



SANTOS BRASIL

2014 SUSTAINABILITY REPORT



Message from the Chief Executive Officer	3
Santos Brasil	5
Mission, Vision, and Values	9
Market Environment	10
Business Model and Strategy	11
Corporate Governance	22
Economic and Financial Performance	28
Social Performance	41
Environmental Performance	52
About this report	64
GRI Content Index	66



MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

[GRI G4-1, G4-2]

Competition and the slow growth in the number of containers handled at the Port of Santos created a challenging situation for Santos Brasil in 2014. In contrast, there was a rise in the number of containers handled at the Ports of Vila do Conde and Imbituba, whose share in the company's total container handling – 1,462,187 TEU in 2014 – also increased.

In 2014, we stuck to our strategy of adapting to the new competition environment at Santos and cut costs and expenses by 13.6% year-over-year. At the close of the year, our net income amounted to R\$91.6 million, EBITDA to R\$292.9 million, cash and cash equivalents to R\$218.4 million and gross debt to R\$357.9 million; as a result, our net debt stood at R\$139.5 million. Owing to Santos Brasil Participações' sound financial statements and operating income, S&P maintained the company's brAAA rating.

Throughout the year, we focused continuously on boosting productivity and reducing costs to make our assets more competitive. At Santos, we were—once again—the leading company in cargo loading and unloading and container storage. At the close of 2014, we were the number one company in vehicle handling as well.

By constantly innovating our processes and products, we honor our commitment to offer our clients significant competitiveness gains. In 2014, we surpassed the mark of 200 handlings per hour (HPH) on a single vessel and maintained the average of 100 HPH in Tecon Santos. We also made progress in logistics services by offering different integrated products including railroad transportation and distribution.

In August 2014, we made a great stride in extending the Tecon Santos lease in advance. At an extraordinary meeting of the Board of Executive Officers, ANTAQ (Agência Nacional de Transportes Aquaviários, or Brazilian National Waterway Transportation Agency) deliberated on Santos Brasil's request and recommended that SEP (Secretaria Especial de Portos, or Brazilian Special Port Authority) extend the lease under the terms of the project presented by the Company. Our proposal will increase the terminal's capacity and competitiveness in that the berths and cranes will be adapted to the new Panamax-class vessel, expected to start coming to Brazilian ports as of 2015. In addition, it also includes investments in automation and in the capacity of railroad transportation. As a result, Tecon Santos will be even more competitive and prepared for a new development cycle.

We also moved forward in the dialogue with all our stakeholders by improving our sustainability management, which follows the ten principles of the Global Compact. We adhered to this international initiative, spearheaded by the UN, in late 2013 and will continue subscribing to it in 2015. Health and Safety; Greenhouse Gas Emissions (GGE) and Water; Transparency and Anti-Corruption Practices and Local Development will be our key issues over the next three years.

The year 2015 will be just as challenging. Our operational focus will continue to be on boosting productivity and reducing costs. Concerning our commercial activities at Santos, we will be mainly developing customized products for our logistics clients and maintaining long-term contracts with our port operation clients. At Imbituba and Vila do Conde, we will continue to seek to increase the number of containers handled by offering new services. This will be our strategy to improve our margins and return on invested capital. This is how we are planning to keep the Company on the path to growth and continue creating value for our clients, shareholders, employees and society in the long term.

Antônio Carlos Sepúlveda
Chief Executive Officer



|GRI G4-9|

Present at ports in Brazil's Southeast, South and North Regions, Santos Brasil is the leader of the container port handling market in the country. It is prepared to meet the needs of all stages of the logistics chain by providing transportation and distribution services, promoting operational synergy and offering customized solutions to clients. |GRI G4-3, G4-4, G4-6|

Its clients include shipping companies, which own the vessels and containers, as well as Brazilian importers and exporters from the chemical, pharmaceutical, food, autoparts, electronics, consumer goods and agribusiness industries. |GRI G4-8|

The company was established in 1997 to bid in the leasing auction for the Santos Container Terminal, in Guarujá, São Paulo State. In addition to Tecon Santos, São Paulo State, its largest operation, it currently has four other port terminals, two of which dedicated to containers: Tecon Imbituba, in Imbituba, Santa Catarina State, and Tecon Vila do Conde, in Barcarena, Pará State; a vehicle terminal (TEV), in Guarujá; and a general cargo terminal in Imbituba, Santa Catarina State. Santos Brasil Logística has units in Santos, Guarujá, São Paulo, São Bernardo do Campo and Guaratinguetá (where a unit was officially opened in October 2014), all in São Paulo State. |GRI G4-4, G4-6, G4-13|

Santos Brasil is a publicly-held corporation, with shares listed on BM&FBovepa's Level 2 of Corporate Governance since 2006. It adopts a business model that promotes ongoing, sustainable growth and combines discipline, high financial and operational performance, environmental preservation and social responsibility.

BUSINESS UNITS

TECON SANTOS, SÃO PAULO STATE

After winning the public bid for the lease in 1997, the Company has invested over R\$2 billion in the terminal over the years to make it a benchmark in efficiency and modern infrastructure.

CAPACITY: 2 million TEU/year (a unit equivalent to a 20-foot container)

LOCATION: Port of Santos (left bank), in Guarujá

AREA: 596 thousand sq. m.

INFRASTRUCTURE: 13 supercranes operating on 980 meters of the quay distributed in four docking berths for Super-Post Panamax vessels.

TECON IMBITUBA, SANTA CATARINA STATE

Located in one of Brazil's main industrial and port hubs, it has been operated by Santos Brasil under a concession since 2008. About R\$520 million was invested in expanding the terminal, refurbishing materials and acquiring equipment.

CAPACITY: 450 thousand TEU/year

LOCATION: Imbituba, Santa Catarina State

AREA: 207 thousand sq. m.

INFRASTRUCTURE: 660-meter quay. Its deep water access is one of its distinct features.

TECON VILA DO CONDE, PARÁ STATE

The first public port terminal operated by the private sector, Tecon Vila do Conde is located in an area with an extensive waterway network. This favors cabotage lines. Since it is close to the main international sea routes, it

has access to all continents directly or through hub ports in the Caribbean.

LOCATION: Barcarena, in the Amazon River delta. It is an integral part of the Vila do Conde Industrial-Port Complex, 96 km from the industrial and business district of Belém, in Pará State.

AREA: 103 thousand sq. m.

CAPACITY: 250 thousand TEU/year

INFRASTRUCTURE: 254-meter quay

TEV-VEHICLE TERMINAL, SÃO PAULO STATE

LOCATION: Port of Santos, in Guarujá

AREA: 165-thousand-sq. m. clearance area

CAPACITY: up to 300 thousand cars per year

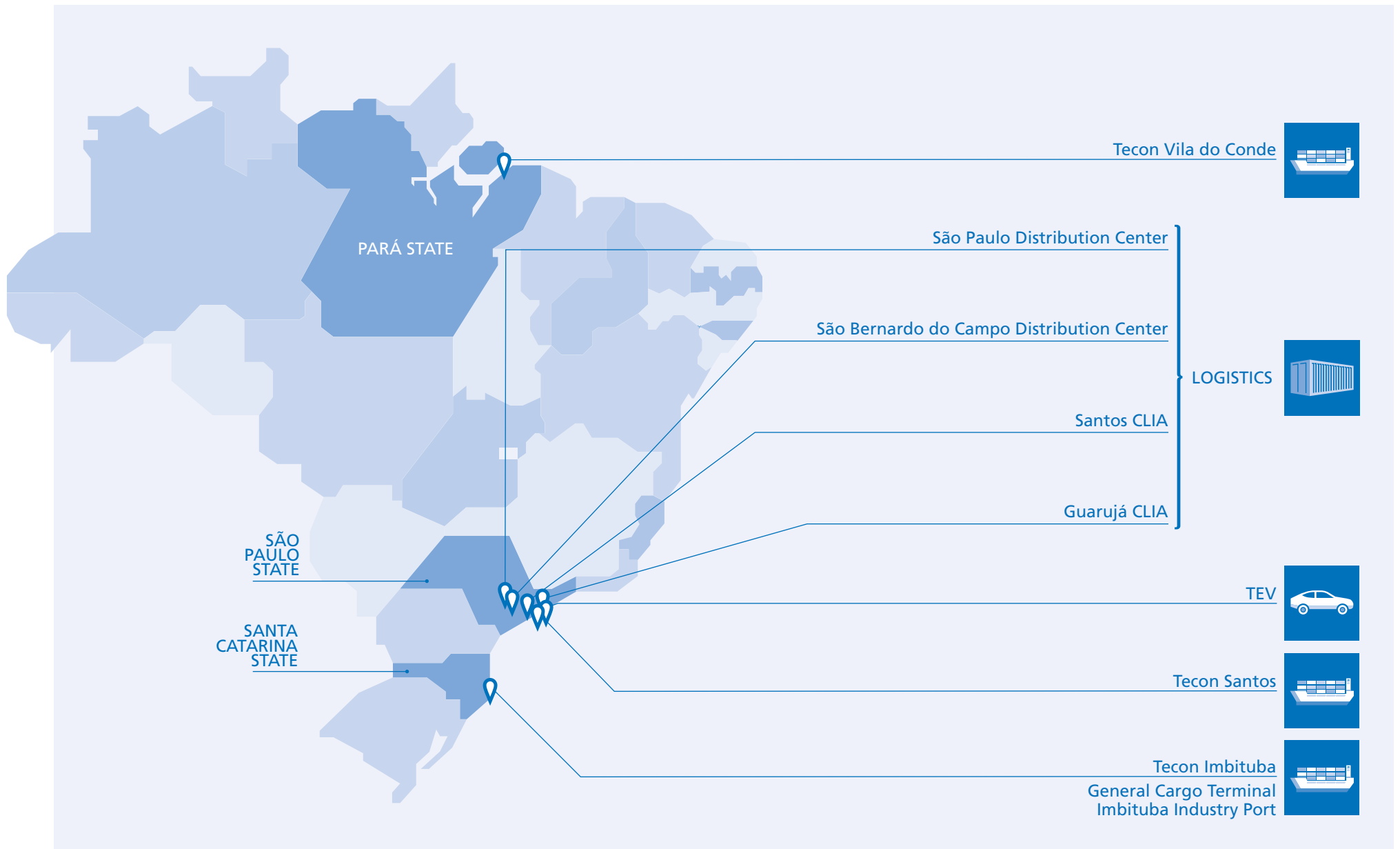
INFRASTRUCTURE: It operates in a public 310-meter berth at the Port of Santos, with all the infrastructure to receive RORO (roll-on/roll-off) vessels

LOGÍSTICA (SP)

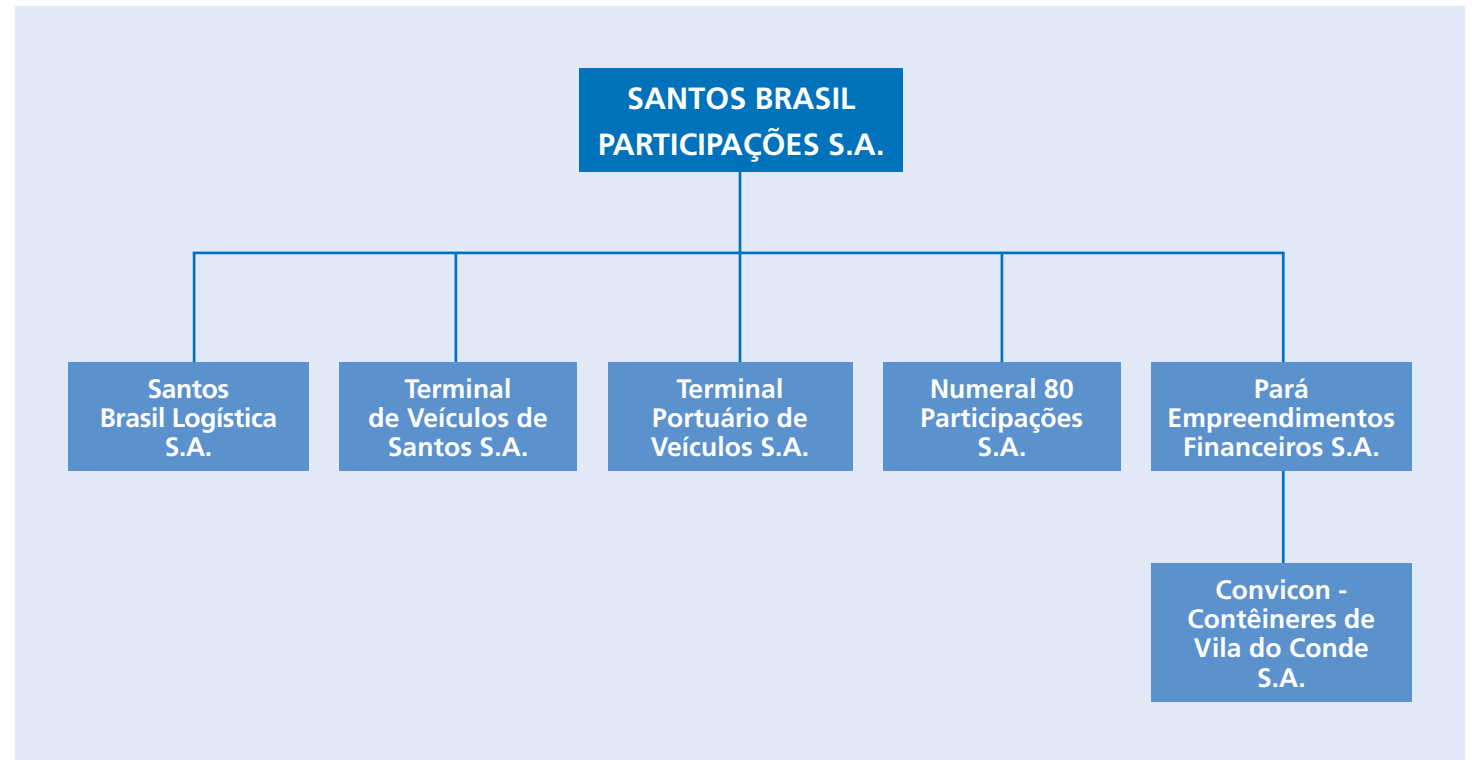
This business unit was created in 2007 with the acquisition of a logistics company. It offers complete customized service packages that integrate port activities to road transportation, storage, inventory management and distribution.

DISTRIBUTION CENTERS (DCS): São Bernardo do Campo, with 105 thousand sq. m., and São Paulo (Jaguareé district), with 30 thousand sq. m. and a branch in Guaratinguetá since October 2014.

CUSTOMS LOGISTICS AND INDUSTRIAL CENTERS (CLIA): Santos, on the right bank of the Port of Santos; and Guarujá, on the left bank of the Port of Santos.



SHAREHOLDING STRUCTURE



EQUITY INTEREST (%)	2013	2014
DIRECT SUBSIDIARIES		
Santos Brasil Logística S.A.	100	100
Terminal de Veículos de Santos S.A.	100	100
Terminal Portuário de Veículos S.A.	100	100
Numeral 80 Participações S.A.	100	100
Pará Empreendimentos Financeiros S.A.	100	100
INDIRECT SUBSIDIARY		
Convicon Contêineres de Vila do Conde S.A.	100	100



MISSION, VISION, AND VALUES

[GRI G4-56]

MISSION

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

VISION

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

VALUES

Responsible management, underpinned by:

- Ethics and transparency
- Commitment to results
- Innovation
- Environmental and social responsibility
- Safety, speed and precision, and
- Valuing the individual and respect for diversity.



MARKET ENVIRONMENT

According to the Ministry for Development, Industry and International Trade (MDIC), Brazil's trade flow – total imports and exports – has decreased for the first time since 2009. In fact, it dropped by at least 5.7% year-over-year to US\$454.2 billion in 2014. This drop resulted from a fall both in imports (4.4%) and exports (7.0%), with a direct impact on the port sector.

The Port of Santos, which had recorded a double-digit Compound Annual Growth Rate (CAGR) over the previous 15 years, felt the impact of the slowdown in Brazil. Container throughput grew below average—by 6.0% in 2014 vs. 8.8% in 2013—in all its terminals. Additionally, two new container terminals began operating in Santos; thus, the container handling capacity of the port was increased by approximately 50%

However, reports from the São Paulo State Docks Company (CODESP) indicate that Tecon Santos had a 37.6% market share at the close of 2014; as a result, it retained its leading position in the Port of Santos.

The number of vehicles handled at Santos dropped by 37.8% due to the trade barriers on Brazilian vehicles imposed by Argentina in December 2013. These barriers impacted vehicle handling at the terminal directly since most vehicles handled at the port are exported, and Argentina is one of the main destinations.



BUSINESS MODEL AND STRATEGY

STRATEGIC MANAGEMENT

Boosting operational efficiency and reducing costs were key issues in strategic management in 2014 in response to the projections of a more competitive market environment. Consequently, the Company continued reviewing its processes, an effort started in 2013.

MAIS SANTOS BRASIL PROGRAM

Introduced in 2013, the *Mais Santos Brasil* (More Santos Brasil) Program was carried out successfully in 2014 in its four priority areas: Efficiency, Resources, Costs and Safety. The Maximum Efficiency Project led to an expected productivity gain. By the end of its first phase, the Company had achieved the financial return goal of R\$12.9 million by revising the quay operations, customs storage (Tecon Santos) and road transportation (Logistics) processes. Improved IT processes—newly-developed systems that successfully reduced rework—accounted for 80% of this result.

