

# Integrated Annual Report



2017



Wilson, Sons



An aerial photograph of a coastal city and port. In the foreground, a dense urban area with many small buildings is visible. To the right, a large port facility with numerous colorful shipping containers and several large cargo ships is situated. The city skyline, featuring taller buildings, is visible in the background along the coast. The water is a deep blue-green color.

# Summary

---

2 › Message from  
the Board

---

8 › Business Profile

---

10 › Our Markets

---

16 › History

---

18 › Company Philosophy  
and Competitive  
Advantages

---

24 › Corporate  
Governance

---

32 › Value Added  
Statement

---

34 › Highlighted  
Indicators

---

---

36 › 2017 Results

---

44 › Risk Management

---

48 › Safety

---

52 › Environmental  
Management

---

58 › Employees

---

66 › Sustainability

---

68 › Corporate Social  
Responsibility

---

76 › GRI Index

---

Tecon Salvador

As part of our continuing efforts to reduce the Company's environmental impact, the report contains only the key highlights of our business.

The 2017 consolidated financial statements, as well as the explanatory notes, can be found on the Company's Investor Relations website: [www.wilsonsons.com.br/ir](http://www.wilsonsons.com.br/ir)



# Message from the Board

## Solid results in a challenging economic environment

The Group delivered a strong performance in 2017. After enduring its worse economic recession on record, the Brazilian economy grew 1% in 2017, improved by the performance of the agricultural sector with both exports and imports growing 5% in the year. The key operational indicators at our container terminal and towage businesses increased against their 2016 comparatives although our offshore businesses suffered in the depressed offshore oil and gas market.

### OPERATING VOLUMES

	2017	2016	% VARIAÇÃO
<b>Container Terminals</b> (container movements in '000 TEU)	1,068	1,030	3.7%
<b>Towage</b> (number of harbour manoeuvres performed)	59,796	58,376	2.4%
<b>Offshore Support Vessels</b> (days in operation from own vessels)	6,035	6,428	-6.1%

Control panel of a Wilson Sons PSV



The first of March 2017 marked the 20th anniversary of the commencement of operations at the Tecon Rio Grande container terminal concession. The terminal has grown significantly in this time through the Group's substantial capital investments and management efforts. From a modest beginning in 1997 (the terminal moved 90,975 TEU (twenty-foot equivalent units) in the first 10 months) the terminal has become one of the largest and most modern container terminals in the country. Container volumes in 2017 grew 6% over prior year to 760,900 TEU (2016: 719,500 TEU) driven principally by higher import, cabotage and transshipment movements. Transshipment volumes benefitted from the new Santa Clara terminal which enables the inland navigation transport of containers between the Triunfo Petrochemical Complex in the State of Rio Grande do Sul and Tecon Rio Grande. Container volumes handled at our other container terminal, Tecon Salvador, at 307,100 TEU, were marginally lower than prior year, (2016: 310,300 TEU) mainly due to lower export and empty container volumes. Last year we were pleased to announce that the Group had signed an amendment to the Tecon Salvador concession agreement extending the term of the concession until 13 March 2050. Under the terms of the extension, the Group is required to complete minimum expansion and maintenance capital expenditure. We are currently awaiting the environmental licence to begin civil works which we expect to start in the fourth quarter of 2018.

Towage continued to perform well with the number of harbour manoeuvres increasing 2% to 59,796 (2016: 58,376) In addition to the higher volumes, results also benefited from the market trend towards larger vessels, as harbour towage pricing is linked to vessel size. Towage special operations revenue declined reflecting the

reduced demand from the Brazilian offshore oil and gas industry and the more volatile nature of this activity which includes salvage, firefighting and other operations. The Group remains the leading towage operator in Brazil with a fleet of seventy-four tugboats operating in over 30 ports throughout the country.

Operating days at our offshore joint venture, Wilson Sons Ultratug Offshore decreased 6% in the year due to market pressures. During the third quarter Petrobras negotiated new contract terms with our joint venture for eight platform supply vessels (PSVs). The agreement temporarily suspended six of these contracts due to current suppressed demand and reduced the vessels' daily rates, but the original contract term was extended by a period equal to the suspension. During the first quarter of 2018 five of the six suspended vessels have recommenced operations with the remaining vessel expected to resume in July 2018. At the year end, the joint venture operated a fleet of 23 PSVs of which 19 were under long-term contract, with the remainder available in the Brazilian spot market or laid up until market conditions improve. On a positive note, there were some important advances in the Brazilian oil and gas industry during the year, with an improved regulatory framework that removed the Petrobras monopoly on operating the pre-salt offshore oilfields, opening them up to foreign investment. This positive move was reflected in renewed interest by the major international oil companies who actively participated in the recent round of pre-salt auctions.

During the year the Shipyard successfully delivered the first two of a four tugboat order to third parties and continued to perform maintenance on our tugboat and offshore fleets.

## GROUP RESULTS

Operating profit for the period was US\$13.3 million higher than the comparative period in 2016 at US\$114.9 million (2016: US\$101.6 million) reflecting an increase in revenue and improved operating margins. Group operating margins for the year at 23% were marginally ahead of prior year (22%). Revenue for the full year grew 9% to US\$496.3 million (2016: US\$457.2 million), principally due to higher port terminal and logistics revenue. Earnings per share for the year were US\$1.005 compared with US\$1.193 in 2016.

