services.		The Company does not manufacture products and its services do not affect public health and safety.		15
Aspect: Product and service labeling					
G4-DMA	Form of management	Human development / Clients			
G4-PR5	Results of surveys measuring customer satisfaction.	Human development/ Clients			12
Aspect: Customer privacy					
G4-DMA	Form of management	Human development / Clients			
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	In 2016, the Company did not register complaints regarding breaches of customer privacy or losses of customer data.			16

SGS did not take part in the preparation of any material included in the Social and Environmental Indicators. Our responsibility is to express an opinion within the scope of assurance on the text, data, graphs and statements detailed below, with the intention of informing the Santos Brasil Participações S.A. stakeholders.

This report was assured using our protocols to assess the truth of the content, based on Sustainability Reporting Guide (G4) guidelines. The assurance comprised sampling of data in a combination of prior research, interviews with strategic employees, review of documentation, records and data, and evaluation of the 2016 Social and Environmental Indicators developed by Santos Brasil Participações S.A.

Declaration of independence and competence

The SGS Group is a world leader in surveys, inspections, analyzes and verifications, with operations in more than 140 countries and providing services that include certification of management, auditing and training systems in the quality, environmental, social and ethical areas, assurance of reports on sustainability and verification of greenhouse gases. SGS declares its independence from Santos Brasil Participações SA, and is free of any conflicts of interest with the organization, its subsidiaries and stakeholders. The assurance team was formed based on knowledge, experience and qualification for this service, and comprised:

- A Lead Auditor for Assurance and Monitoring of Social and Environmental Programs, Lead Auditor of Compliance and Risk Programs, Lead Verifier of Sustainability Indicators.
- A Sustainability Reporting Auditor, Lead Verifier of greenhouse gas (GHG) emission and Climate Change programs, Lead Auditor of Social and Environmental programs, Lead Auditor in Environmental Management Systems, Quality, Energy, Health and Safety.

Assurance Opinion

With regard to the methodology presented and the verification performed, we find no circumstances indicating that the information and data contained in the 2016 Social and Environmental Indicators are not reliable and do not provide

a fair and balanced representation of the sustainability activities of Santos Brasil Participações S.A. in 2016. It is the opinion of the assurance team that the Social and Environmental Indicators can be used by Santos Brasil Participações S.A. stakeholders.

Summary of the assured results

The summary of the annual results of the 2016 Social and Environmental Indicators of Santos Brasil Participações S.A according to the above described scope are shown in the table below:

	Tecon Santos	Logística	Tecon Imbituba	Tecon Vila do Conde
CO ₂ Emission indicator				
CO ₂ emissions (kg/TEU)	1.97	39.84	30.75	26.04
CO ₂ emissions (kg/PM)	0	3.26	0	0
CO ₂ emissions (kg/Km)	0	0.9	0	0
Residue Indicator				
Total recyclable (class I & II) - ton	44.28	70.56	4.15	1.47
Total non-recyclable (class I & II) - ton				
Total Residues (ton)	82.41	90.16	4.57	4.58
Water Indicator				
Consumption (m3/per capita)	2.50	4.83	0.38	0.33
Occupational Accident Indicator				
Frequency Rate (TF)	6.21	2.29	9.09	3.29
Seriousness Rate (TG)	42.37	19.45	54.52	105.39

Recommendations, findings and conclusions

The Social and Environmental Indicators are adequately in accordance with adopted standards. The material aspects and their boundaries inside and outside the organization were in general appropriately established, and there was no information that could not be evidenced.

The commitment and availability of the Santos Brasil Participações S.A. team involved in developing the Social and Environmental Indicators should be highlighted.