SUSTAINABILITY MANAGEMENT |GRI G4-18, G4-19, G4-20|

Santos Brasil’s Sustainability Committee introduced key indicators for each of the priority issues in sustainability management, with impacts within and outside the organization. The aspects considered relevant were reassessed in a survey conducted with strategic stakeholders in 2012. The following priority issues were identified:

1. Health and Safety
2. Local Development
3. Emissions and Water (named Renewable Energy until 2013)
4. Transparency and Anti-Corruption Practices

Talent Education and Retention is no longer among the priority issues determined in previous surveys since the Company already manages this issue in an excellent manner. In addition, the labor market is at a standstill because new competitors started operations in Santos.

|GRI G4-23|

The four key issues are discussed in society and in the news; are on the Government’s and on the international agenda; and are part of the supply chain and of the reality of the community and of the people living in the vicinity of our units. They are also among investors’ and clients’ concerns since we are often inquired about these issues, which shows how important it is for us to address them in a consistent manner so that our goals are compatible with the principles of sustainability. |GRI G4-21|

We have decided to focus on eco-efficiency to tackle the key issue of Emissions and Water. The strategy involves investing in new technologies and redesigning our energy mix, as well as managing and reducing our relative water consumption.

SAFE ATTITUDE

The 13 internal workgroups, referred to as Movements, were created in 2013 as part of Safe Attitude Project. They discussed health and safety issues and processes continuously and effectively in 2014.

The group that dealt with stakeholder engagement mapped key stakeholders. Santos Brasil believes that this project will help it manage its stakeholders in coming years. In 2015, we are planning to develop a computerized system that allows executives to publish information about stakeholders and monitor their relationship with the company, mainly regarding Occupational Safety, to develop and take corrective actions and make improvements when needed. Creating a consultation panel with the most strategic stakeholder groups is one of our plans as well. **[GRI G4-25]**

The Company belongs to the Sustainability group of ABRATEC (*Associação Brasileira dos Terminais de Contêineres de Uso Público, or Brazilian Association of Public-Use Container Terminals*), based in Rio de Janeiro. The group meets on a bimonthly basis and brings together representatives from ports throughout Brazil to share experiences and good practices, as well as discuss rules, laws and regulations in the fields of Health, Safety and the Environment. Santos Brasil attended all five group meetings held in 2014 and introduced management models developed jointly. It also aligned itself with the targets set by ABRATEC for the Environment and Health & Safety indicators.

STAKEHOLDER ENGAGEMENT **[GRI G4-26]**

We have active communication platforms to ensure that our stakeholders' demands can reach us whenever needed. In addition, we routinely offer several interaction opportunities throughout the year and conduct a specific survey on the previous Annual Sustainability Report. **[GRI G4-25]**

Launched in March, Santos Brasil's new slogan *Where do you want to reach?* implies more direct communication with all stakeholders, particularly with clients. It was created to be used in all marketing and sales initiatives. Icons were specially designed to show clearly and objectively that our services are delivered in a nimble, speedy, safe, innovative and highly efficient manner. They also express our commitment to social and environmental responsibility.

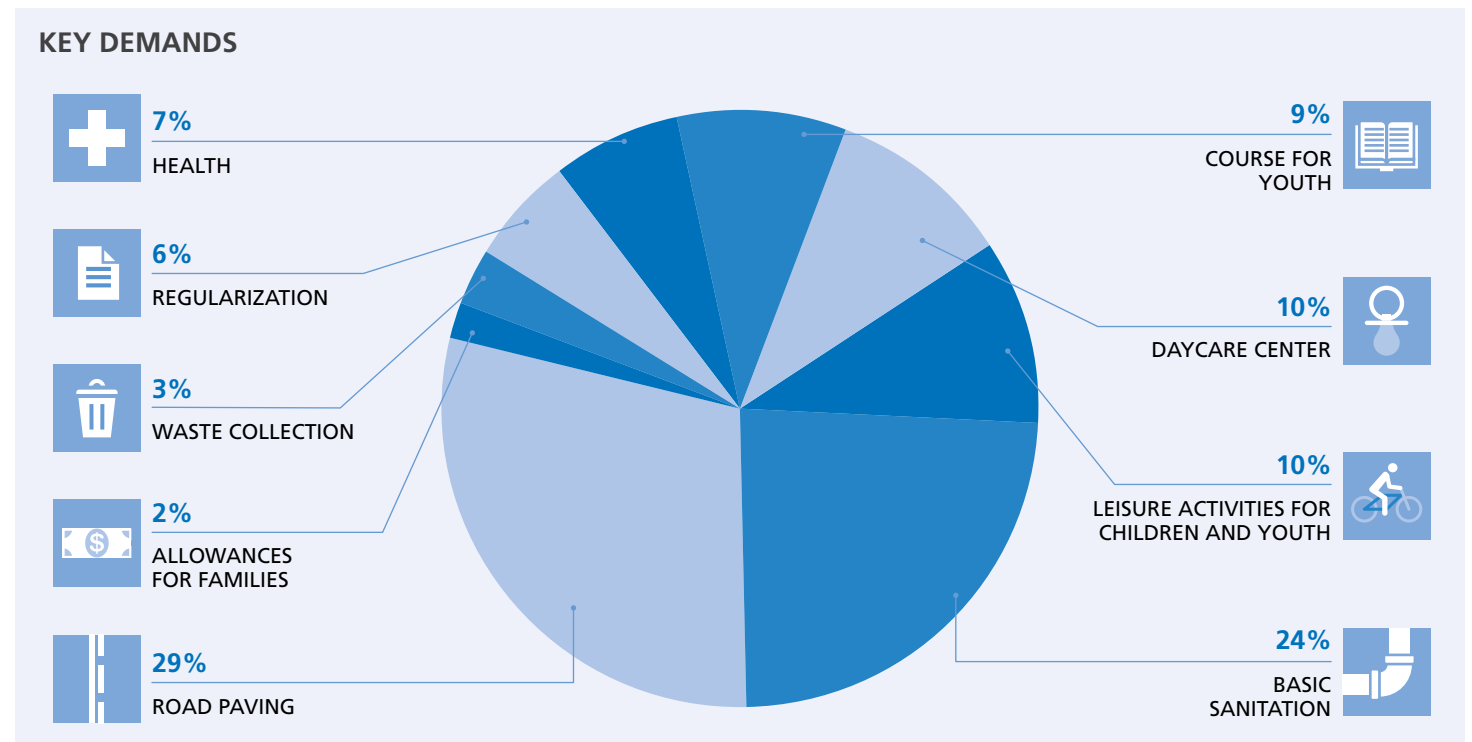
COMMUNITY

We are permanently in contact with our support network by holding monthly meetings with the coordinators of all projects that we support. Concerning the key issue of Local Development, we took a step forward when we started the survey at the Aldeia community, adjacent to TEV. Conducted jointly with Instituto Elos, it was designed to find out who the key community members are and strengthen our relationship with them. A total of 137 families were interviewed, 19 residents participated in focus groups and 22 residents attended the project presentation. Overall, 431 people were involved in the

survey, which found that 91% of all residents are aware of Santos Brasil; 41% recognize its work in the community and 86% of these respondents mentioned the Nostra Aldeia Project, which is supported by the Company and offers jiu-jitsu lessons to children and youth.

To find out what the community's demands are and how they can be met, the following question was asked: What would the locals do at the Aldeia community in Santos Brasil's place? Two infrastructure items emerged prominently in the responses. Of all survey respondents,

29% mentioned the need for road paving and 24% the need for basic sanitation. Neither of these needs can be met directly by the private sector, however. Tied in the third position, leisure facilities for children and youth and a daycare center were each mentioned in 10% of the responses. Considering the Nostra Aldeia Project, the Company is already meeting the former demand. In 2015, we are planning to move forward with this dialogue with the community and strengthen the initiatives decided on jointly between the Company and the residents.



INVESTORS

The Investor Relations department ensures that disclosures comply with relevant standards, and is secure and comprehensive. All disclosure and website materials are published in Portuguese and English. In 2013, we created the Investor Ombudsman platform, in line with the CVM (the Brazilian Securities Commission) requirements.

We also have the following permanent communication platforms with investors: quarterly earnings releases and accompanying conference calls; client service by phone and e-mail; meetings at the head office; presentations at public events in Brazil and events held by financial institutions in the domestic and international markets; customized visits to business units; annual public meetings; and a dedicated up-to-date website. **[GRI G4-57]**

CLIENTES

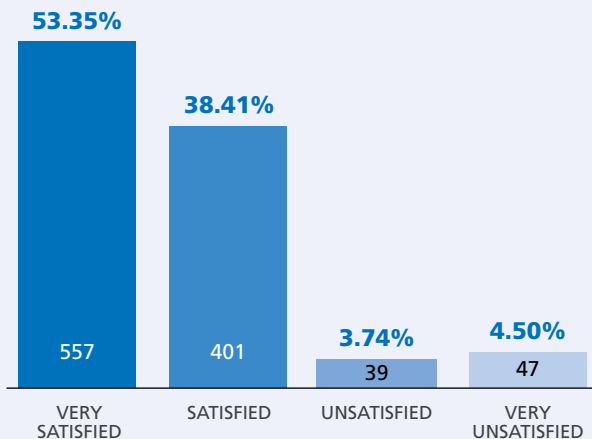
Over a thousand clients responded to the satisfaction survey conducted by the Client Service Center throughout the year. The questions addressed six issues: information provided, service time, handling of request, attendant's friendliness and helpfulness, and documents sent. Clients were asked to rate themselves as very satisfied, satisfied, unsatisfied or very unsatisfied with each of these aspects.

Considering the average of the six aspects, 92.53% of the clients were very satisfied or satisfied; therefore, we achieved the target set for this year, 90%. The same average target will be maintained in 2015. **[GRI G4-PR5]**



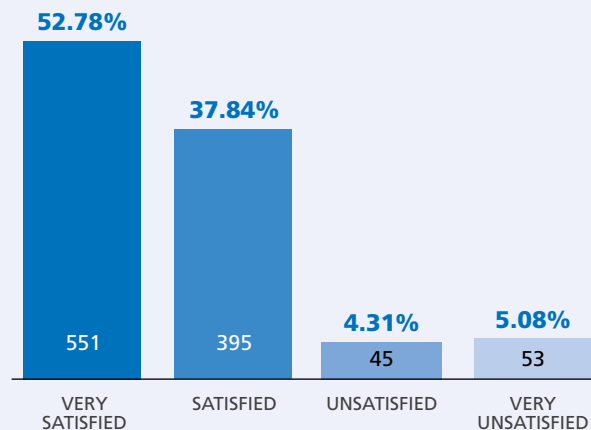
EVALUATION OF INFORMATION PROVIDED

(number of surveys vs. percentage)



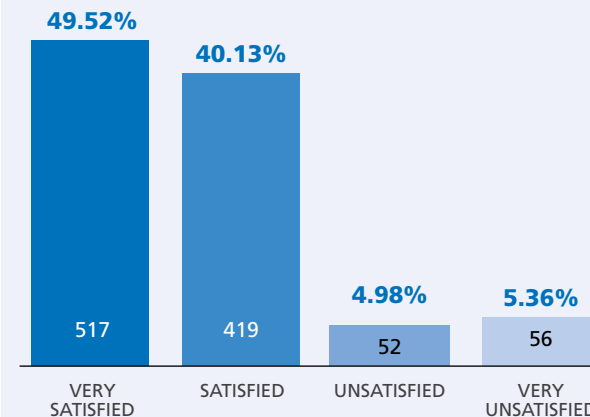
EVALUATION OF ATTENDANCE TIME

(number of surveys vs. percentage)



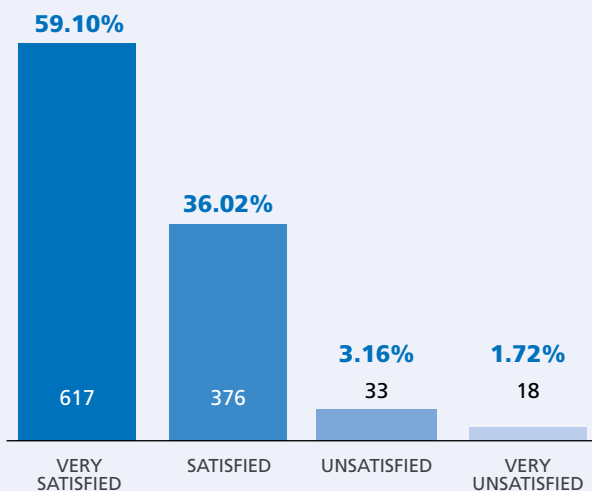
EVALUATION OF REQUEST SOLUTION

(number of surveys vs. percentage)



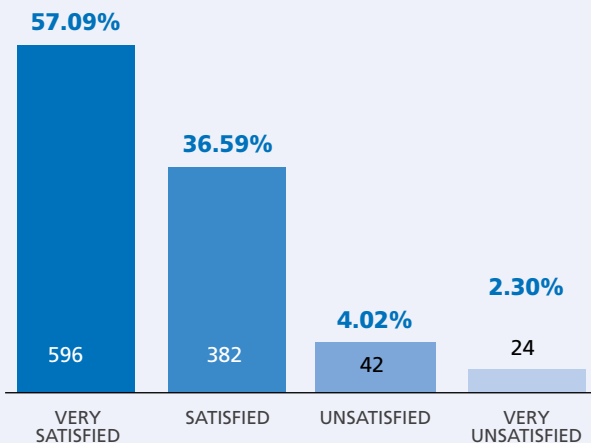
EVALUATION OF ATTENDANT FRIENDLINESS

(number of surveys vs. percentage)



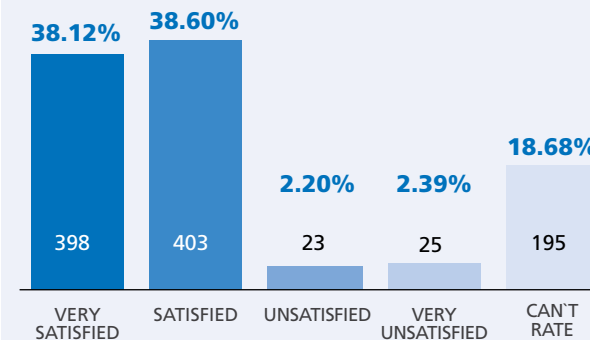
EVALUATION OF ATTENDANT HELPFULNESS

(number of surveys vs. percentage)



EVALUATION OF DOCUMENTS SENT

(number of surveys vs. percentage)





SUPPLIERS

We engage constantly in open dialogue with all suppliers through our Procurement department. Our up-to-date Supplier Qualification Manual sets forth concepts and rules for supplier contracts. In addition, we also visits our critical suppliers.

MEDIA

Santos Brasil believes that, as a corporate citizen, it has a duty to help consolidate democracy by promoting freedom of speech and access to information, prerogatives of the Brazilian press. As a result, it seeks to build a transparent relationship with the press. In 2014, there were 17 relationship meetings between its executives and Brazil's leading journalists. The press ran 2,025 pieces—416 in print media, 1,587 in online media and 22 on TV—about Santos Brasil and its services, as well as the most important news about the Company. Our press relations strategy is designed by the Corporate Communications department, which is directly responsible to the Chief Executive Officer and is assisted by an outsourced press office.

PUBLIC AUTHORITIES

As a public service provider, Santos Brasil has strong ties with different areas and spheres of government. Through industry associations, it engages in discussions about rules and public policies related to its line of business, thus helping disseminate top-quality technical information that can be used by decision-makers in the three spheres of government.

EMPLOYEES

In the first half of 2014, we conducted a survey to evaluate our internal communication processes and the platforms available for all units. It was a three-stage study coordinated by an institute specializing in corporate communications. In the first stage, 20 leaders were interviewed and six focus groups were conducted with employees drawn to participate in this process. Two groups were created in the administrative area, two in Tecon Santos' operational area and two at Santos Brasil Logística. In the second stage, a survey was conducted with 500 employees from all units based on probability sampling and proportional to the total number of employees.

The evaluation results were positive and served as a basis for us to review the tools currently in use. Over 82% of the survey respondents evaluated our internal communication platform positively. Around 90% of the respondents are aware of the Viva Voz bulletin board newsletter, the *Viva Voz* email address, the Intranet and the *Viva Voz* magazine and use them regularly. Fewer interviewees, around 70%, are aware of and use the *Viva Voz Família* (Family Viva Voz) magazine and a corporate TV Station, Viva Voz TV. Contents and quick updates were among the main improvements pointed out in the survey. Accordingly, both items are part of the new internal communication processes introduced in December 2014. The findings also highlight leaders' important role as sources of information.



STAKEHOLDER ENGAGEMENT |GRI G4-24, G4-26, G4-27|

STAKEHOLDERS	KEY DEMANDS	PLATFORMS	REPORT CHAPTER/SECTION
INVESTORS AND SHAREHOLDERS	<ul style="list-style-type: none"> • Process to extend the leasing agreement of Tecon Santos • Competition at the Port of Santos • Cost reduction throughout the year 	E-mail, website, IR ombudsman, earnings calls, APIMEC meetings and analysts	<ul style="list-style-type: none"> • Prospects and opportunities • Corporate Governance
CLIENTS	<ul style="list-style-type: none"> • Operating results • Service innovations • Transparent performance and social and environmental results (evaluation questionnaires) 	Clients, satisfaction surveys/dedicated p-sales department, corporate website	<ul style="list-style-type: none"> • Prospects and opportunities • Operational performance • Communities • Environmental performance
ENVIRONMENT	<ul style="list-style-type: none"> • CO2 emissions reduction • Energy efficiency • Water reuse and water consumption reduction 	QHSE (Quality of life, Health, Safety, Environment) dept.	<ul style="list-style-type: none"> • Environmental performance
PUBLIC AUTHORITIES	<ul style="list-style-type: none"> • Operational performance • Expansion plans 	Specific points of contact in the organizational structure	<ul style="list-style-type: none"> • Corporate governance
EMPLOYEES	<ul style="list-style-type: none"> • Health and Safety • Talent education • Transparency and anti-corruption practices • Local Development • Environmental responsibility 	Monthly magazine, weekly bulletin board newsletter, e-mail, internal TV channel, hierarchical structure (face-to-face communication)	<ul style="list-style-type: none"> • Corporate governance • Human capital • Communities • Environmental performance
SUPPLIERS, THIRD-PARTIES AND AGENTS	<ul style="list-style-type: none"> • Health and Safety • Talent education and retention 	Surveys conducted at meetings and in company areas dedicated to stakeholders	<ul style="list-style-type: none"> • Human capital • Suppliers
PRESS	<ul style="list-style-type: none"> • Expansion plans • Increased competition • Social responsibility initiatives 	Communications department; press office	<ul style="list-style-type: none"> • Stakeholder engagement
TRADE UNIONS	<ul style="list-style-type: none"> • Wage agreements • Safety training 	Regular meetings, trade unions–annual negotiation	<ul style="list-style-type: none"> • Human capital • Commitments
SURROUNDING COMMUNITIES	<ul style="list-style-type: none"> • Investment in sports activities for children and youth • Vocational education for youth • Investment in health and education infrastructure • Income generation courses for women 	Sustainability team, social networks (Facebook and Twitter), community dialogues	Communities
INDUSTRY	<ul style="list-style-type: none"> • Performance Indicators • Different benchmarks 	Forums and industry associations (ABRATEC and ABTRA)	<ul style="list-style-type: none"> • Human capital • Communities • Environmental performance

PROSPECTS AND OPPORTUNITIES

In early 2015, we embraced with a mission of preparing for a new round of investments in response to increased competition at the Port of Santos. Our goal is to expand Tecon Santos' current capacity to cope with the demand projected for the future. In fact, 366-meter vessels will start docking at Brazilian ports once the expansion of the Panama Canal is completed, which is scheduled for 2015.