## DIVIDEND

The Board is recommending a dividend of US\$0.54 per share, totalling US\$38.46 million, related to 2017 results (2016: US\$0.52 per share, totalling US\$36.99 million), to be paid on 26 April 2018 to shareholders of the Company as of the close of business on 26 April 2018. This represents a 4.2% increase over the dividend paid in 2016, reflecting the Company's solid operating performance and the desire to increase the distribution to shareholders after the conclusion of a significant investment cycle. In the last seven years, the dividend per share increased by 116% from \$0.25 to \$0.54, totalling U\$203.2 million distributed to shareholders in this period.

## HEALTH, SAFETY AND ENVIRONMENTAL PRACTICES (HSE)

The Group continues to invest in the training, development and safety of our staff. The Group has run the WS+ safety programme in partnership with DuPont since 2011 to promote improved safety throughout the Wilson Sons Group. The programme is based on the establishment and revision of work processes and procedures, operational discipline, management of deviations, organisational responsibility, behavioural approach and the engagement of leadership. Since its implementation the lost time injury frequency rate has decreased by 94%. In 2017 the Group achieved a world-class level of safety with a lost time injury frequency rate of 0.45 per one million man-hours worked. Wilson Sons is one of the most consistent winners of the DuPont award on Occupational Health and Safety Management in Brazil having received four awards in the last five years.

In the last seven years, the dividend per share increased by 116% from \$0.25 to \$0.54, totalling U\$203.2 million distributed to shareholders in this period. ”



We remain confident of the strength of our businesses and look forward to the opportunities that a growing Brazilian economy will bring.

## OUTLOOK

The Brazilian economy is forecast to grow between 2.5 - 3.0% in 2018 with stronger growth from 2019. The container terminals business continues to perform well benefitting from the increased trade volumes that are beginning to appear. We are still awaiting the necessary environmental license approval to begin the expansion of the Tecon Salvador container terminal and do not expect to be able to start construction before the fourth quarter of 2018. Demand for towage services remains healthy despite recent increased competition in the segment. The Brazilian offshore oil and gas market will face another challenging year in 2018 although prospects for the longer-term are brighter following the investment friendly reforms implemented during 2017. Market over-capacity continues to dampen demand for both offshore vessel hire and new vessel construction although we continue to explore alternative revenue streams for our excess supply vessel capacity. Our joint venture is currently modifying one PSV to provide oil spill recovery services and two other PSVs to provide shallow-water diving support services under contracts that will start in 2018. The shipyards newbuilding orderbook currently consists of two tugboats for third parties and two tugboats for our own fleet. In addition there are 15 dry-docking operations scheduled in the year for third parties and our own fleet. We remain confident of the strength of our businesses and look forward to the opportunities that a growing Brazilian economy will bring.

## STAKEHOLDERS

On behalf of the Board and shareholders, I would like to thank our management and staff for their efforts and hard work during the year.

## GLOBAL COMPACT

Our organizational culture, corporate governance and business strategy are aligned with the ten principles established by the United Nations Global Compact related to human rights, labour rights, environment protection and the fight against corruption in all its forms. ♦



Tecon Rio Grande

**José Francisco Gouvêa Vieira**  
Chairman of the Board of Directors

**Cezar Baião**  
CEO of Operations in Brazil



# Business Profile



## PORT & LOGISTICS SERVICES



## MARITIME SERVICES

Consolidated as one of the largest port, maritime and logistics operators in Brazil, Wilson Sons offers specialised solutions in the areas of port terminals, harbour towage, offshore support vessels, logistics, shipyards and shipping agency. The Company maintains long-lasting relationships with over two thousand active clients, including shipping companies, importers and exporters, oil and gas companies as well as other participants in more diverse sectors of the economy. ♦



# Our Markets

Wilson Sons' businesses include two main segments: Port & Logistics Services and Maritime Services. Through these businesses the Company focuses on two growth drivers: foreign and domestic trade flow and the oil & gas industry.

## Port & Logistics Services

This segment includes Wilson Sons Terminals and Wilson Sons Logistics. Wilson Sons Terminals comprises two of Brazil's main container terminals, Tecon Rio Grande and Tecon Salvador, in addition to Brasco, the Company's oil and gas support base. Wilson Sons Logistics owns a logistics centre in Santo André (SP) and another in Suape (PE), with bonded and general warehousing operations.

### Wilson Sons Terminals

#### TECON RIO GRANDE

Since 1997, Wilson Sons has operated Tecon Rio Grande, the first container terminal to be privatised through a public bid in the country. The terminal is located in Rio Grande 320 km from the city of Porto Alegre, the capital of the State of Rio Grande do Sul (RS). Its infrastructure serves the largest ships currently calling the East Coast of South America with a total area of 735,000 m<sup>2</sup>, 900 m of linear quay, 12.8 m (42 ft) in draft as well as a total handling capacity of 1.4 million TEU per annum.

All equipment is state-of-the-art, including nine STS (Ship-to-shore) quay cranes, 22 RTG (Rubber-Tyred Gantry) yard cranes and 2,352 plugs for refrigerated containers. The terminal offers excellent transport access through road, waterway and railway connections.