Some improvement opportunities have been identified, so that the Social and Environmental Indicators can reach even higher levels:

- a) Develop a system for monitoring traceable records (internal control and invoices) of fuel consumption of own vehicles (ethanol and gasoline); of fire extinguishers; of gases such as R134A (air conditioning systems); in addition to monitoring the volume of the ETE (Wastewater Treatment Station), among others.
- b) In the CO₂ Emission Indicator, it is recommended to include data from other emission sources and to account for all greenhouse gases, for adequacy under the GHG Protocol guidelines. The sources to be included are the fuel of own vehicles (ethanol and gasoline); fire extinguishers; emissions from the ETE anaerobic process; gas emissions such as R134A (air conditioning systems), among others.
- c) Show the Emission Indicator measuring unit in TonCO₂eq. (Metric tons of CO₂ equivalent) as per the GHG Protocol
- d) Develop a systematic and traceable uniformity of waste disposal records (physical, weight control, destination certification, and so on) across all Santos Brasil units. It is recommended to investigate the feasibility of a records control system.
- e) In the Emissions Indicator, keep biodiesel data separate from diesel data. Use GHG Protocol emission factors according to fuel type.
- f) At the Vila do Conde unit, develop a more efficient energy consumption monitoring system.

Despite the quality of the preparation process of the Social and Environmental Indicators and the final product presented, it is necessary to consider the following points regarding some information made available, always with the intention of contributing to the improvement in preparing it with the transparency required and demanded by readers:

- a) The power consumption data from June to December 2016 at the Vila do Conde Unit were not included in the CO₂ Emissions Indicator due to lack of evidence.
- b) The Residue Indicator consists of the sum of many output records of all units. The monitoring data compilation system needs to be more uniform, consistent and simple to track.

Signed by and in the name of SGS
Luciana A F Spinola and Fabian Peres Gonçalves
Lead Auditor e and Sustainability Report Auditor,
SGS ICS Certificadora Ltda.
February 01, 2017
www.sgs.com

Corporate information

Administrative offices

■ São Paulo GRI G4-5
R. Eduardo de Souza Aranha, 387, 2º andar – Vila Olímpia
CEP: 04543-121 – São Paulo (SP)
Tel: 55 (11) 3279-3279
Email: comercial@santosbrasil.com.br

■ Santos
R. Brás Cubas, 37, 5º andar – Centro
CEP: 11013-919 – Santos (SP)
Tel: 55 (13) 2102-9000
Email: comercial@santosbrasil.com.br

Sales offices

■ Santos
R. Praça Antônio Telles, 12, 6º andar – Centro
CEP: 11013-020 – Santos (SP)
Tel: 55 (13) 2102-9000
Email: comercial@santosbrasil.com.br

■ Imbituba
Av. Presidente Vargas, s/nº - Área Portuária
CEP: 88780-000 – Imbituba (SC)
Tel: 55 (48) 3255-3495
Email: comercial.tci@santosbrasil.com.br

■ Belém
Av. Presidente Vargas, 158, 10º andar, sala 1001 – Campinas
CEP: 66010-000 – Belém (PA)
Tel: 55 (91) 3230-2397
Email: comercial.tcv@santosbrasil.com.br

Operations

■ Tecon Santos
Via Santos Dumont, s/nº
CEP: 11460-970 – Guarujá (SP)
Tel: 55 (13) 3344-1000

■ Tecon Imbituba
Av. Presidente Vargas, s/nº - Área Portuária
CEP: 88780-000 – Imbituba (SC)
Tel: 55 (48) 3255-3495

■ Tecon Vila do Conde
Rod. PA 481, km 21, s/nº – Vila do Conde Port
Complex
CEP: 68447-000 – Barcarena (PA)
Tel: 55 (91) 3322-7575

Logistics

■ Av. Marginal Via Anchieta, 820 – Alemoa
CEP: 11095-000 – Santos (SP)
Tel: 55 (13) 3209-6000

Distribution Center

■ Est. Sadae Takagi, 2.600, sala 4 – Cooperativa CEP:
09852-070 – São Bernardo do Campo (SP)
Tel: 55 (11) 4393-4900

■ Via Santos Dumont Vehicle Terminal, s/nº
CEP: 11451-970 – Guarujá (SP)
Tel: 55 (13) 3344-1000

Credits

General coordinator

- Corporate Communication and Sustainability
- Investor Relations

Content and copy

- KMZ Conteúdo

Graphic design and layout

- Manolo Pacheco and Sergio Honorio