Around R\$1.2 billion will be invested by 2022 as described in detail in the proposal submitted to the Brazilian Special Port Authority (SEP) to extend the Tecon Santos concession contract for another 25 years.

In November 2014, we also submitted to SEP a request to extend the Tecon Vila do Conde contract to 2033. Both cabotage and intermodal logistics activities are expected to increase at this terminal, the former by tapping into the extensive waterway network in the area to expand barge transportation and the latter by transporting the same goods by water, road and rail. We published a material fact notice in August 2014, when the ANTAQ (Brazilian National Waterway Transportation Agency) Board meeting deliberated on the possibility of amending this contract.

In addition, the Panama Canal expansion should lead to a boost in long-haul cargo at the terminal. Making full use of the waterway system in the area should also have positive social and environmental impacts on a local level.

In Imbituba, we focused on increasing cargo handling at the terminal. We introduced two cabotage services in 2014; as a result, container throughput rose by over 190%. Our regular, safe and efficient operations at Tecon Imbituba and competitive advantage in offering customized port and integrated logistics solutions will help boost our business in Santa Catarina State. The simulation of the expanded turning basin produced good results and indicates that vessels up to 333.2 meters in length and 11.2 meters in draft will be able to dock.

In 2015, we will remain focused both on increasing the number of shipping lines calling at the terminal and on expanding our client base to include importers/exporters from production hubs in northern Rio Grande do Sul State.

CLIENTS

On the commercial front, our main challenge will be to attract new cargoes and increase client loyalty. With that in mind, we will be strengthening our competitive advantages. Owing to our investments in scheduling and automating the railroad gates at Tecon Santos—the only container terminal at the Port of Santos served by four rail branches—, the Company is a leader in terms of containerization.

In 2014, grain production from Brazil's Central-West Region, mainly soybeans and corn from Mato Grosso and Goiás States, was distributed through Tecon Santos, and the same is expected to occur in 2015.

We also have realistic prospects of expanding our presence in other segments, such as cabotage, which is growing quickly in Brazil; project cargo (general cargo of heavy machinery and parts that must be handled in a specific manner); and strategic partnerships to increase the amount of cargo handled at Tecon Santos.

In late 2014, we created the Competitive Intelligence department, intended to provide information relevant to our commercial and strategic performance. Responsible to the Chief Commercial Officer, the new structure will analyze and assess the market environment as of 2015 to anticipate clients' demands and seek new opportunities. Furthermore, all commercial activities related to import and export storage services in São Paulo State were centralized in a single office in 2014 to increase synergies and strengthen our strategic positioning. **[GRI G4-13]**

CAPEX

Capital expenditures totaled R\$28.6 million in 2014, mainly allocated to Tecon Santos. We used our own funds in 77.7% of the projects. For the remaining 22.3%, we obtained financing for equipment and imports. Many of those investments were made to bring efficiency gains. Total CAPEX fell by 66.5% from the R\$84.8 million invested in 2013.



CAPEX IN 2014

CAPEX	R\$ MILLION	GOAL	ORIGIN OF FUNDS
PORT TERMINALS			
TECON SANTOS	12.3		
Civil Works	5.4	Productivity/safety improvement	Owned
Tecon Santos upgrade	1.2	Productivity improvement	Owned
Dredging–Tecon Santos	1.2	Productivity improvement	Owned
Tecon facilities upgrade	0.8	Required by Federal Revenue Dept.	Owned
Miscellaneous Projects	3.7	Operational maintenance	Owned
TECON IMBITUBA	0.9		
Improvements in legal aspects	0.4	Required by Federal Revenue Dept.	Owned
2nd gate built and roadside weighbridge acquired	0.3	Productivity improvement	Owned
Customs area upgrade and expansion	0.1	Productivity improvement	Owned
Miscellaneous Projects	0.1	Productivity improvement	Owned
TECON VILA DO CONDE	1.6		
Operational capacity Increase and empty container yard	0.4	Productivity improvement	Owned
10k-m expansion of yard	0.2	Required by Federal Revenue Dept.	Owned
Gate infrastructure, collectors and network equipment	0.2	Operational maintenance	Owned
Container scanner installation	0.1	Required by Federal Revenue Dept.	Financing (FINIMP)
Installation of customs barriers in blocks A, B and C	0.1	Productivity/safety improvement	Owned
C yard upgrade in compl. w/ SEMA inspection	0.1	Required by Federal Revenue Dept.	Owned
Miscellaneous Projects	0.5	Operational maintenance	Owned
VEHICLE TERMINAL	2.4		
Terminal lighting and light tunnel for inspection	0.8	Ongoing improvement and enhanced performance	Owned
Operational equipment	0.7	Operational maintenance	Owned
Civil Works	0.9	Productivity/safety improvement	Owned
LOGISTICS	8.9		
Equipment fleet upgrade	5.9	Ongoing improvement and enhanced performance	Financing (FINIMP)
Civil Works	1.3	Productivity/safety improvement	Owned
Container scanner	0.3	Required by Federal Revenue Dept.	Financing (FINIMP)
Miscellaneous Projects	1.4	Ongoing improvement and enhanced performance	Owned
CORPORATE			
Strategic project – Plot of land in Imbituba	2.5	Company strategy	Owned
CONSOLIDATED	28.6		



CORPORATE GOVERNANCE

|GRI G4-34|

Santos Brasil is committed to improving its corporate governance practices and its relationships with shareholders, clients, suppliers, government and employees, among other stakeholders, continuously. The Company has been subject to the requirements of BM&FBovespa's (São Paulo Stock Exchange) Level 2 Best Corporate Governance Practices since October 13, 2006, the date of Santos Brasil S.A.'s IPO. This company became a wholly-owned subsidiary of Santos Brasil Participações S.A. in October 2007, and its shares have been traded in the same BM&FBovespa segment since December 2007.

In line with CVM's (the Brazilian Securities Commission) rules, we adopt transparency and security criteria in our disclosures and follow rules for disclosing, and keeping the secrecy of, material information. Any transactions involving companies connected with our shareholders or their related parties are submitted to the Board of Directors for approval.

In addition to the Board of Directors, the governance structure comprises the Board of Executive Officers, the Fiscal Council and the Compensation Committee. This structure allows monitoring and inspecting the Company's management and performance.

BOARD OF DIRECTORS

The Board of Directors is the highest governance level. Its members serve two-year terms and may be re-elected. The Board of Directors has nine permanent members—three of whom are independent members and the remaining six



are appointed by the controlling shareholders–, as well as six alternates. Of the permanent members, elected at an Annual General Meeting (AGM) for two-year terms, seven (77.8%) are men and two (22.2%) are women, one of whom currently chairs the Board; two (22.2%) are over age 70, one (11.1%) is between 60 and 70, three (33.3%) are between 50 and 60, and three (33.3%) are under 50. **[GRI G4-38, G4-LA12]**

BOARD OF EXECUTIVE OFFICERS

The Board of Executive Officers manages the business by following the strategies and guidelines established by the Board of Directors. It consists of a Chief Executive Officer, a Chief Economic-Financial and Investor Relations Officer, a Chief Operating Officer and Chief Commercial Officer (currently vacant after the latest CCO retired in December 2014). Officers are elected by the Board of Directors for two-year terms and may be re-elected.

FISCAL COUNCIL

The Fiscal Council is comprised of four permanent members and four alternates, one of each elected by preferred shareholders. A permanent committee, it acts independently from the Board of Directors and external auditors. It oversees executives' actions and compliance with their legal and statutory duties; ensures the quality and integrity of financial reports and information produced periodically; and examines and provides opinion on the annual financial statements.

CONFLICTS OF INTEREST

The Company, its shareholders, executives and members of the Fiscal Council agree to settle through arbitration any and all disputes or controversies that may arise among them, especially in connection with the application, validity, effectiveness, interpretation and violation, as well as the effects thereof, of the provisions contained in Law 6404/76, Santos Brasil's Bylaws, the rules issued by the Brazilian National Monetary Council, the Brazilian Central Bank and the Brazilian Securities Commission, as well as the other rules applicable to the capital market in general, in addition to those set forth by the Corporate Governance Level 2 Listing Regulation, Corporate Governance Level 2 Agreement and the Market Arbitration Chamber.

ETHICS AND INTEGRITY |GRI G4-56, G4-57, G4-SO4|

We are aligning our value creation system with the transparency and anti-corruption practices that make up an integral part of our values and are one of the key sustainability issues. We have had a Code of Conduct with the force of a corporate policy since 2012. It addresses corruption and human rights issues and serves as a guideline for all employees' ethical behavior by incorporating behavioral and ethical issues into Santos Brasil's culture.

All employees sign the document and receive a copy of the personnel regulations, along with specific operational instructions for each area, on the very day on which they join the Company. On the same occasion, they also attend a 30-minute training session on Human Rights as part of a total of six hours of job training, which comprises a presentation of the company, people management policies, sustainability and occupational safety, in addition to the Code of Conduct and the Internal Rules and Procedures.

Human rights issues are discussed every week during the Direct Safety Dialogues, which last 15 minutes on average. The Company is planning to use other communication platforms to raise human rights awareness. |GRI G4-HR2|

Employees should submit their queries about behaviors at odds with the Code of Conduct to their immediate supervisors. The results are mainly indicated by the number of grievances and incidents, which was zero in 2014. All senior executives were trained in the anti-corruption legislation as planned for the year and as part of the Compliance Program, launched on August 6, 2014. We are planning to introduce a grievance mechanism in 2015. |GRI G4-58|



RISK MANAGEMENT |GRI G4-2|

A multidisciplinary group is in charge of our risk management policy. It acts preventively and takes into account any risks or incidents of non-compliance in operational, environmental, financial and regulatory processes. The group identifies, examines, assesses, treats and continuously monitors internal procedures and controls, and develops measures to mitigate risks and reduce the number of factors that may affect our operational, environmental, economic and financial performance. In 2014, the Safe Attitude Program delivered several products that will help manage Health and Safety risks.

There are also risk management tools such as the ISO 14001 and OHSAS 18001 certifications received by Tecon Santos, the Emergency Response Plan (PAE), the Individual Emergency Plan (PEI), the Port of Santos Area Plan, the Port of Santos Mutual Aid Plan (PAM) and the Guarujá Mutual Aid Plan (PAMG). A Crisis Manual focusing on communication was developed in 2014. The new document is going to be disseminated in 2015 and is expected to bring further progress in this regard.

We believe that it is important to study and monitor the entire chain, from end to end, to be able to assess risks and opportunities not only internally, but also considering the environmental and social variables of all actors that impact, or are impacted by, the Company.

The Reference Form submitted to CVM describes risk factors that may influence investment decisions.



OPERATIONAL

Knowledge management is intended to maintain staff trained in operating and maintaining equipment to cope with any disconnections that may occur, thus controlling the risk of interrupted operations. There are action plans to optimize resources and maintain operations in case of unusual incidents, and equipment receives preventive maintenance.

Surveillance cameras help monitor the risk of break-ins and accidents at terminals and distribution centers. In addition, there are risk management companies at the terminals and Santos Brasil Logística, whose entire fleet, including that of third-parties, is tracked by an online system used both for logistics activities and for security.

Investments in technological innovation are one of the operation's distinguishing features. We have examined the most cutting-edge solutions used worldwide in the industry and prioritized IT systems compatible with software used by clients and suppliers. We also have a back-up infrastructure with network redundancy and a database capable of ensuring the integrity of electronic data in operations, thus minimizing risk of losses. In 2014, Santos Brasil Logística's IT system was insourced, which minimizes technological risks even more.

FINANCIAL

Financial risks are monitored and managed by different management bodies since the Bylaws ensure the alignment between the Board of Directors and the Board of Executive Officers by stipulating that decisions on loans, investments and guarantees are submitted to the highest governance level for approval.

Information available in the market and appropriate valuation methodologies are used to estimate the realization values of subsidiaries' and financial assets and liabilities.

Operational strategies and internal controls allow us to trade financial instruments in a safe and profitable manner while ensuring liquidity. In addition, trading is based on regular assessments of the risks to be covered (exchange rate, interest rates, etc), following prior approval by the Board of Directors. Trading conditions are constantly assessed against the prevailing market conditions by using derivative financial instruments to hedge against interest rate and exchange rate risks, primarily in short-term amortizations (up to 12 months) of debts in foreign currency. We do not make speculative investments in derivatives or any other risk assets.

REGULATORY

We control regulatory risks by complying with the terms of concession contracts and operating efficiently. We also maintain good relationships with government bodies by engaging actively through trade associations in discussions with the Brazilian Federal government and its independent agencies to ensure that the port sector concession rules will remain unchanged. We monitor the environmental and occupational safety legislation continuously to ensure compliance with Legal Requirements in all spheres.

ENVIRONMENTAL [GRI G4-EC2]

The main environmental risk factors inherent in our business are greenhouse gas (GHG) emissions; spills of hazardous substances transported or stored in containers or inflammable substances stored in fuel tanks; and pollution by liquid effluents en route to sanitary disposal or solid waste.

A GHG emissions report is prepared annually, and the risks and aspects of our operations with chemicals are controlled with the help of tables related to the ISO 14,000, OHSAS 18,001 and SASSMAQ (Health, Safety, Environment and Quality Assessment System) certifications. Santos Brasil Logística was the first packaged cargo transportation company to be a signatory of ABIQUIM's (Brazilian Chemical Industry Association) Responsible Operation program.

To control the risk of oil leaking from terminal equipment or any substances leaking from vessels, our operational units have skilled staff and appropriate equipment to respond to emergencies. Tecon Santos has two effluent treatment stations—one for sanitary effluents and the other for chemical effluents. As a result, we are able to dispose safely of oil and grease used in our operations. In the other units, we use systems connected to either the public sewerage system or a septic tank.

Concerning solid waste management, we minimize volumes at the source and have systems to collect, sort, categorize and transport solid waste to treatment facilities or for final disposal. We monitor the indicators related to key environmental risks inherent in waste (*please refer to the environmental performance section*).



ECONOMIC AND FINANCIAL PERFORMANCE

[GRI G4-9]

OPERATING PERFORMANCE

The slowdown of the Brazilian economy, coupled with the depreciation of the local currency against the U.S. dollar, led to a drop in imports of containerized cargo at the Port of Santos. This fall was offset by an upturn in exports and in the volume of cabotage and transshipment containers, services whose share in total handling increased due to the port's capacity expansion in 2013.

Container throughput at the Port of Santos rose by 6.0% in 2014. Concerning the mix of services provided, different trends were observed in long-haul, transshipment and cabotage cargoes. Import and export container handling fell respectively by 32.8% and 31.5% at Tecon Santos in 2014; in contrast, we recorded rises of 13.7% and 80.5% in transshipment and cabotage container handling at the same terminal.

The rise observed in handling this type of cargo resulted from the commercial strategy adopted by the Company, which saw the increase in the port's capacity in 2013 as an opportunity to expand transshipment and cabotage container handling. In 2014, the share of these services in the number of containers handled by Tecon Santos rose by 9.4% and 11.9% respectively.

Throughout 2014, there was a natural shift in the dynamics of the container terminal market at the Port of Santos. Tecon Santos operated at almost full capacity and had a

58% market share until September 2013; however, the number of containers handled by the terminal dropped by 21.9% so that Tecon Santos' market share stood at 37.6% at the close of year. The decrease in the number of full import containers handled at the terminal was due to the depreciation of the real and increased competition at the Port of Santos. As a result, the number of containers stored at the port terminals declined by 31.6% year-over-year in 2014.

There was a sharp rise in the number of containers handled by Tecon Imbituba in 2014. The year-over-year rise of 176.9% was due to the two new cabotage services docking regularly at the terminal.

Tecon Vila do Conde also performed well in 2014. The number of containers handled by the terminal increased by 53.1% driven by the larger number of containers transported by barges, a means of transportation commonly used in the region due to the extensive river network in the Amazon basin.

However, the consolidated numbers show an 18.3% fall in the volume handled by the three container terminals, which came to 957,573 containers.

The full empty container ratio fell slightly to 73.5% in 2014 (vs. 74.5% in 2013).

Santos Brasil Logística recorded a year-over-year drop of 10.4% in the number of stored containers in 2014. In addition the operating results recorded by the CLIAS (Customs Logistics and Industrial Centers), there was a fall in integrated logistics services at the São Bernardo do Campo and the Jaguaré Distribution Centers, whose services range from receiving cargo from the port terminals—through CLIAS and Distribution Centers—to transporting containers by road, distributing break-bulk cargo and managing inventories.