Tecon Rio Grande



In September 2016 the Company commenced operating the Santa Clara inland navigation terminal (Contesc) located at the Triunfo Petrochemical Complex (RS). From January 2018, Contesc increased services to provide four weekly calls connecting the northern region of the State directly to the Port of Rio Grande.

#### TECON SALVADOR

Operated by Wilson Sons since 2000, the terminal is located at the Port of Salvador in the State of Bahia (BA), 50 km from the Camaçari industrial complex. Its infrastructure serves the largest ships currently calling the East Coast of South America with a total area of 118,000 m<sup>2</sup>, a principal quay of 377 m and 15 m (49 ft) draft, a secondary quay of 240 m and 12 m (39 ft) draft providing a total handling capacity of 435,000 TEU per annum.

Tecon Salvador has six STS (Ship-to-shore) quay cranes, 11 RTG (Rubber-Tyred Gantry) yard

cranes, nine being fully electric, and 684 plugs for refrigerated containers. The terminal offers excellent transport access through road and waterway connections.

In November 2016, Tecon Salvador signed an early concession renewal for a further 25 years up to March 2050, establishing new investment commitments to expand the terminal. After completing the expansion project, scheduled for 2034, Tecon Salvador will have a total area of 217,000 m<sup>2</sup>, 800 m of linear quay and a total handling capacity of 924,000 TEU per annum.

#### BRASCO

Founded in 1999, Brasco is one of the largest private port terminals devoted to upstream support of the oil and gas industry in Brazil. Its two units, in Niterói and Rio de Janeiro, are strategically located within Guanabara Bay, and have the capacity to support activities in the Campos and Santos petroleum basins.

In addition, Brasco has the experience and qualified personnel for the establishment of bases throughout Brazil and South America's coastline, having already operated in São Luís (Maranhão), Belém (Pará), Salvador (Bahia), Fortaleza (Ceará) and Vitória (Espírito Santo).

Brasco's operations include storage and handling of supplies for maritime platforms, including parts, equipment, drilling mud, cement, chemical products, food and water. In addition, the oil and gas support bases receive, process, separate and dispose of residues from oil and gas platforms through residue collection centres.

#### Wilson Sons Logistics

Wilson Sons Logistics has its business model based on the development of integrated logistics solutions for each client segment. The Company is active in the areas of bonded and general warehousing, stock management, distribution, transport management, and foreign trade solutions.

Wilson Sons Logistics manages EADI Santo André, the largest dry port in São Paulo, operating fully integrated with a logistics centre also located in Santo André (SP), in addition

to road transport services. EADI Suape is also integrated with a logistics centre and offers transport services.

#### Maritime Services

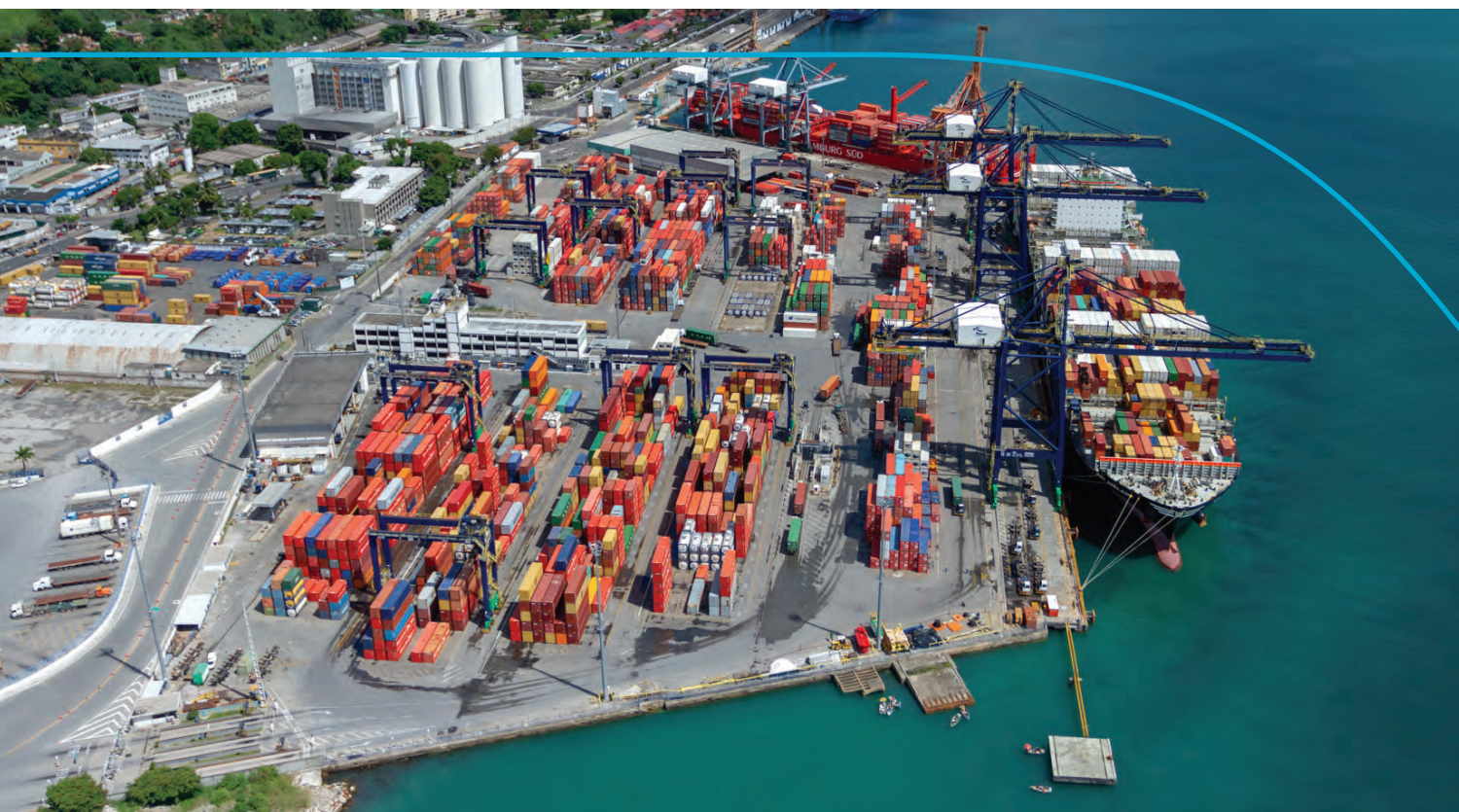
This segment consists of Wilson Sons towage fleet, the shipyards and shipping agency services. Also part of the maritime services is our 50% joint venture, Wilson Sons Ultratug Offshore (WSUT), offering offshore support vessels to the oil and gas industry.