The number of vehicles handled at the Vehicle Terminal fell by 25.8% to 190,729 units in 2014 (from 256,904 in 2013). In 2014, the performance of this business unit was impacted by a measure taken in December 2013 by the Argentine government, which restricted imports of vehicles produced in Brazil.



OPERATIONAL PERFORMANCE IN 2014 |GRI G4-9|

UNITS	2013	2014	VAR. %
PORT TERMINALS			
Quay operations – containers (units)	1,172,365	957,573	-18.3%
Full containers	873,515	703,402	-19.5%
Empty containers	298,850	254,171	-15.0%
Quay operations – general cargo (tonnes)	81,771	78,566	-3.9%
Storage operations (units)	183,811	125,778	-31.6%
LOGISTICS			
Storage operations (units)	88,817	79,611	-10.4%
VEHICLE TERMINAL			
Vehicles handled (units)	256,904	190,729	-25.8%

UNITS	2013	2014	VAR. %
PORT TERMINALS			
Full containers (units)	873,515	703,402	-19.5%
Tecon Santos	852,015	657,290	-22.9%
Tecon Imbituba	7,088	23,699	234.4%
Tecon Vila do Conde	14,412	22,413	55.5%
Empty containers (units)	298,850	254,171	-15.0%
Tecon Santos	283,995	230,431	-18.9%
Tecon Imbituba	4,374	8,036	83.7%
Tecon Vila do Conde	10,481	15,704	49.8%
General cargo (tonnes)	81,771	78,566	-3.9%
Tecon Santos	-	-	-
Tecon Imbituba	73,867	65,108	-11.9%
Tecon Vila do Conde	7,904	13,458	70.3%

FINANCIAL PERFORMANCE

The lower gross revenue recorded by the Port Terminals reflects the changes in the Port of Santos and the adaptation of the container market to the new competitive environment.

Since the port's capacity increased by around 50%, shipping companies that used to dock at Tecon Santos, which operated almost at full installed capacity—rerouted their services and vessels to the new terminals.

In addition to this change in the competitive environment in the short- and medium term, the macroeconomic situation deteriorated, with rising inflation, currency depreciation and lower consumer spending in Brazil throughout 2014. The structural changes at the Port of Santos affected not only the volume, but also the mix of services provided. There was an increase in transshipment and cabotage services, and a drop in imports.

In 2013, a provision connected with the proceedings related to the sorting, delivery and invoicing services of Bonded Warehouses (TRAs) was partially reversed (*further details in explanatory note 17 of Santos Brasil's financial statements*). A non-recurring revenue event of R\$55.6 million was booked owing to the partial reversal of that provision. Had it not been for that effect, gross revenue from quay-operation would have fallen by 34.0% against 2013. Revenue from storage operations in the Port Terminal segment decreased by 28.7% in the period.

In the Logistics segment, gross revenue slid by 1.0%, less than the change in the number of containers stored. This difference was due to our commercial efforts to provide services coupled with the container's logistics chain.

Revenue from the Vehicle Terminal (TEV) fell by 13.2% in 2014. This drop, lower than that in the number of vehicles handled, is explained by the shorter dwell time and larger share of heavy-duty vehicles handled.

GROSS REVENUE FROM SERVICES |GRI G4-9|

R\$ MILLION	2013	2014	% CHG.
PORT TERMINALS	1,246.9	811.3	-34.9%
QUAY OPERATIONS	767.7	469.7	-38.8%
STORAGE OPERATIONS	479.2	341.6	-28.7%
LOGISTICS	288.3	285.5	-1.0%
VEHICLE TERMINAL	77.8	67.5	-13.2%
ELIMINATIONS	-12.1	-12.0	-0.8%
CONSOLIDATED	1,600.9	1,152.3	-28.0%

NET REVENUE FROM SERVICES

Consolidated net revenue amounted to R\$1,003.5 million in 2014, down 27.1% year-over-year. |GRI G4-9|

COST OF SERVICES PROVIDED

R\$ MILLION	2013	2014	% CHG.
PORT TERMINALS	592.9	517.9	-12.6%
Handling costs	164.4	113.0	-31.3%
Personnel costs	182.2	161.3	-11.5%
Leasing and infrastructure	58.7	61.2	4.3%
Depreciation and amortization	97.9	100.2	2.3%
Other costs	89.7	82.1	-8.5%
LOGISTICS	184.0	173.0	-6.0%
Handling costs	65.4	47.7	-27.1%
Personnel costs	62.7	63.6	1.4%
Depreciation and amortization	11.6	14.2	22.4%
Other costs	44.3	47.5	7.2%
VEHICLE TERMINAL	36.6	33.6	-8.2%
Handling costs	18.7	14.6	-21.9%
Leasing and infrastructure	4.0	5.2	30.0%
Depreciation and amortization	9.0	9.0	0.0%
Other costs	4.9	4.8	-2.0%
ELIMINATIONS	-11.0	-10.8	-1.8%
CONSOLIDATED	802.5	713.7	-11.1%

In 2014, the Company was restructured—which led to improvements and efficiency gains—to adapt to the new market conditions at the Port of Santos. The measures adopted by the Company, along with the reduced scale of operations at its main unit, resulted in an 11.1% decline in consolidated costs in 2014.

PORT TERMINALS

Port terminal costs decreased by 12.6% in 2014, reflecting the fall in the number of containers handled by Tecon Santos and the our ongoing search for efficiency. The average cost (not including depreciation and amortization) per container handled/stored at the port container terminals amounted to R\$385.56, up 5.6% from the R\$365.00 in 2013. This increase resulted from the lower volume handled at the quays and the ensuing diseconomy of scale.

HANDLING COSTS (CASUAL LABOR, TUP-CHANNEL FEES AND OTHER VARIABLE COSTS): The 31.3% fall was due to the lower volume handled and stored at the terminals; the decrease in freight costs in removing import containers unloaded at other terminals; and the entry into force of an agreement entered into by the Company in Santos and providing for the use of 50% of its own stevedores.

PERSONNEL COSTS: Personnel costs fell by 11.5%, reflecting our adaptation to the new operational environment. Personnel costs at port terminals, adjusted for the non-recurring costs in the company restructuring, totaled R\$148.6 million in 2014, down 18.4% from 2013.

LEASING AND INFRASTRUCTURE FEES: There was a 4.3% increase in 2014, lower than the inflation rate for the period. The rise was driven by the larger number of containers handled at Tecon Imbituba and the ensuing reclassification of part of the port tariff payments to handling costs.

OTHER COSTS: Other costs dropped by 8.5% to R\$82.1 million. Some of the sharpest falls were recorded in damage costs, terminal maintenance and legal expenses.

LOGISTICS

HANDLING COSTS (FUEL, FREIGHT AND OTHER VARIABLE COSTS): The 27.1% downturn was due to an increase in our own fleet, which led to a decrease in freight contracted from third parties—frequently used in 2H13—and lower container capturing costs.

PERSONNEL COSTS: In 2014, other non-recurring costs amounted to R\$1.5 million due to the Company restructuring. Adjusted for that amount, personnel costs fell by 1.0% year-over-year in 2014.

OTHER COSTS: Other costs climbed by 7.2% in 2014 due to the R\$1.7 million increase in rent expenses and the solid waste disposal costs, which rose by R\$1.0 million from 2013.

VEHICLE TERMINAL – TEV

Handling costs declined by 21.9% in 2014, about the same as vehicle handling. This led to a 8.2% fall in TEV's total costs.

LEASING AND INFRASTRUCTURE FEES: There was a 30.0% increase over 2013 due to the lower number of vehicles handled and the ensuing increase in payments related to MMC (Minimum Guaranteed Handling Volume), which has been 300,000 vehicles per year since 2014.

OPERATING EXPENSES

R\$ MILLION	2013	2014	CHG. %
PORT TERMINALS	75.3	53.2	-29.3%
Selling	32.8	24.3	-25.9%
General, administrative and other expenses	41.9	28.4	-32.2%
Depreciation and amortization	0.6	0.5	-16.7%
LOGISTICS	27.6	25.8	-6.5%
Selling	15.5	14.9	-3.9%
General, administrative and other expenses	11.8	10.7	-9.3%
Depreciation and amortization	0.3	0.2	-33.3%
VEHICLE TERMINAL	0.9	1.0	11.1%
Selling	0.4	0.4	-
General, administrative and other expenses	0.5	0.6	20.0%
Depreciation and amortization	0.0	0.0	-
CORPORATE	78.7	57.2	-27.3%
General and Administrative	62.5	41.0	-34.4%
Depreciation and amortization	16.2	16.2	0.0%
CONSOLIDATED	182.5	137.2	-24.8%

Consolidated operating expenses fell by 24.8% to R\$137.2 million in 2014 as a result of the measures introduced to reduce costs and increase efficiency. Due to the lower number of containers handled and a long-term energy purchase contract, we had a positive impact from assigning the right to purchase the surplus energy contracted. As a result, non-operating revenue came to R\$7.5 million.

Consolidated EBITDA totaled R\$292.9 million, with 29.2% margin. The decline in the EBITDA margin reflects the lower number of containers handled and the change in the service mix, with a larger share of transshipment operations.

It is worth noting that the 2013 numbers include non-recurring events that impacted EBITDA and EBITDA margin significantly. In addition to the R\$53.1 million impact on EBITDA of the partial reversal of the provision connected with the sorting and immediate delivery process, provisions for tax and labor contingencies totaled R\$12.4 million. Without those effects, EBITDA would have been R\$487.3 million in 2013, with 36.7% margin adjusted for total recurring net revenues. The 2014 EBITDA was also impacted by non-recurring items of R\$20.0 million, resulting in adjusted EBITDA of R\$312.9 million, with 31.2% margin, down 35.8% from the 2013 adjusted EBITDA.

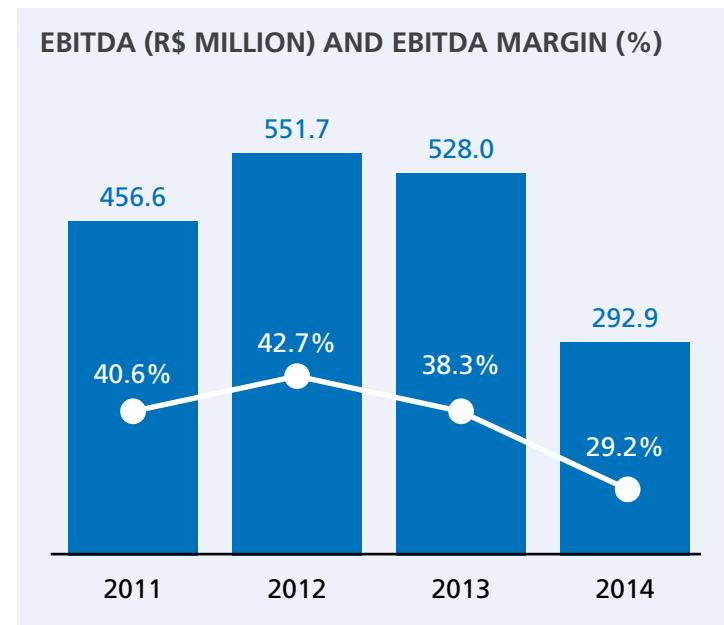
EBITDA AND EBITDA MARGIN

	2013		2014		CHG. (%)
	R\$ MILLION	MARGIN (%)	R\$ MILLION	MARGIN (%)	
Port Terminals	504.9	47.0%	243.8	34.1%	-51.7%
Logistics	46.7	19.0%	57.6	23.8%	23.3%
Vehicle Terminal	38.9	57.7%	32.5	55.9%	-16.5%
Corporate	-62.5	-	-41.0	-	-34.4%
CONSOLIDATED	528.0	38.3%	292.9	29.2%	-44.5%

EBITDA from the Port Terminals segment decreased by 51.7% in 2014; however, EBITDA adjusted for non-recurring effects amounted to R\$262.3 million, with 26.1% margin.

EBITDA from the logistics segment increased by 23.3% to R\$57.6 million, with 23.8% margin, in 2014. Adjusted for non-recurring expenses, EBITDA amounted to R\$59.2 million in 2014, with 24.5% adjusted margin.

TEV recorded EBITDA of R\$32.5 million in 2014, with 55.9% margin, down 16.5% year-over-year.



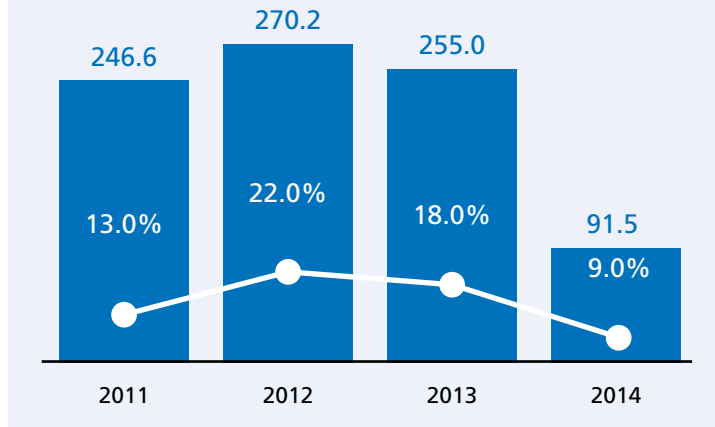
NET EARNINGS

R\$ MILLION	2013	2014	CHG. %
EBITDA	528.0	292.9	-44.5%
Depreciation and amortization	135.6	140.3	3.5%
EBIT	392.4	152.6	-61.1%
Financial income/(loss)	-28.6	-25.5	-10.8%
IRPJ (Corporate Income Tax) / CSLL (Social Contribution on Net Earnings)	-108.8	-35.6	-67.3%
NET EARNINGS/(LOSS) FOR THE PERIOD	255.0	91.5	-64.1%

Net earnings were impacted by non-recurring expenses on company restructuring; the change in the service mix, with a larger share of transshipment operations; and tax benefits connected with recognizing Interest on Equity to be paid by the Company. Net earnings fell by 64.1% to R\$ 91.5 million, or R\$0.69 per equivalent unit, in 2014. According to the Bylaws, the deductions or additions below are applied to net earnings for the year in the following decreasing order:

- a) 5% allocated to the Legal Reserve, which may not exceed 20% of the capital stock.
- b) The amount allocated to Contingency Reserves and the reversal of those booked in previous years
- c) Unrealized Earnings and Reversal of Earnings previously booked under that reserve and realized during the year

NET EARNINGS (R\$ MILLION) AND NET MARGIN (%)



- d) 25% to pay the minimum mandatory dividend and
- e) The portion of adjusted net earnings remaining after the minimum mandatory dividend is paid will be allocated to the Reserve for Investments and Expansion, intended to: ensure that the Company has funds to invest in PP&E, without prejudice to retained earnings pursuant to Sec. 196 of Law 6404/76, and increase working capital. The Company may also use it in redemption or refund transactions or in acquisitions of Company shares. The General Meeting may also decide not to book this reserve if the Company pays additional dividends, in addition to the minimum mandatory dividend.

DEBT AND CASH |GRI G4-9|

R\$ MILLION	CURRENCY	12.31.2013	12.31.2014	CHG. %
Short Term	Brazilian	114.0	132.2	15.9%
	Foreign	33.8	25.8	-23.5%
Long Term	Brazilian	121.5	164.3	35.3%
	Foreign	52.4	35.6	-32.0%
TOTAL DEBT		321.7	357.9	11.3%
CASH & CASH EQUIVALENTS		123.0	218.4	77.6%
NET DEBT		198.7	139.5	-29.8%

Cash and cash equivalents amounted to R\$218.4 million on December 31, 2014. Net debt totaled R\$139.5 million, so the net debt/EBITDA ratio stood at 0.5 times. Total consolidated debt amounted to R\$357.9 million on December 31, 2013.