#### Wilson Sons Towage

Wilson Sons Towage has the largest and most modern fleet of tugboats in Brazil. Over 90% of the fleet have azimuth propulsion with superior manoeuvrability, safety and speed of operations. Wilson Sons Towage is the market leader in the segment of harbour manoeuvres in Brazil and is active in port and ocean towage services.

The company has 74 tugboats and the construction of new tugboats is part of the strategy to increase and renovate the fleet to serve Brazil's growth in trade flow. In addition to towing services, the business offers special operations, including salvage, fire-fighting, ocean towage, support to the construction of platforms and FPSOs (Floating Production, Storage and Offloading Vessels).

Tecon Salvador





In 2017, WSUT  
was awarded new  
contracts with  
Petrobras for  
three vessels.

### Wilson Sons Shipyards

Located in the Port of Santos (SP), the combined 39,000 square metres shipyard complex is designed for the construction, maintenance and repair of small and medium-sized vessels mainly used for offshore and harbour support. The shipyards are strategically located close to the Santos (SP) and Campos (RJ) petroleum basins, two of Brazil's most important.

With the conclusion of the Guarujá II expansion works, in April 2013, the capacity more than doubled from 4,500 tons of steel processing per year to 10,000 tons per year. The shipyards current orderbook consist of two tugboats for Wilson Sons and two tugs for third parties, as well as 15 dry-docking operations for Wilson Sons, WSUT and third parties.

### Wilson Sons Ultratug Offshore (Joint Venture - 50%)

Wilson Sons Ultratug Offshore (WSUT) has one of the largest and most modern fleets of Brazilian flag offshore support vessels. The WSUT vessels provide maritime support to oil and gas platforms for exploration, development and production. The main activity of the vessels is logistics and supply of equipment and other products such as drilling mud, pipes, food, cement, residues, and other materials between support bases and offshore platforms.

In 2017, WSUT was awarded new contracts with Petrobras for three vessels, one of which will provide platform support and oil spill recovery services, and the other two vessels provide shallow-water diving support services.

### Wilson Sons Agency

Wilson Sons Agency began operations in 1837 as the Company's first business. It is one of the largest independent shipping agencies in the country, operating in Brazil's main ports. It provides services and commercial representation for shipowners and has exclusive representatives in Europe and the U.S. in addition to its own

office in Shanghai, China.

Shipping Agency manages equipment logistics, boarding documents and the scheduling of regular (liner) and non-regular (tramp) ships. Its expertise extends to preparing documents related to sea transport, logistical management of containers and demurrage (time required for container return) control. ♦

WS Procyon tugboat





# History

**1837**

Wilson, Sons & Company was founded in Salvador (BA) providing shipping agency services and trading coal internationally.



**1911**

Rio de Janeiro Lighterage Company Limited (John Mackenzie – Trustee) and Wilson Sons & Company Limited sign a merger agreement.

**1958**

Walter Salomon saw the opportunity to invest in the Brazilian business and engineered a share swap whereby shareholders of Ocean Wilsons Holdings Ltd receiving non-voting shares in then called Scottish and Mercantile Investment Trust which is today Hansa Trust PLC.

**1997**

Port terminal operations begin with the successful bid which privatised the container terminal of Rio Grande – Tecon Rio Grande.



**1964**

Change of Company name from Rio de Janeiro Lighterage Company (subsidiary of WS Co, Ltd) to Companhia de Saveiros do Rio de Janeiro.

Participation in the most ambitious construction projects of the period such as the Brazilian Great Western Railroad (currently part of the Federal Railroad Network).

**1869**

**1873**

The solidity of the Company is reflected in its participation in the coal trade as well as in the importation of products such as cotton, wool, linen and silk, the most profitable businesses of that time.

**1936**



Acquisition of Rio de Janeiro Lighterage Company, reinforcing Wilson Sons towage operations.

**1928**

Inauguration of the largest covered warehouse in Latin America, in São Cristóvão (RJ).

**1973**



Acquisition of Guarujá I shipyard, bolstering the Group's shipbuilding activities.

**1966**

Acquisition of Camuyrano Serviços Marítimos which doubles the size and importance of the fleet. Saveiros and Camuyrano begin to operate as associated companies.

**1999**

Foundation of Brasco, an offshore logistics company.



**2007**

Wilson Sons becomes a publicly listed company, with shares traded on BM&FBovespa in the form of BDRs.



**2012**

Expansion of Tecon Salvador almost doubling the terminal's capacity.



**2014**

Commencement of towage operations in the Amazonian state of Pará, with seven tugs attending the port of Belém, as well as the Vila do Conde and Trombetas.

**2000**

Acquisition of the Salvador Container Terminal through public auction.



**2003**

Offshore operations begin with the launch of first Platform Supply Vessel (PSV) – Albatroz – built by Wilson Sons Shipyards.

**2008**

Construction of the third berth in Tecon Rio Grande, resulting in Brazil's largest container terminal by retro-area.

**2010**

Acquisition of the remaining 25% of Brasco, bringing Wilson Sons control to 100% of the asset.

**2016**

Renewal of the Container Terminal concession in Salvador, acquisition of 6 tugboats from Vale, and the start of operations in Santa Clara inland navigation terminal (Contesc).

**2017**

Wilson Sons celebrated its 180th anniversary. The Container Terminals achieved a record 1,068 million TEU in 2017, a 3.7% increase over 2016. Tecon Rio Grande completed 20 years in operation.

**2013**

Conclusion of the Guarujá II shipyard increasing the Company's naval construction capacity from 4,500 tons to 10,000 tons of steel per year. Through the Brasco Logística Offshore Ltda, Wilson Sons concludes the acquisition of the total share capital of Bric Brazilian Intermodal Complex S/A (Briclog), base for the support of the offshore oil and gas industry.

Wilson Sons is one of the oldest companies in Brazil, with more than 180 years of history. Its trajectory of solidity, ethics and business diversification made the Company one of the country's largest integrated operators of port, maritime and logistics services. A few of the Company's milestones are illustrated below.



# Company Philosophy and Competitive Advantages



PSV Cormoran

**W**ilson Sons Group established its vision of strategy targeting 2027. To achieve its objectives, it is essential to define the values, the culture and the skills that the Company expects of its employees.

## Mission

Develop and provide high value-added solutions for our clients in port, maritime and logistic activities, in a sustainable and innovative way, while, at the same time, valuing the career development of our employees.

## Vision of future 2027

To be the first choice of our employees, clients, and investors in port, maritime, and logistic segments, growing in a bold, synergetic, and sustainable way.

## Values

- › We strive for the safety of people, preservation of the environment and for the communities in which operate.
- › We have meaningful and long-term relationships with our customers.
- › We have the sense of an owner. We take the results personally.
- › We act ethically.
- › We put our employees first.



## Strategy

To grow on the basis of the Company's skills and/or existing assets, strengthening the businesses and looking for new opportunities, focusing on Brazil and Latin America.

### THE WILSON SONS STRATEGY IS TO

Continue to consolidate our position in all the segments in which we operate, maximising economies of scale and efficiency, quality and the range of services we provide to customers.

- › Fulfilling capacity in our expanded container terminals. In order to meet demand from domestic and international trade, we have expanded both container terminals since the beginning of the concessions. By maximising installed capacity utilisation, we are best able to continue increases in productivity and level of service to our clients with economies of scale. We will diligently pursue this objective. The early renewal of the Salvador terminal through to 2050 includes investments in quay extension and equipment to be installed in the coming years, further enhancing the terminal productivity. Additionally, we will evaluate new concessions and the development of new terminals, and their ability to provide a strong return on shareholders' equity.
- › Maximising capacity utilisation of our oil & gas support terminals (Brasco). Additional to our operations at Brasco Niterói, we have 500 metres of linear quay at the Brasco Rio base to provide logistics support for offshore vessels, with excellent access to the Campos and Santos petroleum basins. This expanded capacity positions Brasco as one of the largest operators of offshore support terminals in Brazil. We are

continuously monitoring offshore operations across the Brazilian coast to meet the demand for such services.

- › Strengthening our position as the leading provider of towage services in Brazil. We will continue to modernise and expand our tugboat fleet in order to consistently provide high-quality services to our customers and consolidate our leading position in the Brazilian towage market. We regularly review our fleet deployment to optimise efficiency and to seek out new market niches where we may be able to provide additional services or expand our geographical footprint to new ports in Brazil.
- › Maximising potential of our shipyard facilities through a mix of in-house and third-party vessel construction, repair, maintenance and dry-docking services to meet the demand of local and international shipowners operating in Brazil.
- › Solidifying our offshore support vessel services to oil and gas platforms. Using our knowledge and experience, we intend to continue to consolidate our activities through the delivery of contracted vessels and maintain our position amongst the leading suppliers of services to the offshore oil and gas industry in Brazil.
- › Exploring new opportunities and strategies to provide the best and most complete set of services to our customers. We are always looking to provide new and innovative services to our customers, and to anticipate

their needs. We intend to continue our strategy with shipping companies in order to provide a complete set of domestic and international trade-related services across a nationwide network. We also seek to make these services more efficient and cost-effective, in order to maintain our strong customer base and strengthen our relationships.