VALUE ADDED STATEMENT |GRI G4-EC1|

R\$ THOUSAND	FY 2014 1.1.2014 TO 12.31.2014	FY 2013 1.1.2013 TO 12.31.2013	FY 2012 1.1.2012 TO 12.31.2012
REVENUE	1,142,992	1,527,417	1,434,482
Sales of merchandise, products and services	1,126,901	1,526,620	1,432,038
Other revenue	14,190	11,989	3,453
Provision / Reversal of ADA	1,901	-11,192	-1,009
INPUTS ACQUIRED FROM THIRD PARTIES	-378,815	-475,684	-407,647
Cost of goods, merch. and serv. sold	-193,287	-264,149	-233,796
Materials, energy, third-party and other services	-179,252	-210,135	-171,163
Other	-6,276	-1,400	-2,688
GROSS VALUE ADDED	764,177	1,051,733	1,026,835
RETENTIONS	-140,241	-135,579	-126,813
Depreciation, amortization and depletion	-140,241	-135,579	-126,813
NET ADDED VALUE GENERATED	623,936	916,154	900,022
VALUE ADDED RECEIVED BY TRANSFER	34,792	43,365	53,598
Financial revenue	34,792	43,365	53,598
TOTAL VALUE ADDED TO DISTRIBUTE	658,728	959,519	953,620
DISTRIBUTION OF VALUE ADDED	658,728	959,519	953,620
PERSONNEL	281,170	281,517	253,302
Direct compensation	208,476	220,021	195,398
Benefits	53,745	48,240	46,105
FGTS (Workers' Severance Pay Fund)	18,949	13,256	11,799
TAXES, FEES AND CONTRIBUTIONS	168,810	297,860	286,542
Federal	128,572	245,087	237,634
State	6,256	6,660	6,102
Municipal	33,982	46,113	42,806
INTEREST ON THIRD-PARTY CAPITAL	117,189	125,082	143,564
Interest on debt	60,278	71,951	97,250
Rent	56,911	53,131	46,314
DISTRIBUTIONS TO SHAREHOLDERS	91,559	255,060	270,212
Interest on Equity	45,847	68,445	73,925
Dividends	15,000	125,401	131,436
Retained Earnings/Losses	30,712	61,214	64,851

CAPITAL MARKET

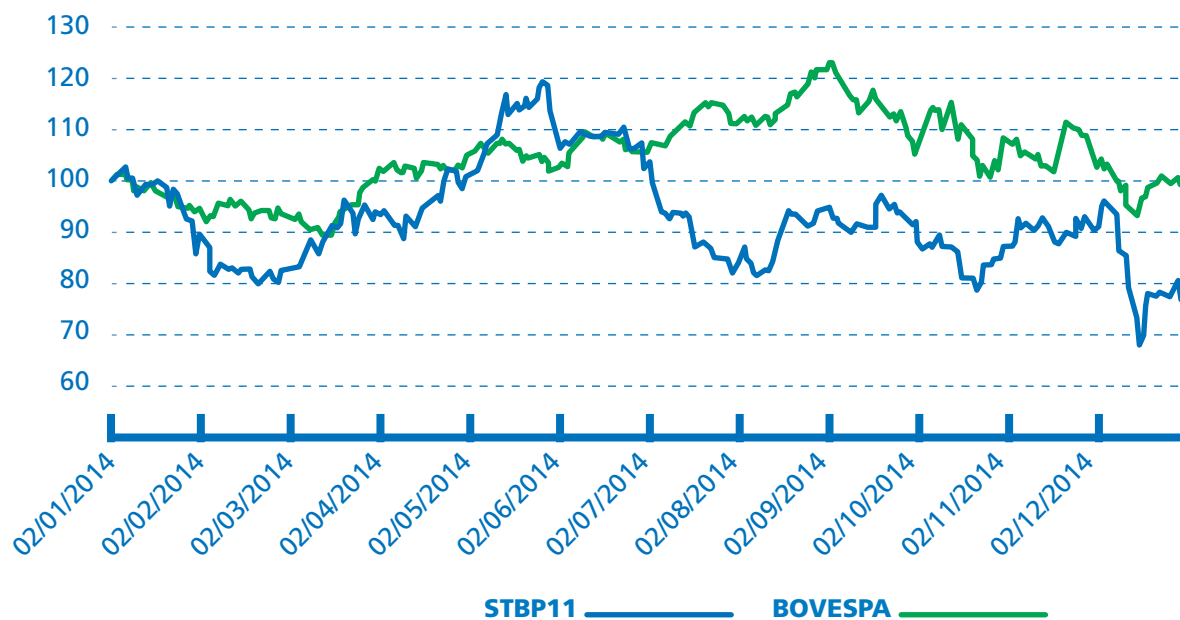
At the close of 2014, the book value per equivalent unit stood at R\$ 10.73 whereas the closing price on BM&FBovespa was R\$14.00; as a result, the Company's market capitalization amounted to R\$1,865.0 million. The average daily trading volume came to R\$3.1 million in 2014.

Through a material fact notice published in April 2014, Santos Brasil made public a notification sent by the controlling shareholders suspending all disputes between them for two years. The legal actions will be terminated if the Company complies with the suspensive conditions by the end of this period .

The suspensive conditions are the effective prior extension of concession contract 69/97 by the concession grantor under the terms approved by SBPar's decision-making bodies; Santos Brasil Participações S.A.'s migration to BM&FBovespa's Novo Mercado listing segment by converting all preferred shares issued by SBPar into common shares, on a one-to-one basis, without any restrictions on voting rights for SBPar's shareholders.

On April 14, 2014, the Company cancelled the share buyback program started on December 7, 2013 since it believed that the program had fulfilled its purpose. During the program, the Company acquired 6,138,745 shares, 1,227,749 of which were common shares and 4,910,996 were preferred shares (corresponding to 1,227,749 units).

STBP11 VS. IBOV-2014 (100 BASIS)



SHAREHOLDERS' RIGHTS

As part of our commitment to the best governance practices, we offer 100% tag-along rights to preferred shares in the event of sale and/or change of control; as a result, the acquirer's tender offer must offer the same conditions to all shareholders.

Our shares are traded on BM&FBovespa as units, each of which comprises one common share and four preferred shares. Shareholders' rights are set forth in Articles 5, 6 and 7 of the Bylaws, which deal with the total capital stock and its division into common and preferred shares; the privileges and advantages of preferred shareholders, who, in turn, do not have voting rights at General Meetings; and the Board of Directors' power to increase the Company's capital up to two billion one thousand (2,000,001,000) common and/or preferred shares with no need for the General Meeting's approval.

INDEPENDENT AUDIT

The Company's and its subsidiaries' financial statements are audited by Deloitte Touche Tohmatsu Auditores Independentes.

It is the Company's policy to check for conflicts of interest when hiring services unrelated to external audit. The following aspects are taken into account: auditor may not audit their own work; perform managerial tasks for their clients or promote their clients' interests.

The following services were hired in the fiscal year ended December 31, 2014: a review of compliance with commercial contract clauses; consulting services in calculating and reviewing Statements of Economic and Tax Information of Legal Entities. The Company paid for these services R\$130 thousand, around 25% of what was paid for external audit services contracted in 2014.

The review of compliance with commercial contract clauses was hired on July 1, 2013 and provided until June 30, 2014. The consulting services to perform calculations were hired on January 1, 2014 and provided until December 31, 2014. The review of the Statement of Economic and Tax Information of Legal Entities was contracted on June 1, 2014 provided until September 30, 2014.

Regarding these services, Deloitte stated that there was no connection or situation that may pose a conflict of interest that would prevent it from conducting its activities as Santos Brasil's and its subsidiaries' independent auditor.

HUMAN CAPITAL

Promoting our employees' professional development and improving their quality of life are part of our strategy since we consider human capital an essential tool to achieve our goals. At the close of 2014, Santos Brasil had 3,639 employees, 27 interns and 59 apprentices. **[GRI G4-9]**

To honor this commitment, we invest in clear and transparent relationships with our internal stakeholders and undertake a series of initiatives to improve our employees' quality of life. In addition, we have a busy schedule of training courses and value merit by encouraging internal recruitment, which we believe will lead to better performance in the long term.

In 2014, all executives were trained in the performance review system (GAD) that will serve as a basis for the competency-based management model to be developed as of 2015.

Adopting best practices in fulfilling labor and social security obligations, the Company pioneered the introduction of eSocial—the Brazilian federal government's project that will allow employers to send information about employees in a unified manner. Incidentally, the implementation of eSocial by the Company was recognized as a case of success by ADP, a company specializing in HR solutions that participates in the Brazilian Federal Revenue Department's pilot project to disseminate the system.

HEALTH AND SAFETY

Health and safety is a key management issue. It was first incorporated into our culture in 2014, when the Safe Attitude Project was completed. The initiative was launched in September 2013, within the Mais Santos Brasil Program, and is intended to make safe behavior a habit among all employees, both individually and collectively so that the interdependence stage is achieved in two years.

A total of 13 multidisciplinary workteams comprising 150 professionals were created by the program and named Movements. Nine of them have already completed their projects and delivered the products proposed. The other Movements will be completing their plans by September 2015. After that, Safe Attitude Project will come to an end in its initial format and be incorporated into the Integrated Management System, with targets and monitoring indicators.

SANTOS BRASIL'S MOVEMENTS

1. Communications
2. Leadership skills
3. Consequence policy
4. Accident investigation
5. Inspections and audits
6. Third-Party management
7. Stakeholder engagement
8. Data analysis
9. Critical activities
10. Emergency and contingency management
11. Technological change and facility management
12. Mobility management
13. Procedure standardization

Safe Attitude allowed the whole staff to become involved in the issue of occupational health and safety. Currently, 28% of employees are formal representatives of all others in health and safety committees. The Commission for the Prevention of Accidents at Port Terminals (CPATP) consists of 18 either appointed or elected employees. **[GRI G4-LA5]**

The formal agreements with trade unions also contain health and safety provisions, which are fully complied with. For example, the Collective Bargaining Agreement of the Union of Commercial Cargo Transportation

Companies of the São Paulo State Coast (SINDISAN) for 2013/2015 covers items such as individual lockers and uniforms. The Collective Bargaining Agreement for 2012/2014 provides that each employee has to receive two complete sets of uniforms and will maintain his/her Health Plan during medical leaves due to occupational accidents or diseases, as well as during maternity leaves.

[GRI G4-LA8]

Trained leaders laid the groundwork for the awareness-raising aspect of Safe Attitude. From October to December 2014, the main operational leaders received 16-hour health and safety training. In 2015, around 240 managers are going to start attending a more complex, 94-hour round of training that will last three years.

Involving all Company levels, a major step ahead in the Company's safety culture in 2014 was that the Safe Attitude Week, formerly known as Internal Occupational Accident Prevention Week (SIPAT or SIPATP), which used to take place once a year in all units, became a quarterly event. In 2014, the events reached over 9 thousand people, among employees, contractors and temporary workers, and featured talks on occupational health and the environment, emergency drills and inspections in operational areas.

SAFETY INCIDENTS |GRI G4-LA6|

	TECON SANTOS		TECON IMBITUBA		TECON VILA DO CONDE		TEV		LOGISTICS	
	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
OWN										
NUMBER OF ACCIDENTS WITHOUT LOST TIME	7	2	0	0	2	2	0	0	0	0
Male	7	2	0	0	2	2	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0
NUMBER OF ACCIDENTS WITH LOST TIME	17	21	2	1	1	6	0	0	11	12
Male	14	21	2	1	1	6	0	0	11	12
Female	3	0	0	0	0	0	0	0	0	0
FREQUENCY RATE (ACCIDENTS WITH LOST TIME)	4.18	5.87	10.31	5.61	2.63	13.27	0	0	4.55	4.79
OCCUPATIONAL DISEASE RATE	0	0	0	0	0	0	0	0	0	0
Male	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0
LOST WORKDAYS	546	355	15	4	10	67	0	0	111	93
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
Male	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0
SEVERITY RATE	134	119	77	22	26	148.15	0	0	46	40

SAFETY INCIDENTS |GRI G4-LA6|

	TECON SANTOS/ TEV		TECON IMBITUBA		TECON VILA DO CONDE		LOGISTICS	
	2013	2014	2013	2014	2013	2014	2013	2014
CONTRACTORS								
Number of injuries	8	8	0	0	0	1	0	2
Number of occupational diseases	0	0	0	0	0	0	0	0
Fatalities	0	0	0	0	0	0	0	0
TEMPORARY WORKERS – PORT LABOR MANAGEMENT AGENCY (OGMO)								
Number of injuries	14	8	2	3	0	1	-	-
Number of occupational diseases	0	0	0	0	0	0	-	-
Number of days lost workdays	162	32	15	70	0	0	-	-
Fatalities	0	0	0	0	0	0	-	-

TURNOVER RATE |GRI G4-LA1|

	2014
Tecon Santos	6.43%
TEV	9.32%
Tecon Imbituba	13.22%
Tecon Vila do Conde	21.63%
Logistics	17.42%
Company total	11.00%

EMPLOYEES BY EMPLOYMENT CONTRACT |GRI G4-10|

EMPLOYMENT TYPE	BAIXADA SANTISTA	PLANALTO PAULISTA	IMBITUBA SANTA CATARINA STATE	VILA DO CONDE, PARÁ STATE	TOTAL
Indefinite term	2,844	332	163	300	3,639
Apprentices	35	10	6	8	59
Interns	25	2	0	0	27
Total workforce	2,904	344	169	308	3,725



EMPLOYEES BY GENDER AND AGE GROUP |GRI G4-10, G4-LA12|

AGE GROUP	NUMBER	% FEMALE	% OVERALL	NUMBER	% MALE	% OVERALL
	FEMALE			MALE		
Up to 24	106	21.90%	2.91%	270	8.56%	7.42%
25 to 34	199	41.12%	5.47%	1,193	37.81%	32.78%
35 to 44	135	27.89%	3.71%	1,007	31.92%	27.67%
45 to 54	34	7.02%	0.93%	547	17.34%	15.03%
55 and over	10	2.07%	0.27%	138	4.37%	3.79%
TOTAL	484	-	13.30%	3,155	-	86.70%

NEW EMPLOYEE HIRES |GRI G4-LA1|

AGE GROUP	TECON SANTOS	TECON IMBITUBA	TECON VILA DO CONDE	TEV	LOGISTICS	TOTAL
Up to 24	10	5	21	18	5	59
25 to 34	5	8	36	5	26	80
35 to 44	48	13	20	0	21	102
45 to 54	45	16	9	1	6	77
55 and over	6	1	1	0	3	11
TOTAL						329

GENDER	TECON SANTOS	TECON IMBITUBA	TECON VILA DO CONDE	TEV	LOGISTICS	TOTAL
Male	105	42	82	24	57	310
Female	9	1	5	0	4	19
TOTAL						329

Considers employees hired under the CLT system

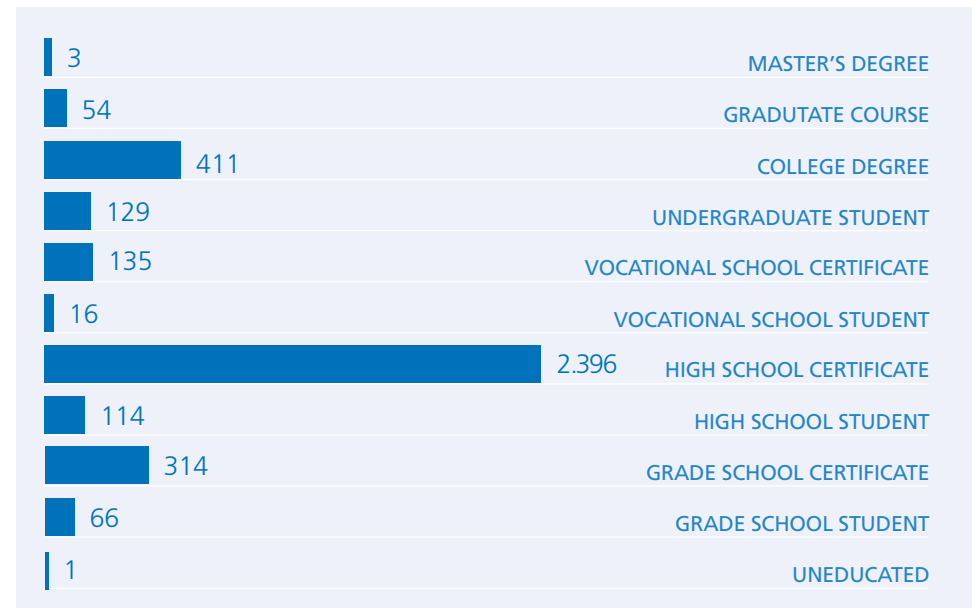
TRAINING AND DEVELOPMENT | GRI G4-LA9|

EMPLOYEE CATEGORY	NUMBER OF EMPLOYEES			TOTAL TRAINING HOURS			AVERAGE TRAINING HOURS		
	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL
Administrative area	410	296	706	4,841	3,381	8,222	11.81	11.42	11.65
Operational area	2,569	154	2,723	74,276	3,182	77,458	28.91	20.66	28.45
Officers	14	0	14	62	0	62	3.88	0.00	3.88
Supervisors	94	16	110	2,171	315	2,486	23.10	19.69	22.60
Coordinators	44	13	57	1,358	303	1,661	30.86	23.31	29.14
Managers	24	5	29	304	44	348	12.67	8.80	12.00
TOTAL	3,155	484	3,639	83,012	7,225	90,237	26.31	14.93	24.78

DIVERSITY | GRI G4-LA12|

EDUCATIONAL LEVEL	NUMBER
Master's Degree	3
Graduate course	54
College Degree	411
Some college	129
Vocational School Certificate	135
Vocational School Student	16
High School Certificate	2,396
High School Student	114
Grade School Certificate	314
Some grade school	66
Uneducated	1
TOTAL	3,639

EDUCATIONAL LEVEL



COMMUNITIES |GRI G4-SO1|

Focused on boosting local development, one of its priorities, Santos Brasil sought actively to engage the communities in the vicinity of all its units in 2014 by having engagement programs geared to local communities in all its operations.

Part of that progress was due to the official adoption of the Volunteer Policy, structured in 2013 to encourage employees to participate more actively in volunteering initiatives. By offering social action tools and opportunities, we have allowed over 250 employees to greatly help those communities.

The Volunteer Registration System, an online tool used to register employees in the social and environmental projects supported by the Company in the areas where it is present, has been serving as a support tool for the Volunteer Program since September 2014. The initiative also helps consolidate the relationship between the volunteers, thus strengthening the Company's social action. The Sustainability department is in charge of the relationship with the local support network, the community diagnosis and the interface with partner organizations.

IMPACTS |GRI G4-SO2, GRI G4-EC8|

Santos Brasil's operational units indirectly impact the economic development of surrounding areas where they located, both positively—by hiring services and creating direct and indirect jobs, thus increasing per capita income

and boosting the local economy—and negatively, especially due to heavier truck traffic, which increases mainly the risk of accidents, congestion and air emissions.

For example, an average of 3 thousand trucks per day access Tecon Santos, in the Guarujá community, in periods of increased activity. This demand affects the daily lives of the surrounding communities. The large number of container vehicles, coupled with the bulk cargo that accesses the left bank of the Port of Santos and the bad condition of the access roads, may slow down the traffic in the area.

In 2014, the separation of different types of vehicles on the access road and the government's initiatives to adopt a schedule for bulk cargo arriving at the port resulted in a harvest period without traffic, unlike in 2013. Also in 2014, Santos Brasil led the group of companies that made possible an exclusive alternative access road to separate container trucks from bulk trucks. The road is going into operation before the next harvest.

To mitigate local impacts, corporate social investment focuses on sustainable development in local communities and social inclusion, with an emphasis on education. The idea is to provide the means for young people to find good jobs, thus increasing household incomes and boosting the local market.