- › Increasing economies of scale and productivity, synergies and cost savings across our segments. We continuously seek to optimise our operations, productivity and reduce costs through synergies and knowledge exchange among our businesses and administrative areas. We are and will continue to be focused on integrating similar activities in order to realise savings in administrative and back-office areas, especially in our branch offices. We seek to achieve economies of scale and reduce costs wherever possible. We demand that our managers continually develop new strategies to improve our operations and explore new businesses.
- › Health, Safety and the Environment are priorities for the execution of our overall strategy of sustainable and ethical businesses. We continue to offer programmes to promote safety best practices throughout the Group by training our staff, as well as fostering a safety-oriented environment and culture.

Health, Safety and the Environment are priorities for the execution of our overall strategy of sustainable. ”



The Company  
is present in  
the main ports  
throughout the  
Brazilian coast.

## Competitive advantages

Wilson Sons has consolidated differentials which distinguish its services amongst other market players and strengthens the Company's business and value creation.

## Strategically located assets

The Company is present in the main ports throughout the Brazilian coast, with the largest tugboat fleet in the country. Its container terminals are located in states of great economic importance – Rio Grande do Sul and Bahia. Its shipyards in the Port of Santos (SP) and support bases in Niterói and Rio de Janeiro are strategically positioned to support vessels for the oil and gas industry. Wilson Sons also distinguishes itself with its shipping agency coverage, offered across the most important ports in Brazil, with exclusive representatives in Europe and the United States, and its own office in Shanghai, China.

## Portfolio of services

The Company's complete range of services strengthens its position as one of the largest operators in port terminals, logistics and maritime services in Brazil. The portfolio includes specialised solutions in the areas of port terminals, towage, logistics, shipping agency, offshore support vessels for the oil and gas industry, and shipbuilding.

## Synergy of the businesses

The complementary interaction between the business units is one of the keys to its sustainable growth. Evidence of this is that 70% of the Company's top ten clients receive services from three or more business units of the Company.



Brasco Niterói

## Commitment to ethics, governance and HSE

This commitment is expressed in the Company's principles, resulting in practical actions that are part of day-to-day operations.

## Brand strength

The solid image Wilson Sons enjoys in the market contributes to a close and long-term relationship with clients and other business partners. We are recognised and trusted for the know-how acquired throughout our more than 180 years of delivering high quality service to the most demanding clients.

## Human and intellectual capital

Our employees are committed to the quality of services delivered and are aligned with the

values and principles that guide Wilson Sons vision. The personal and professional potential of each employee is maximised through holistic process of people management, which includes training and actions for continuous exchange of experiences, with the purpose of maintaining intellectual capital in constant evolution.

## Pioneering spirit

The Company was the first of its sector in Brazil to use azimuth propulsion on its tugboats, the first to operate in a publicly auctioned private container terminal in country, as well as the first Company to receive certification of quality in the shipbuilding sector. The Company has long innovated with local producers to increase local content in the vessels it produces and in recognition won the award for the best shipyard for local content by Syndarma in 2013. ♦



# Corporate Governance

## Ownership structure

Wilson Sons employs best practices in governance, and the sustainability of its businesses and business relationships via the principles of clear separation of power, transparency and ethics.

Wilson Sons is headquartered in Bermuda and its shares have been listed on the Brazilian Stock Exchange (B3, former BM&FBovespa) since 2007, through Brazilian Depositary Receipts (BDRs). The Company strives to meet the Novo Mercado (Brazilian Best Practice Listing) standards and benefits from the experience of its controlling Company, Ocean Wilsons Holdings Limited, which has been listed on the London Stock Exchange for over a century.

58.2%

Ocean Wilsons Holdings Limited

***Ocean Wilsons***  
Holdings Limited



41.8%

Brazilian Depositary Receipts

[B]<sup>3</sup> BRASIL  
BOLSA  
BALCÃO



The Wilson  
Sons Group is  
committed to the  
tenth principle of  
the United  
Nations Global  
Compact  
combating  
corruption.

CAPITAL STRUCTURE

	AMOUNT OF SHARES/BDRS (ORDINARY)	% OF CAPITAL
Ocean Wilsons Holdings Ltd.	41,444,000	58.19%
Other (free float)	29,775,900	41.81%
<b>TOTAL CAPITAL</b>	<b>71,219,900</b>	<b>100.00%</b>
Employee Stock Option Plan	2,779,700	-
<b>TOTAL DILUTED CAPITAL</b>	<b>73,999,600</b>	<b>-</b>

Ethics and transparency

The Company’s Code of Ethical Conduct expresses the values that guide corporate governance and relations with all stakeholders. Employees confirm their knowledge and understanding of the document.