Santos Brasil and Instituto Elos started a joint diagnosis in the Aldeia community, the one closest to the Santos operation. The purpose was to find opportunities to become closer to, and improve the routine of, the families living close to the walls of Tecon Santos, in Guarujá. *(Further information on the diagnosis is on page 12).*

The effort to become closer to the community is going to continue in 2015, with a closer dialogue to boost local development initiatives. In addition, the social inclusion projects for children and youth will continue in 2015, through direct investment and volunteer help. **[GRI G4-26]**

Some of the projects undertaken in 2014 were:

SANTOS BRASIL FORMARE SCHOOL: Thirty-six young people from Santos e Guarujá were in the sixth class of the Santos Brasil Formare School in 2014 and are going to graduate by mid-2015. The project, carried out jointly with Fundação lochpe since 2009, offers vocational education for free to high school seniors or students graduating from state public schools in the previous year and cannot afford the tuition for vocational courses. Two ten-month courses are offered: Logistics Operations Assistant and Port Terminal Operations Assistant, both recognized by the Ministry of Education and Culture (MEC).

The classes are taught by around 140 volunteer employees and students receive a grant of half a minimum monthly salary, a uniform, health plan, dental plan, school supplies and a meal allowance. In 2014, 50 graduates from previous editions of the program worked for Santos Brasil.

NOSTRA ALDEIA: This project offers jiu-jitsu classes to around 100 children and teenagers, aged between 6 and 18, from the Aldeia community, in Guarujá. Carried out by Associação Palavra de Vida, it has been officially supported by Santos Brasil since August 2012, with the involvement of volunteer employees. Some of the project students participated in the São Paulo State Jiu-Jitsu Championship, in Barueri, São Paulo State, in June and November.

SETTAPORT SOCIAL RESPONSIBILITY FOUNDATION: The Company has been sponsoring the project developed by the Settaport Foundation to provide open access to educational sports and promote the social inclusion of children and teenagers from the cities of Guarujá and Santos. Around 205 students aged between 6 and 13 have soccer and judo.

COMMITMENTS |GRI G4-15|

Santos Brasil voluntarily endorses a number of initiatives that add weight to its sustainability targets.

GLOBAL COMPACT: In December 2013, Santos Brasil signed up to the UN Global Compact, an initiative intended to encourage the international business community to embrace fundamental values set out as ten principles in the areas of human rights, labor, environment and anti-corruption.

PROGRAMA MODERNIZANDO A GESTÃO PÚBLICA (PMGP) – MODERNIZING PUBLIC MANAGEMENT PROGRAM: The program is conducted by the NGO Movimento Brasil Competitivo (MBC) at the Guarujá City Hall. The Company made no contributions in 2014 and just completed the work begun in previous years.

PROGRAMA NA MÃO CERTA – IN THE RIGHT HANDS PROGRAM: Santos Brasil has supported this pact against the sexual exploitation of children and teenagers along highways since 2009. It contributes R\$5 thousand per year to the program, in which it participates as a Supporter III after the proposed categories were redefined.

INSTITUTO ETHOS: Since 2012, Santos Brasil has been a member of this organization, which encourages its members to share knowledge and experience develop tools to help companies analyze their social responsibility practices.

MEMBERSHIPS OF ASSOCIATIONS |GRI G4-16|

- ABTP (Associação Brasileira dos Terminais Portuários, or Brazilian Association of Port Terminals)
- ABRATEC (Associação Brasileira de Terminais de Contêineres de Uso Público, or Brazilian Association of Public-Use Port Terminals)
- FENOP (Federação Nacional dos Operadores Portuários, or National Federation of Port Operators)
- FIESP (Federação das Indústrias do Estado de São Paulo, or São Paulo State Federation of Industries)
- SESI (Serviço Social da Indústria, or Industry Social Services)
- FUMCAD (Fundo Municipal dos Direitos da Criança e do Adolescente do Guarujá, or Guarujá Municipal Fund for Children's and Adolescents' Rights)
- ABSEG (Associação Brasileira de Profissionais de Segurança, or Brazilian Association of Security Professionals)
- ASIS (American Society for Industrial Security)

SUPPLIERS

Concerned about the impact of its activities on all stakeholders, Santos Brasil evaluates and monitors its suppliers and contracts local suppliers preferably to further the development of the surrounding communities.

The supply chain can be described as follows: fuel, energy inputs, infrastructure, machinery and equipment, leasing, operations, technical and support services and cargo transportation. **[GRI G4-12]**

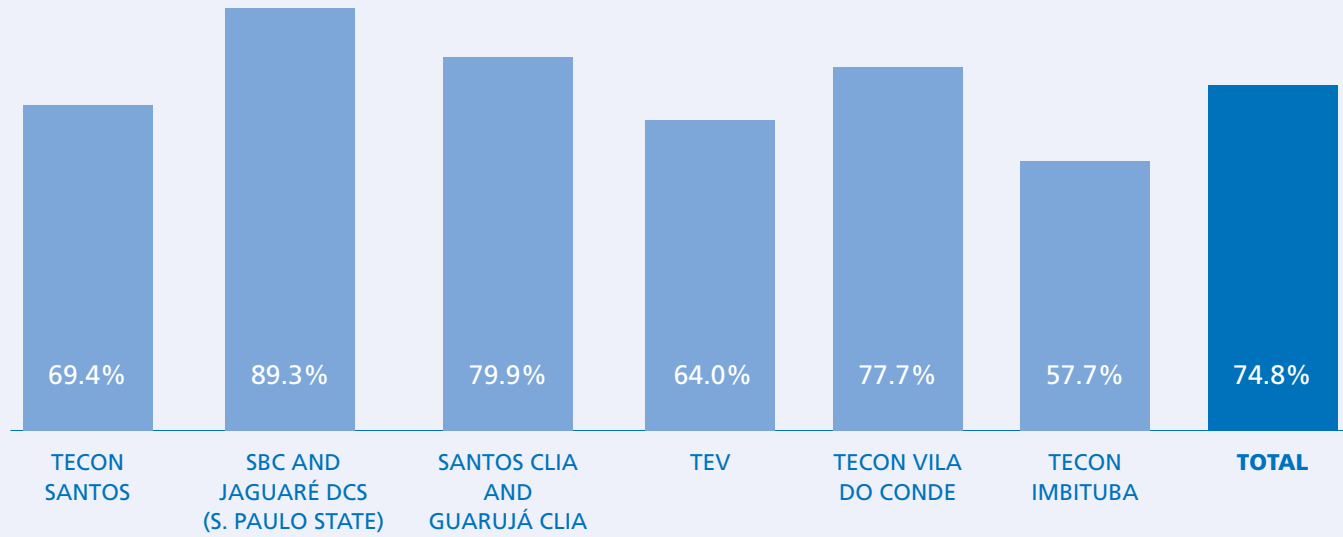
The Company has a Supplier Qualification Manual that follows its Sustainability strategy so that everyone is aware of its concerns and requirements. Furthermore, all contracts with suppliers and service providers contain clauses related to social and environmental issues and the Global Compact principles, as well as provisions dealing with child, forced or slave labor and with safety conditions, occupational medicine and the environment, including waste collection in facilities. No non-conformances were found in the ISO 14001 certification maintenance audit. **[GRI G4-HR5, G4-HR6, G4-HR10, G4-EN32, G4-LA14, G4-SO9]**

In 2013, a clause giving the Company the right to conduct audits during the term of the contract was added. Textile industry (uniforms) and civil construction suppliers were defined as critical after media reports demonstrating a higher incidence of child and compulsory labor in those sectors. In 2014, a technical visit was carried out at the textile company hired and no such problems were found. Service providers are evaluated more strictly (contract, integration and compulsory safety rules); however, overtime, rest days and labor and social security obligations were not checked. **[GRI G4-LA15, G4-HR5, G4-HR6]**

To the extent practicable, the Company seeks to hire local suppliers to develop the communities where it operates. In 2014, the Company made 74.8% of its purchases from local suppliers—up from 65% in 2013—, thus exceeding the 70% target established in the previous year.

This result considers the Company's main operational units, and local suppliers are those based in cities in the vicinity of each unit—that is, suppliers from the Baixada Santista area in the case of Tecon Santos, TEV, Santos and Guarujá CLIAS; from Belém in the case of Vila do Conde; and from Santa Catarina State in the case of Tecon Imbituba.

PROPORTION OF SPENDING ON LOCAL SUPPLIERS |GRI G4-EC9|





ENVIRONMENTAL PERFORMANCE

Aware of the importance of environmentally-friendly policies, Santos Brasil considers renewable energy one of the four key issues in sustainability management, determined after examining any possible impacts and opportunities for action in the areas where it is present. As a result, it focuses closely on its energy, air emissions and water indicators.

It maps and monitors environmental risks inherent in its business, follows up on relevant legal requirements on a daily basis and trains its employees and contractors. In 2014, it started the process to obtain the ISO 14001 certification, in Environmental Management, for the Imbituba and Vila do Conde Container Terminals and for Santos Brasil Logística's operational units—Tecon Santos and TEV are already certified.

It is the Company's policy to investigate and monitor environmental incidents and nonconformances, as well as develop and deal with mitigating actions by engaging everyone and with the support of the Quality of Life, Health, Safety and Environment (QHSE) department, created in 2013 to manage all these aspects in an integrated manner. Additionally, all service proposals are analyzed by the Environmental department before contracts are drafted. The introduction of a system to report, record, investigate and tackle environmental incidents led to a drop in the number of these events over the last three years. At Tecon Santos, for example, the number of environmental incidents fell from 53 in 2012 to 40 in 2013 and 17 in 2014. **[GRI G4-EN27]**

Environmental investments totaled R\$8.8 million in 2014, all of which made with our own funds. This amounted was invested in expanding the biological and the physical-chemical Treatment Plants (ETEs), both with a system to reuse treated effluents from Tecon Santos (an investment of R\$1.1 million) expected to allow reducing by 4% the amount of water consumed at the terminal. Another R\$6.6 million was invested in equipment and R\$1.1 million in waste disposal (R\$570 thousand at Tecon Santos and R\$540 million in Logistics). **[GRI G4-EN31]**

ENERGY

Energy consumption amounted to 49,765.84 MWh in 2014 (corresponding to 167,378.50 gigajoules), down 11.26% from 2013 (188,162.66 gigajoules). This result shows that the initiatives to improve energy efficiency have to continue since there was a sharper drop—of 18.3%—in container handling at the port terminal quays, the main operational indicator. We are already undertaking several initiatives, as described below. **[GRI G4-EN6]**

By late 2013, all fluorescent and metallic vapor bulbs had been replaced with LED (Light Emitting Diode) bulbs at the entrance gates and administrative facilities of Tecon Santos. As a result, energy consumption from light bulbs in those areas fell by 17.65% and CO₂e emissions by 10.58%. Lighting replacement in other units was rescheduled from 2014 to 2015 due to changes in our investment plan. Considered ecologically correct, LED bulbs last five times more than conventional bulbs on average. In 2015, we are planning to develop controls



to measure energy savings resulting from conservation improvements and energy efficiency.

Through the Compra Verde process, we acquired vehicles with a post-gas treatment system with selective catalytic reduction (SCR) and use of non-flammable, non-toxic, urea and water-based additives. This helps reduce biodiesel consumption. The performance program in which drivers are evaluated every month, based on fuel consumption reduction among other criteria, continued in 2014. The best performing professionals in operational units are awarded.

Although energy consumption and air emissions outside the Company are not controlled, Santos Brasil has plans to encourage outsourced companies to replace their fuel and/or vehicle fleets and preferably use biofuels such as ethanol and biodiesel instead of regular diesel oil.

FUEL CONSUMPTION WITHIN THE ORGANIZATION |GRI G4-EN3|

TECON SANTOS			
TYPE OF FUEL	AMOUNT USED (TONNES)	GIGAJOULES	AREA/TYPE OF VEHICLE
LPG (tonnes)	43.33	1,359.19	Cafeteria and small forklift trucks
Ethanol (tonnes)	57.96	1,530.14	Light vehicles
Biodiesel (liters)	7,680,552	289,556.80	Trucks, RTGs, stackers and generators

ENERGY CONSUMPTION WITHIN THE ORGANIZATION |GRI G4-EN3|

TECON SANTOS	MWH	GIGAJOULES	PORCENTAGEM
Refrigerated container area	19,750.13	71,100.48	60%
Cranes	7,241.72	26,070.18	22%
Administrative and operational areas	5,925.04	21,330.14	18%
TOTAL	32,916.89	118,500.80	100%
TECON IMBITUBA	MWH	GIGAJOULES	PORCENTAGEM
Refrigerated container area	272.03	979.30	28%
Cranes	495.48	1,783.73	51%
Administrative and operational areas	204.02	734.48	21%
TOTAL	971.53	3,487.51	100%
TECON VILA DO CONDE	MWH	GIGAJOULES	PORCENTAGEM
Refrigerated container area	1,397.80	5,032.09	77%
Warehouses	90.77	326.76	5%
Administrative and operational areas	326.76	1,176.33	18%
TOTAL	1,815.33	6,535.19	100%
SANTOS CLIA	MWH	GIGAJOULES	PORCENTAGEM
Refrigerated container area	2,453.66	8,833.16	75%
Administrative and operational areas	817.89	2,944.39	25%
TOTAL	3,271.55	11,777.55	100%
GUARUJÁ CLIA	MWH	GIGAJOULES	PORCENTAGEM
Refrigerated container area	2,144.34	7,719.61	75%
Administrative and operational areas	714.78	2,573.20	25%
TOTAL	2,859.12	10,292.81	100%
TTR, SÃO PAULO AND SÃO BERNARDO DO CAMPO DCS	MWH	GIGAJOULES	PORCENTAGEM
TTR ¹ administrative and operational areas	372.63	1,341.47	100%
São Paulo DC administrative and operational areas	1,007.48	3,626.93	100%
São Bernardo do Campo DC administrative and operational areas	1,316.92	4,740.91	100%
TOTAL	2,697.03	9,709.31	100%
COMPANY TOTAL	44,531.43	160,313.17	

¹ Not included in the 2013 scope

ENERGY INTENSITY | GRI G4-EN5|

PORT TERMINALS (per TEU)	TECON SANTOS	TECON IMBITUBA	TECON VILA DO CONDE
Fuel – biodiesel (kWh/TEU) ¹	52.16	52.52	91.62
Eletricity (kWh)	24.63	22.58	17.23
TOTAL (kWh)	76.79	75.10	108.85
PORT TERMINALS (per container handled)	TECON SANTOS	TECON IMBITUBA	TECON VILA DO CONDE
Fuel – biodiesel (kWh/TEU) ¹	77.74	71.12	261.35
Eletricity (kWh)	36.75	30.56	49.22
TOTAL (KWH)	114.49	101.68	310.57
LOGISTICS – DISTRIBUTION CENTERS (per pallet)	SÃO PAULO DC	SÃO BERNARDO DO CAMPO DC	
Fuel – LPG (kWh) ²	0.67	0.24	
Eletricity (kWh)	7.79	3.41	
TOTAL (KWH)	8.46	3.65	
LOGISTICS – CLIAS (per TEU)	SANTOS CLIA	GUARUJÁ CLIA	
Fuel – biodiesel (kWh/TEU) ¹	67.94	53.82	
Eletricity (kWh)	40.99	66.99	
TOTAL (kWh)	108.93	120.81	
LOGISTICS – TTR (per TEU)	TTR		
Fuel – biodiesel (kWh/TEU) ¹	3.72		
Eletricity (kWh)	0.06		
Total (kWh)	3.78		

¹ Source: International Energy Agency (IEA) – 1 liter of biodiesel = 0.00078 toe (ton oil equivalent) = 9.0714 kWh

² Source: Servgás-1 kilo of LPG equals 13.37 kWh



EMISSIONS

We produce a greenhouse gas (GHG) emission inventory following the GHG Protocol for all operational units. The results of the report are presented at the sustainability group of the Brazilian Association of Public-Use Container Terminals (ABRATEC).

All our vehicles undergo smoke opacity tests every year to minimize their pollutant emissions. A 30% sample of third-party vehicles are also tested every year. Flexible-fuel vehicles are fueled with ethanol and 90% of the truck fleet uses S10 diesel, which releases into the atmosphere 80% less sulfur particulate matter than S50 diesel sold commercially. Over 70% of the vehicles in Santos Brasil Logística's fleet already comply with the Euro 5 standard, which determines an emissions reduction from diesel-powered vehicles. By adding the Arla 32 compound, the amounts of NOx and SOx drop respectively by 63% and 80% after diesel is burned.

In 2014, we acquired 21 trucks equipped with post-gas treatment systems with selective catalytic reduction (SCR). They are fueled with biodiesel and additives to reduce emissions of vehicular Nox, a non-flammable non-toxic urea and water compound that helps reduce diesel oil consumption.

Savings connected with the new trucks were not measured since common fuel consumption and emission were not monitored prior to these improvements. Two of our goals for 2014 were to assess impacts on the regional

climate by comparing CO₂ emission and sequestration rates (State of São Paulo and Baixada Santista) and to conduct studies on rising sea levels off the Brazilian coast. However, both projects were considered unfeasible at the moment and cancelled due to the high costs involved.

[GRI G4-EN27]

Direct GHG emissions amounted to 30,145.06 tonnes of carbon dioxide equivalent (CO₂e) and emissions from acquired energy to 5,871.75 tonnes of CO₂e. Consolidated total emissions came to 36, 016.82 tonnes of CO₂e, down 7.3% year-over-year. There are no relevant indirect sources. **[GRI G4-EN17, G4-EN19]**

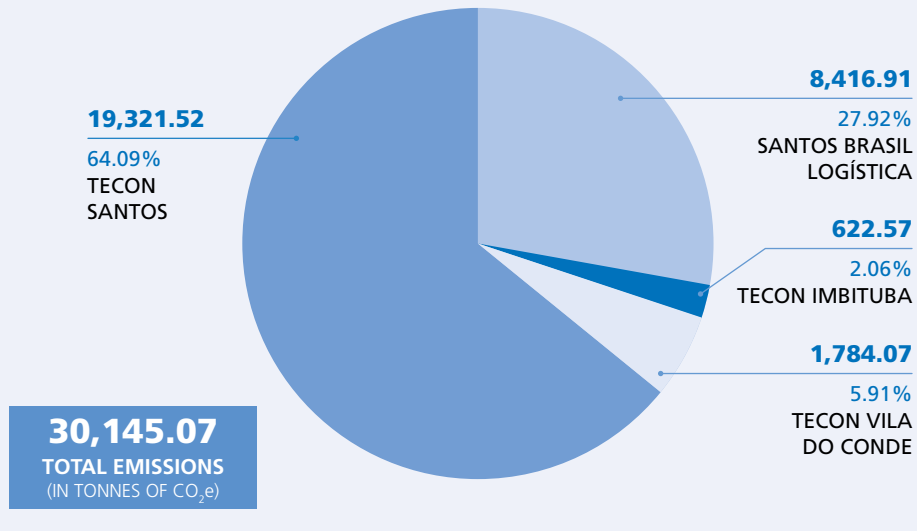
Emission intensity at Tecon Santos, our main operation, totaled 17.32kg of CO₂e for TEU handled, up 5.9% from the average emissions per TEU in 2013. This rise reflects the change in Brazil's energy mix, a 28% increase in the conversion rate due to higher energy supply from thermal power plants throughout the year.

This shows that we have to improve our performance in this regard. Within the More Efficiency Project, we continue mapping and quantifying any operational improvements that may have a positive impact on emissions.

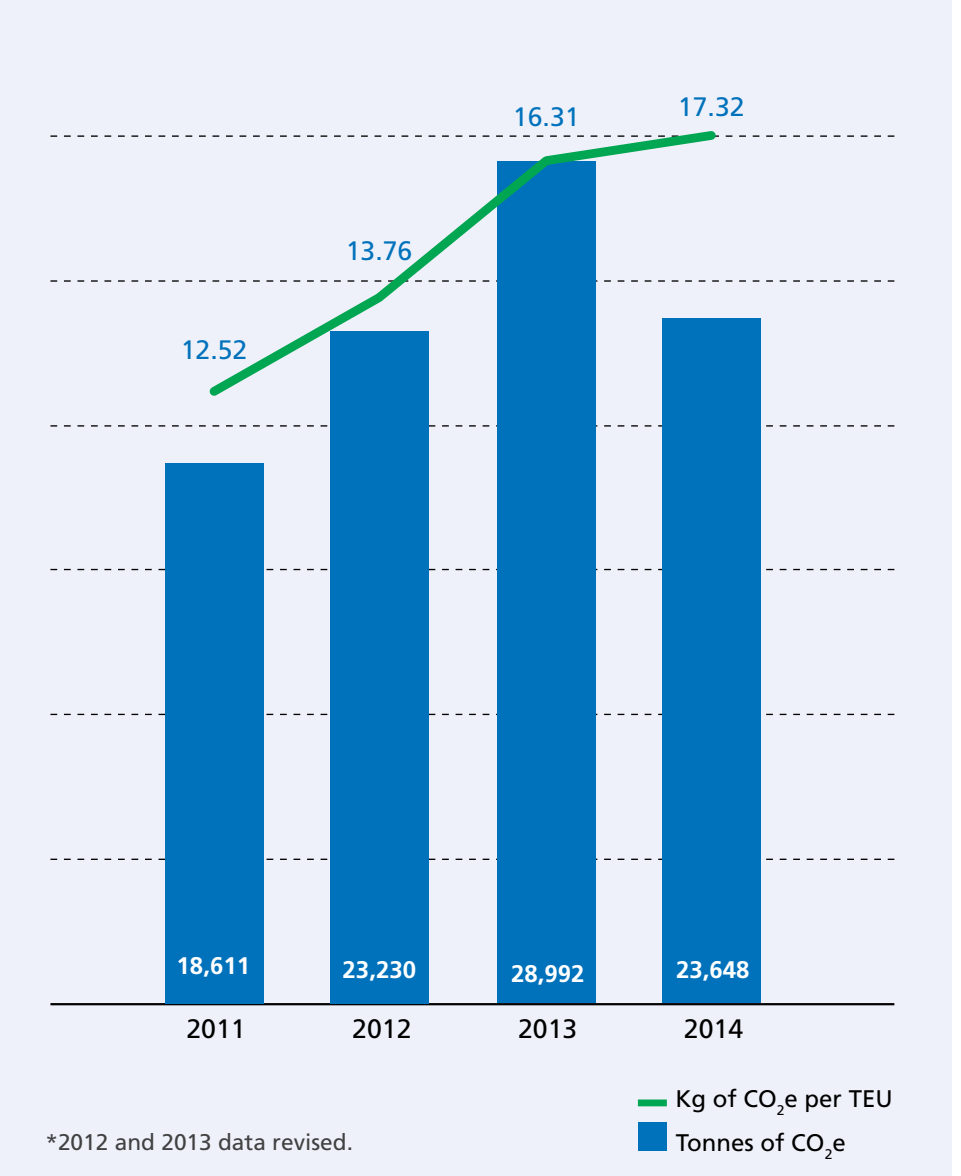
We first measured emission intensity in all operations, including distribution and logistics operations, in 2014. This allowed us to determine average emissions per TEU handled in all our units. Emissions totaled 17.95kg of CO₂e per TEU handled at terminals and customs logistics centers, 1.03 kg of CO₂e per km traveled in transportation operations and 0.86kg of CO₂e per pallet handled at distribution centers. **[GRI G4-EN18]**

DIRECT EMISSIONS (SCOPE 1) |GRI G4-EN15|

TONNES OF CO₂e

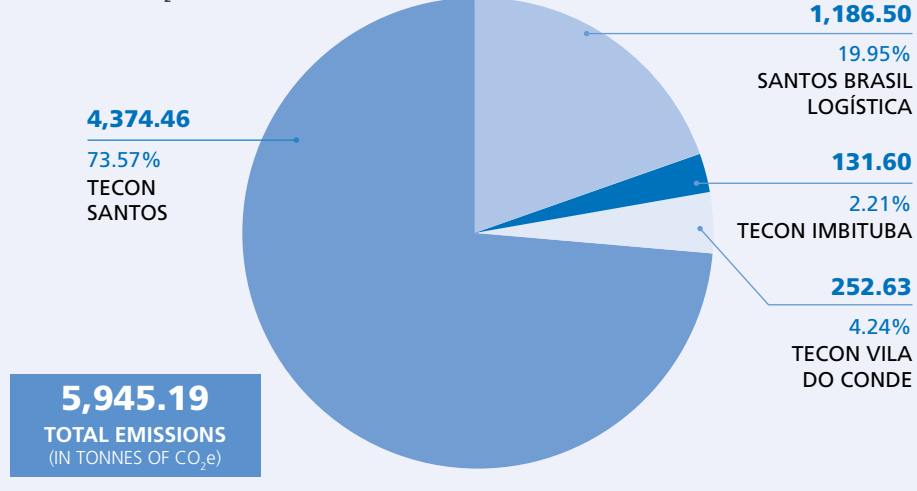


TECON SANTOS EMISSIONS



INDIRECT EMISSIONS (SCOPE 2) |GRI G4-EN16|

TONNES OF CO₂e



GHG EMISSION INTENSITY |GRI G4-EN18|

BUSINESS UNITS	CO ₂ E TOTAL	SCOPE 1	SCOPE 2
Tecon Santos	17,32 kg de CO ₂ e / TEU handled	14,12 kg de CO ₂ e / TEU handled	3,20 kg de CO ₂ e / TEU handled
Tecon Imbituba	17,72 kg de CO ₂ e / TEU handled	14,62 kg de CO ₂ e / TEU handled	3,09 kg de CO ₂ e / TEU handled
Tecon Vila do Conde	31,45 kg de CO ₂ e / TEU handled	27,55 kg de CO ₂ e / TEU handled	3,90 kg de CO ₂ e / TEU handled
CLIA Santos ¹ (Logistics and Industrial Custom Center)	26,93 Kg de CO ₂ e / TEU handled	21,03 Kg de CO ₂ e / TEU handled	5,91 Kg de CO ₂ e / TEU handled
CLIA Guarujá ¹ (Logistics and Industrial Custom Center)	26,21 Kg de CO ₂ e / TEU handled	16,77 Kg de CO ₂ e / TEU handled	9,44 Kg de CO ₂ e / TEU handled
DC São Bernardo ¹ (Distribution Center)	0,72 Kg de CO ₂ e / pallet handled	0,26 Kg de CO ₂ e / pallet handled	0,46 Kg de CO ₂ e / pallet handled
DC São Paulo ¹ (Distribution Center)	1,27 Kg de CO ₂ e / pallet handled	0,21 Kg de CO ₂ e / pallet handled	1,06 Kg de CO ₂ e / pallet handled
TTR ² (Santos Transportes Ltda.)	1,03 Kg de CO ₂ e / Km traveled	1,02 Kg de CO ₂ e / Km traveled	0,01 Kg de CO ₂ e / Km traveled

¹ CO emissions and emissions associated with LPG and biodiesel consumption.

² CO emissions and emissions associated with biodiesel and regular diesel oil consumption only.



WATER

Among the initiatives undertaken in 2014 to reduce water consumption, it is worth noting the shift to dry-washing trucks. We started dry-washing our own 143 trucks and 233 semi-trailers in the second half of 2014. Employees from a specialized company clean the vehicles by hand with environmentally-friendly, biodegradable products. As result, we save around 110 thousand liters of water per week and reduce air emissions by around 3,050 kg of CO₂e per month since the trucks no longer have to be taken elsewhere to be washed. **[GRI G4-EN27]**

This initiative is in line with the effort to reduce water consumption due to the drought in the Southeast Region,

which impacts our business because it has led to water restrictions and higher energy costs. This situation affects our production capacity negatively.

In 2014, we acquired and installed two new sanitary and physical-chemical Effluent Treatment Plants (ETEs) equipped with after-treatment systems that will allow us to reuse treated effluents to clean yard equipment (such as forklift trucks and reach stackers) and floors, as well as for gardening purposes. With this equipment, the ratio of water recycled and reused to total water consumption at the terminal may reach 30%. However, no water was reused during 2014. **[GRI G4-EN10]**

WATER CONSUMPTION IN LITERS **[GRI G4-EN8]**

UNITS	2013 ¹	2014
PORT TERMINALS		
Tecon Santos	59,202,000	58,466,303
Tecon Vila do Conde	1,872,000	1,602,280
Tecon Imbituba	1,145,000	986,000
LOGISTICS		
Santos CLIA	11,231,000	8,857,000
Guarujá CLIA	5,221,000	3,751,000
TTR	2,441,000	1,470,000
São Paulo DC	2,016,000	1,504,000
São Bernardo DC	6,988,000	5,974,000
TOTAL	71,399,297	82,610,583

¹ 2013 amounts have been revised

WATER CONSUMPTION IN 2014 (M³) **[GRI G4-EN8, EN9]** ¹

UNITS	UNITS PUBLIC SYSTEM	SOURCES ²
Tecon Santos	58,466	Public supply sources and mineral water sources
Guarujá CLIA	3,751	Public supply sources and artesian well
Santos CLIA	8,857	
São Paulo DC	1,504	Public supply sources and artesian well
São Bernardo do Campo DC	5,974	
TTR	1,470	Public supply sources
TOTAL	80,022	

¹ No information about the water sources of Tecon Imbituba and Tecon Vila do Conde.

² No water fountains are significantly affected by Santos Brasil's operations.

*Amounts not reported by the department; to be posted in the 2015 report.



EFFLUENTS AND WASTE

The change in waste management at Tecon Santos, introduced in 2013, when construction debris started being recycled for the most part, led to a 59% drop in the amount of debris generated. While checking the indicators for all units in 2014, we set reduction targets for 2015 based on the consolidated results published by the Brazilian Association of Public-Use Container Terminals (ABRATEC).

At Tecon Santos, 46,315 m³ of effluent was treated at our own biological treatment plant (ETE) before being disposed of in a receiving water body (sea canal). The treatment capacity of the biological ETE was doubled and now corresponds to 4 thousand people.

Sanitary effluents generated in Santos Brasil Logística's units and Tecon Imbituba go to cesspits emptied every month. The waste is collected and sent to treatment plants in the area. Sanitary effluents from Tecon Vila do Conde are treated by Companhia Docas do Pará (CDP) in its own treatment facilities. Oily effluents from Tecon Santos go to our own treatment plant (physical-chemical ETE). A total of 9,911 m³ was treated in 2014. The other units have Oil-Water Separators (SAO) to treat oily effluents by collecting and analyzing wastewater (treated effluent) at an accredited, certified laboratory to ensure that it is disposed of within the standards set by legislation. **[GRI G4-EN22]**

Effluents treated at Tecon Santos' Chemical and Sanitary Effluent Treatment Plants are discharged to the sea canal, which is monitored by collecting and checking the parameters according to the discharge standards set by prevailing legislation. A duly accredited and certified company is in charge of this activity. Santos Brasil has no information/results on biodiversity studies in the receiving water body (sea canal). The habitat related to the receiving water body that may be affected is the mangrove located to the right of the Vehicle Terminal ship side. The receiving water body is a protected area, and discharges are permitted provided they are approved by the managing agency and the within parameters set by legislation. **[GRI G4-EN26]**

Two projects were approved for 2015 to reduce the amount of hazardous (Class 1) waste disposed of, thus mitigating the risks of spills. We will be buying a machine to cut the filters used at Tecon Santos to separate the housing, oil and filtering element of these filters. As a result, both the housing and the oil can start being sold and only the filtering element will be disposed of as Class 1 waste.

Another project is intended to extend the useful life of oil used in equipment, which was changed after every 2,000 hours of use. We are also going to acquire a machine to process 800 liters of that oil, which will be filtered, treated with additives and reused. As a result, the same oil can be used for up to 6 thousand hours.

WASTE DISPOSAL [GRI G4-EN23]

HAZARDOUS	TECON SANTOS	TECON IMBITUBA	TECON VILA DO CONDE	SANTOS BRASIL LOGÍSTICA	DESTINAÇÃO
Used lubricating oil (liters)	73,650	4,000	13,920	38,960	Recycling
Used light bulbs (units)	5,432	9	70	4,256	Decontamination and recycling
Septic waste (kg)	81	NA	NA	0	Incineration
Oil-contaminated solid waste (tonnes)	58.69	17.75	2.74	6,270	Beneficiation
Oil-contaminated mud (tonnes)	42.60	NA	NA	0	Beneficiation
NON-HAZARDOUS	TECON SANTOS	TECON IMBITUBA	TECON VILA DO CONDE	SANTOS BRASIL LOGÍSTICA	DESTINAÇÃO
Automotive batteries (units)	537	7	5	43	Recycling
Organic waste and sweepings (tonnes)	556.79	2.90	55.44	244.16	Controlled landfill
Scrap tires (units)	532	66	22	108	Recycling
Scrap iron (tonnes)	256.32	64.00	0	231.37	Recycling
Paper/plastic (tonnes)	21.50	3.98	5.19	62.32	Recycling
Scrap glass (tonnes)	2.41	0.01	0	1.24	Recycling
Construction debris, timber (tonnes)	174.88	128.00	0	978.14	Recycling

BIODIVERSITY

Considered a natural breeding ground, the Santa Catarina and Rio Grande do Sul State coastlines attract hundreds of southern right whales in search of milder temperatures between July and November to give birth and care for their young. For that reason, Santos Brasil is a partner of *Projeto Baleia Franca* (Southern Right Whale Project) NGO even though the Port of Imbituba is not located within the Environmental Protection Area (EPA) created to protect the species (*Eubalaena australis*). **[GRI G4-EN13]**

The partnership was expanded in 2013 when, in addition to the sightings near Tecon Imbituba, Santos Brasil started supporting projects comprising scientific research, habitat conservation, monitoring, population biology,

awareness-raising programs and support to public policy-making. The goal is for commercial port activities and southern right whales to coexist harmoniously.

All operational units apply a management system based on the scope of ISO 14001. They identify aspects and impacts inherent in their activities and services, and monitor the applicability of legal requirements systematically. As a logistics company, the key environmental impacts assessed, managed and addressed are connected with CO2 emissions, as well as effluents treated in water bodies, for which we have reduction targets. **[GRI G4-EN12]**

PROPERTIES IN AREAS OF HIGH BIODIVERSITY VALUE **[GRI G4-EN11]**

UNITS	BIOME IN WHICH INSERTED	PROTECTED ADJACENT AND INFLUENCE AREAS	LEASED SITE WITHIN PROTECTED AREA (M2)	PUBLIC USE ZONE WITHIN PROTECTED AREA (BROADSIDE) IN METERS
Tecon Santos	Atlantic Forest	Estuary/Mangrove	597,324.24	980
TEV	Atlantic Forest	Estuary/Mangrove	165,426.00	310
Tecon Imbituba	Atlantic Forest	Atlantic Ocean	11,821.00	300
Tecon Vila do Conde	Amazônia	Right bank of Pará River	50,000.00	254



ABOUT THIS REPORT

This annual report compiles quantitative and qualitative information about all Santos Brasil's business units (Tecon Santos, Tecon Imbituba, Tecon Vila do Conde, TEV and Logistics) for the period between January 1 and December 31, 2014. **[GRI G4-17, G4-28]**

The Company has been publishing its financial statements since it went public in 2006. Since 2007, it has been publishing annual reports, the latest of which came out in 2013. This is the third year that the document has followed the Global Reporting Initiative (GRI) guidelines and the second in the G4 model. In line with the best reporting practices, the text has the structure of an integrated report and is a more comprehensive version of the Management Report. In fact, both share the same content and come out in the same month. It is the pilot project of an Integrated Report, in which economic, social and environmental indicators are directly interconnected, thus incorporating the true meaning of sustainability. **[GRI G4-29, G4-30]**

The contents of this report were determined based on the principle of materiality. We sought to cover issues that are relevant to the Company and its stakeholders, and, therefore, reflect the major social, environmental and economic impacts of our business. Within the organization, all the selected topics are discussed,

controlled and put in order of priority in all units without exception. The challenges of monitoring water indicators, for example, at Tecon Vila do Conde and Tecon Imbituba were addressed in 2014 so that we could produce a more comprehensive report with more accurate information.