Wilson Sons has an Internal Audit department responsible for reviewing internal procedures as well as the identification and prevention of major risks related to potential fraud or deviation from controls. In addition, the Company has a whistleblower channel ([www.contatoseguro.com.br/wilsonsons](http://www.contatoseguro.com.br/wilsonsons)) in which employees and other stakeholders of the Company may denounce unethical situations and conduct.

Wilson Sons Anticorruption Guide aims to guide and establish corporate guidelines regarding the vehement fight against corruption, setting standards of behaviour and ethical conduct of employees in situations that may characterise as any kind of bribery or corruption. The guide also considers aspects of legislation as well as guidelines for conduct and monitoring of possible deviations involving public agencies. The rules of this document complement the guidelines established by the Code of Ethical Conduct. Wilson Sons is committed to the tenth principle of the United Nations Global Compact combating corruption and is also proactively developing Company policies to address this issue.

Management structure

Board of directors

MEETINGS OF THE BOARD  
OF DIRECTORS AND  
AUDIT COMMITTEE

	BOARD OF DIRECTORS	AUDIT COMMITTEE
José Francisco Gouvêa Vieira	4/4	4/4
William Henry Salomon	4/4	4/4
Cezar Baião	4/4	NA/NA
Claudio Marote	4/4	4/4
Andrés Rozental	4/4	4/4
Claudio Frischtak	4/4	4/4
<b>MEETING PARTICIPATION</b>	<b>36/36</b>	<b>20/20</b>

The Wilson Sons Board of Directors is comprised of professionals with solid experience in different fields and focuses on promoting long-term returns to shareholders. The Board’s responsibility is to define the Company strategy and bring independent judgement on issues of performance and risk, while supervising the actions of Executive Officers through approval of projects and assessment of results. Additionally, the Board approves each of the quarterly and full-year financial results and dividend announcements.

Company bylaws allow for the formation of the Board of Directors, composed of at least five members, with terms of office of up to three years, with the right to re-election. Currently, there is one independent director within a total of six directors, all of which have been appointed for term ending at the Annual General Meeting of 2019. Board meetings are conducted once every three months, and extraordinarily when convened by any member of the Board.

The number of meetings of the Company’s Board of Directors and of each board committee held during the year, and the number of meetings attended by each Director is presented in the table above.



## Members

### **JOSÉ FRANCISCO GOUVÊA VIEIRA** *CHAIRMAN*

Mr. Gouvea Vieira received a Law Degree from the Catholic University of Rio de Janeiro in 1972. He holds a Masters degree in Law from Columbia University, New York (1978). He has been a Partner with Gouvea Vieira Advogados since 1971 and has been with the Company since 1991. He has served as Chairman of the Board (1997) and Director of Wilson, Sons de Administração e Comércio (1992), Ocean Wilsons Holdings Limited (1997) and of Ocean Wilsons (Investments) Limited (1997). He is a member of the Board of Directors of various companies, including Concremat – Engenharia e Tecnologia S.A (member of China Communication and Construction Company) and Cetip Educational (2008). He is a member of the Corporate Governance Committee of the American Chamber of Commerce – Sao Paulo (2005) and honorary consul to the Kingdom of Morocco in Rio de Janeiro (2007).

### **WILLIAM HENRY SALOMON** *DEPUTY CHAIRMAN*

Mr William Henry Salomon graduated from Magdalene College Cambridge with a degree in law and then qualified at the English Bar. He was Chairman of Rea Brothers PLC and subsequently became Deputy Chairman of the investment division of Close Brothers PLC. In 1999 Mr Salomon established Hansa Capital, an FCA regulated investment manager and adviser. He is the Senior Partner of Hansa Capital Partners LLP. He is also Chairman of ScotGems PLC as well as a Director of Hansa Trust PLC and Hanseatic Asset Management LBG. In addition he is Deputy Chairman of Ocean Wilsons Holdings Limited, the Company which holds the controlling interest in Wilson Sons.

Captain operating a Wilson Sons tugboat



### **CLAUDIO MAROTE** *BOARD MEMBER*

Mr. Marote earned a law degree from Faculty of Law of Curitiba (FDC). He also holds diplomas from the following institutions: International Maritime Law from Lloyds of London, England; Executive Development Programme of the Kellogg Institute from Northwestern University, Evanston, Illinois, U.S.A.; Structures and Economic Systems - FDC, Paraná; and in Brazilian Policies and Strategies from the Association of Graduates of the Higher War College, in Santos, São Paulo. He joined the Company in 1964 and has held various executive positions, from branch manager to regional director, to superintendent-director. He began his professional career in 1956 at Agência Marítima Intermares Ltda., a subsidiary of the Bunge Born Group. He is currently a Director of the Company and a Partner at CMMR – Intermediação Comercial Ltda.

### **ANDRÉS ROZENTAL** *BOARD MEMBER*

Ambassador Rozental has a Bachelor's Degree in International Relations from the University of the Americas in Mexico, and an MA in International Economics from the University of Pennsylvania. He was a career diplomat for more than 35 years with the Mexican Foreign Ministry holding a number of senior diplomatic posts. He is the author of four books on Mexican foreign policy and of numerous articles on international affairs. He founded his own consultancy firm, Rozental & Asociados, that works with major multinational corporations on their Latin American strategies. Currently, he is an Independent Director with Ocean Wilsons Holdings and Director of Wilson Sons. He is a member of the Board of HSBC Bank in Mexico and serves as an advisor to Toyota de

México, Brookfield Asset Management and APCO Worldwide in Washington. He is a member of the Trilateral Commission, a Senior Policy Advisor at Chatham House (London) and a Board member of Canada's Center for International Governance Innovation.