We defined the five key issues in late 2012 by cross-referencing survey results with internal analyses carried out by senior management, with a focus on issues relevant to stakeholders in a process conducted jointly with Via Gutenberg consulting firm. In 2014, the Company's Chief Executive Officer took over the Sustainability Committee and determined the key issues for the following years.

Although the Talent Education and Retention issue is still addressed at the Company on a daily basis, it is no longer a key issue due to the current situation. In contrast, the following are still considered key issues:

1) Health and Safety, 2) Transparency and Anti-Corruption Practices, 3) Energy and renewable raw materials (now Greenhouse gas emissions and Water) and 4) Local Development. *(Further information on page 10)*

This document changes the target for accident frequency rate published in the previous report as 50%. The rate will be altered to 10% in 2015. This report does not cover the environmental aspects of the Guaratinguetá branch, opened in the last quarter of 2014. In the People indicators, the employees of that branch are included among those of the Baixada Santista and Planalto Paulista regions. **|GRI G4-22|**

Any queries about this document can be clarified by the Communication and Investor Relations departments: comunicacao_corporativa@santosbrasil.com.br or bsau@santosbrasil.com.br, or (+55) 113279-3279.

|GRI G4-31|

IN ACCORDANCE' OPTION – CORE |GRI G4-32|

GENERAL STANDARD DISCLOSURES	PAGE/RESPONSES	EXTERNAL ASSURANCE	GLOBAL COMPACT PRINCIPLES
STRATEGY AND ANALYSIS			
G4-1 Statement from the most senior decision-maker of the organization	3-4		
G4-2 Description of key impacts, risks and opportunities	3-4, 25-28, 50		
ORGANIZATIONAL PROFILE			
G4-3 Name of the organization	5		
G4-4 Primary brands, products, and/or services	5		
G4-5 Location of the organization's headquarters	Rua Dr. Eduardo de Souza Aranha, 387- 2º andar, Vila Olímpia São Paulo, SP, Brazil. Postal code 04543-121		
G4-6 Number of countries where the organization operates	5		
G4-7 Nature of ownership and legal form	Port service concession. Publicly-held company listed on São Paulo Stock Exchange (BOVESPA) level 2 corporate governance listing segment.		
G4-8 Markets served	5		
G4-9 Scale of the organization	30, 32, 37, 41		
G4-10 Total number of employees	44, 45		
G4-11 Percentage of total employees covered by collective bargaining agreements	All employees are covered by collective bargaining agreements.		
G4-12 Describe the organization's supply chain	50		
G4-13 Significant changes during the reporting period	5, 20		

G4-14 Precautionary principle	Santos Brasil supports the precautionary principle and does not use materials and methods hazardous to the environment and health whenever there are suitable alternatives. One example is the Company's support for <i>Projeto Baleia Franca</i> , in Imbituba. Accordingly, it decided to suspend the terminal expansion works briefly to preserve the whales even though there was no scientific proof that the noise could harm the species.		7
G4-15 Externally developed charters, principles or other initiatives to which the organization subscribes or which it endorses	49		
G4-16 Memberships of associations and/or advocacy	49 (The Company provides no funding beyond routine membership dues for the organizations of which it is a member.)		
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
G4-17 Entities included in the organization's consolidated financial statements or equivalent documents	64		
G4-18 Process for defining the report content and the Aspect boundaries	11		
G4-19 Material aspects identified in the process for defining report content	11		
G4-20 Aspect Boundary within the organization	11		
G4-21 Aspect Boundary outside the organization	11		
G4-22 Effects of any restatements of information provided in previous reports and reasons for such restatements	22		
G4-23 Significant changes from previous reporting periods in the Scope and Aspect Boundaries	11		
STAKEHOLDER ENGAGEMENT			
G4-24 List of stakeholder groups engaged by the organization	18		
G4-25 Basis for identification and selection of stakeholders with whom to engage	12, 17		
G4-26 Approach to stakeholder engagement	12, 48		
G4-27 Key topics and concerns that have been raised through stakeholder engagement	18		

REPORT PROFILE			
G4-28 Reporting period	64		
G4-29 Date of most recent previous report	64		
G4-30 Reporting cycle	64		
G4-31 Contact point	65		
G4-32 Table identifying the location of Disclosures in the report	66		
G4-33 Policy and current practice with regard to seeking external assurance	There is no external assurance for the report, except for the Financial Statements, audited by Deloitte Touche Tohmatsu.		
GOVERNANCE			
G4-34 Governance structure	22		
G4-35 Process for delegating authority for economic, environmental and social topics	Management reports containing operating and financial information are analyzed by the Board of Directors—the highest governance level—, which meets every two months.		
G4-36 Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics	The Sustainability Committee delegated responsibilities to some executives in 2014. Santos Brasil’s four key sustainability management issues were delegated to specific executives who must present their goals/results at regular and special Committee meetings.		
G4-38 Report the composition of the highest governance level and its committees	23		
G4-39 Indication of whether the Chair of the highest governance level is also an executive officer	No members of the Board of Directors are Executive Officers.		
G4-40 Nomination and selection processes for the highest governance level and its committees	Directors must have recognized professional experience and proven technical and academic knowledge, and may not be Company executives. There are no diversity requirements. Shareholders elect the Directors at the Annual General Meeting.		
G4-41 Report processes for the highest governance body to ensure conflicts of interest are avoided and managed	To prevent or manage conflicts of interest, the Company Bylaws prohibit electing Board members who are controlling shareholders, or hold positions in direct competitors or organizations that have interests conflicting with those of the Company, except where expressly approved by a General Meeting. In addition, Board members in conflict of interest may not vote at meetings.		

G4-47 Frequency of the highest governance body's review of economic, environmental and social impacts, risks and opportunities	The Board of Directors meets every two months but may hold extraordinary meetings when necessary. Board duties include analyzing management reports providing information on the Company's operational, environmental, social and financial performance. The Board also approves the annual budget and investment plan, guides and oversees senior management, supervises the conduct of business, designs, and monitors the execution of, the Company's strategies.		
G4-48 The highest committee or position that formally reviews and approves the organization's sustainability report	The report is reviewed and approved by the Chief Executive Officer, who also chairs the Sustainability Committee.		
G4-49 Mechanisms to provide recommendations to the highest governance body	No shareholder resolutions or other mechanisms are used to allow minority shareholders to express their opinions to the highest governance body. There are no processes regarding informing and consulting employees about the working relationships with formal representation bodies, such organization level 'work councils' and representation of employees in the highest governance body.		
G4-51 Remuneration policies for the highest governance body and senior executives	The Board of Directors receives fixed pay regardless of social and environmental performance. Executive officers receive fixed and variable pay (stock options plan). Bonus targets are related to the Company's financial performance as measured by EBITDA and EVA. The Board of Directors determines the annual stock option grant. There is no connection with social and environmental performance. Concerning managers' compensation, the variable portion comprises a bonus and a stock option grant. Bonus targets are also related to the Company's financial performance as measured by EBITDA.		
G4-52 Process for determining remuneration Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management.	Executive Officers: The Company conducts annual studies through specific consultancies, to determine its salary positioning in comparison to the market to attract, retain and motivate professionals.		
ETHICS AND INTEGRITY			
G4-56 Internally developed statements of mission, values, codes of conduct and principles	24		
G4-57 Mechanisms for seeking advice on ethical behavior	14, 24		
G4-58 Internal and external mechanisms for reporting concerns about unethical behaviors	24		

SPECIFIC STANDARD DISCLOSURES – MATERIAL ISSUES				
KEY ISSUES	PAGE/RESPONSES	OMISSIONS	EXTERNAL ASSURANCE	GLOBAL COMPACT PRINCIPLES
OCCUPATIONAL HEALTH AND SAFETY				
G4-DMA - Disclosures on Management Approach	41, 42			
G4-LA5 Percentage of total workforce represented in formal health and safety committees	42			1
G4-LA6 Injury rate, occupational diseases rate, lost day rate, absentee rate and work-related fatalities	43, 44	The lost day and absentee rates are not broken down by gender.		1
G4-LA7 Workers with high incidence or high risk of diseases related to their occupation	Operators of mobile equipment are exposed to work-related ergonomic risks.			1
G4-LA8 Health and safety topics covered in formal agreements with trade unions	42			1 and 3
TRANSPARENCY AND ANTI-CORRUPTION PRACTICES				
G4-DMA - Disclosures on Management Approach	24			
G4-SO4 Communication and training on anti-corruption policies and procedures	24			10
G4-SO5 Confirmed incidents of corruption	No incidents reported			10
LOCAL DEVELOPMENT – LOCAL COMMUNITIES				
G4-DMA – Management approach – Communities	12-13, 47-48			
G4-SO1 Engagement, impact assessment and development programs	47	Social programs benefit all the communities in the vicinity of the Company's units, but engagement and impact assessment programs are not fully implemented in all of them.		1 e 2
G4-SO2 Actual and potential negative impacts	47			1 e 2

G4-DMA – Management approach – Market presence	47			
G4-EC6 Proportion of senior management hired from the local community at significant locations of operation	All unit managers (senior management concept) live in the area or in towns close to the locations for which they were hired. Significant locations of operation: Tecon Santos, the Logistics headquarters in Santos, Tecon Imbituba, Tecon Vila do Conde, São Paulo DC and São Bernardo do Campo DC			6
G4-DMA – Management approach – Procurement practices	50			
G4-EC9 Spending on local suppliers	50, 51			
RENEWABLE ENERGY – ENERGY, WATER, EMISSIONS				
G4-DMA – Management Approach – Energy	11, 51, 52			
G4-EN3 Energy consumption within the organization	53, 54			8
G4-EN4 Energy consumption outside of the organization	Energy consumption by the supply chain is not monitored.			8
G4-EN5 Energy intensity	55			8 and 9
G4-EN6 Reduction of energy consumption	52			8 and 9
G4-DMA - Management Approach – Water	11, 59			
G4-EN8 Total water withdrawal by source	60			8
G4-EN9 Water sources affected	60			8
G4-EN10 Recycled and reused water	59			8 and 9
G4-DMA - Management Approach – Emissions	11, 51, 56			
G4-EN15 Direct greenhouse gas (GHG) emissions	57			8
G4-EN16 Energy indirect GHG emissions	57			8
G4-EN17 Other indirect GHG emissions	56			8
G4-EN18 GHG emissions intensity	56, 58			7; 8 and 9
G4-EN19 Reduction of GHG emissions	56			7; 8 and 9

SPECIFIC STANDARD DISCLOSURES				
SPECIFIC STANDARD DISCLOSURES	PAGE/RESPONSES	OMISSIONS	EXTERNAL ASSURANCE	GLOBAL COMPACT PRINCIPLES
ECONOMIC PERFORMANCE				
ECONOMIC PERFORMANCE				
G4-DMA - Management Approach	11, 19-20, 24-27			
G4-EC1 Direct economic value generated and distributed.	38		Financial Statements	
G4-EC2 Financial implications due to climate change	27	Financial implications not calculated		7; 8 and 9
MARKET PRESENCE				
G4-DMA - Management Approach	41			
G4-EC5 Entry level wage by gender compared to local minimum wage	The ratios of entry level wage compared to the Brazilian minimum wage (R\$724.00 in 2014) are: 47.87% at Tecon Santos and offices; 47.60% at TEV; 39.20% at Santos Brasil Logística; 36.51% at Tecon Vila do Conde and 18.94% at Tecon Imbituba.	Not broken down by gender		1, 6
INDIRECT ECONOMIC IMPACTS				
G4-DMA - Management Approach	47			
G4-EC7 Development and impact of infrastructure investments and services supported	Installation of the new access to the Port of Santos-left bank, fully funded by local businesses to minimize congestion	No information about the development of investments and impacts expected		
G4-EC8 Significant indirect economic impacts	47			

ENVIRONMENTAL CATEGORY				
BIODIVERSITY				
G4-DMA - Management Approach	51, 63			
G4-EN11 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	63			8
G4-EN12 Significant impacts on biodiversity	63			8
G4-EN13 Habitats protected or restored	64			7 and 8
EFFLUENTS AND WASTE				
G4-DMA - Management Approach	51, 61			
G4-EN22 Total water discharge by type and method of disposal	61			8
G4-EN23 Total weight of waste by type and disposal method	62			8
G4-EN24 Total number and volume of significant spills	There were three significant spills in 2014 – Class A: over 100 liters. Volume spilled: 500 liters (100 liters of hydraulic oil, 200 liters of kerosene and 200 liters of diesel oil). Volume dropped 54% from 2013.			8
G4-EN26 Water bodies and related habitats significantly affected by the organization's discharges of water and runoff	61			7 and 8
PRODUCTS AND SERVICES				
G4-DMA - Management Approach	51			
G4-EN27 Extent of impact mitigation of environmental impacts of products and services	52, 56, 59	There are no mitigation indicators for all aspects.		7 and 8

COMPLIANCE				
G4-DMA - Management Approach	51			
G4-EN29 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Total fines paid in 2014: R\$126,947.01. The Company received five violation notices, one from the city of Guarujá and four from the São Paulo State Environmental Agency (CETESB), under the São Paulo State Department of the Environment. Two of these notices led to fines of R\$120,905.01 and R\$6,042.00 and the others to three warnings.			
TRANSPORTATION				
G4-DMA - Management Approach	11, 51			
G4-EN30 Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	In 2014, Santos Brasil Logística did not record product leaks during transportation. As a logistics company, the key environmental impacts assessed, managed and addressed are connected with CO2 emissions, as well as effluents treated in water bodies. The Company seeks to reduce these impacts effects by optimizing (internal and external) routes and cutting costs.			8
OVERALL				
G4-DMA - Management Approach	51, 52			
G4-EN31 Total environmental protection expenditures and investments by type.	52			7 and 8
SUPPLIER ENVIRONMENTAL ASSESSMENT				
G4-DMA - Management Approach	50			
G4-EN32 Percentage of new suppliers that were screened using environmental criteria	50			7 and 8

ENVIRONMENTAL GRIEVANCE MECHANISMS				
G4-DMA - Management Approach	11, 51			
G4-EN34 Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	No grievances or complaints were filed by stakeholders in 2014. The Safe Attitude Program has a workgroup that addresses stakeholder grievances (Movement 7) to ensure that they are classified and assigned critical levels systematically. The purpose is to establish the relationship level with each stakeholder.			
LABOR PRACTICES AND DECENT WORK				
EMPLOYMENT				
G4-DMA - Management Approach	41			
G4-LA1 Total number of new employee hires and employee turnover by age group, gender and region	44, 45	Turnover not broken down by gender		6
G4-LA2 Benefits which are standard for full-time employees of the organization but are not provided to temporary or part-time employees	All employees have the same benefits under the terms of the collective bargaining agreement for each unit.			6
TRAINING AND EDUCATION				
G4-DMA - Management Approach	41			
G4-LA9 Average hours of training per year per employee by employee category	46			
G4-LA11 Employees receiving regular performance and career development reviews	All employees receive performance reviews on semi-annual basis.			
DIVERSITY AND EQUAL OPPORTUNITY				
G4-DMA - Management Approach	24, 41			
G4-LA12 Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity	23, 45, 46			1 and 6

SUPPLIER ASSESSMENT FOR LABOR PRACTICES				
G4-DMA - Management Approach	50			
G4-LA14 New suppliers that were screened using labor practices criteria	50			
G4-LA15 Significant actual and potential negative impacts for labor practices identified in the supply chain.	50			4 and 5
HUMAN RIGHTS				
INVESTMENT				
G4-DMA - Management Approach	24			
G4-HR1 Investment agreements and contracts that include human rights clauses or that underwent human rights screening	All supplier and client contracts contain human rights clauses.	Indicator not monitored		1, 2, 3, 4, 5 and 6
G4-HR2 Percentage and total hours of employee training on human rights policies	24			1, 2, 3, 4, 5 and 6.
CHILD LABOR				
G4-DMA - Management Approach	24, 50			
G4-HR5 Operations and suppliers identified as having significant risk for incidents of child labor	50			1, 2 and 5.
FORCED AND COMPULSORY LABOR				
G4-DMA - Management Approach	24, 50			
G4-HR6 Operations identified as having significant risk for incidents of forced or compulsory labor	50			1, 2 and 4.

SECURITY PRACTICES				
G4-DMA - Management Approach	25			
G4-HR7 Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	All security employees (137 in total) underwent training including rules of conduct and human rights aspects, such as mutual respect and non-discrimination, when they were hired.			1 and 2
SUPPLIER HUMAN RIGHTS ASSESSMENT				
G4-DMA - Management Approach	25, 50			
G4-HR10 Percentage of new suppliers that were screened using human rights criteria	50			1 and 2
SOCIETY				
PUBLIC POLICY				
G4-DMA - Management Approach	24			
G4-SO6 Total value of political contributions by country and recipient/beneficiary	No political contributions were made.			10
ANTI-COMPETITIVE BEHAVIOR				
G4-DMA - Management Approach	24			
G4-SO7 Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	None recorded			10
SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY				
G4-DMA - Management Approach	47, 50			
G4-SO9 Percentage of new suppliers that were screened using criteria for impacts on society	50			

PRODUCT RESPONSIBILITY				
CLIENT HEALTH AND SAFETY				
G4-DMA - Management Approach	25			
G4-PR1 Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	All Company activities and services undergo a risk assessment indicating possible nonconformances and the required mitigation and emergency measures, known as Hazard and Risk Tables. Reviews are conducted annually or whenever there are changes affecting the process, thereby ensuring risk assessment at all phases of the product and/or service lifespan.			1
PRODUCT AND SERVICE LABELING				
G4-DMA - Management Approach	14			
G4-PR5 Results of surveys measuring client satisfaction	14			

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