### **CLAUDIO FRISCHTAK** *INDEPENDENT BOARD MEMBER APPOINTED BY MINORITY SHAREHOLDERS*

Mr. Claudio Frischtak is the head of Inter.B – Consultoria Internacional de Negócios, a financial and economic consulting firm based in Rio de Janeiro, Brazil, and Country Director for Mozambique of the International Growth Center (London School of Economics). Mr. Frischtak was formerly a Principal Economist at the World Bank where he worked from 1984 to 1991. Mr. Frischtak's graduate work in economics was undertaken at the University of Campinas, Brazil and at Stanford University (1980-84). While at the World Bank he was an Adjunct Professor at the Department of Economics at Georgetown University (1987-1990). He has published over 100 academic papers and books and has worked extensively on issues related to infrastructure, industrial organisation and regulatory/competition policy, and innovation and technological change.

### **CEZAR BAIÃO** *BOARD MEMBER*

Mr. Cezar Baião graduated in Economics from the Catholic University of Rio de Janeiro (PUC/RJ). Having joined Wilson Sons in 1994 as CFO, he currently acts as the CEO of operations in Brazil. From 1982 to 1989, he served as Money Market Manager at JP Morgan and also as Finance Director of Grupo Lachmann Agência Marítima,



between 1989 and 1994. He is a member of the board of directors of the Brazilian Association of Public-Use Container Terminals (ABRATEC). Mr. Baião is also a member of the Oil & Gas production Committee at the São Paulo Industry Federation (COMPETRO - FIESP) and Business Counsellor of Infrastructure at the Rio de Janeiro Industry Federation (FIRJAN).

### Corporate officers of the Brazilian subsidiary

The board of Corporate Officers is composed of qualified professionals responsible for establishing management and operational policies, and meeting goals established by the Board of Directors. The members of this board take part in the Company's daily operations and are involved in the decision making and execution of strategy set by the Board of Directors to meet the interest of stakeholders. They bring a wide range of skills and experiences contributing to the Company's objectives and needs. The executive committee includes the CEO (Chief Executive Officer), the CFO (Chief Financial Officer), and two COOs (Chief Operating Officers): one responsible for Port & Logistics Services, and the other for Maritime Services, which include Towage, Offshore Support Vessels, Shipping Agency and Shipyard businesses.

#### CEZAR BAIÃO

##### CEO OF OPERATIONS IN BRAZIL

Mr. Baião is also a member of the Company's Board of Directors. His résumé is detailed in the previous section.

#### FERNANDO SALEK

##### CFO OF THE BRAZILIAN SUBSIDIARIES AND INVESTOR RELATIONS

Mr. Salek is an economist educated at PUC-Rio specialising in Corporate Finance, International Finance and Marketing. He has solid experience in leadership roles for capital-intensive companies. In his last position, he served as BG Group Finance Vice President in Brazil where he was responsible for the areas of Planning and Budgeting, Accounting including Audit, Risk Management, Tax and IT. Previously, Salek worked at BHP Billiton, where for five years he served as Vice President of Corporate Finance in Netherlands and subsequently in the Britain.

#### SERGIO FISHER

##### COO OF PORT AND LOGISTIC SERVICES

Mr. Fisher graduated in Civil Engineering from the Federal University of Rio de Janeiro (UFRJ). He started his career in 1982 as trainee at Baker Hughes do Brasil Ltda., a multinational oil company. He reached, in 1988, the position of General Manager of Baker Hughes, being the first Brazilian national to hold such position. In 1990, he served as the Director of Grupo Lachmann's subsidiary Integral Transporte e Agência Marítima. With the Wilson Sons Group since 1994, he was responsible for the Company's successful participation in the Brazilian ports privatisation process. Fisher also developed new businesses that expanded the participation of Wilson Sons Logistics into the areas of Bonded Warehouses (EADI) and Distribution Centres, as well as the Groups' participation in Offshore Support Bases.

#### ARNALDO CALBUCCI

##### COO OF MARITIME SERVICES

Mr. Calbucci has been part of the Wilson Sons Group since 1979, where he started as a trainee. He was responsible for starting the Offshore business in the Group, in 2003, and for consolidating the Wilson Sons Shipyard position as a major shipbuilding facility. Calbucci graduated in Naval Engineering from Escola Politécnica of the University of São Paulo. He is a Director of Syndarma and vice-president of Sinaval and Sindiporto. He is a recipient of the Tamandaré Merit Medal. ♦

Towage Operations Centre (COR)





# Value Added Statement



Guarujá II shipyard

## GENERATION OF ADDED VALUE (IN MILLIONS OF U.S. DOLLARS)

	2017	2016
<b>REVENUE</b>	<b>542.5</b>	<b>501.8</b>
Sale of services	544.7	501.3
Other revenues	(1.8)	0.7
Allowance for doubtful debts	(0.4)	(0.2)
<b>CONSUMABLE FROM THIRD PARTIES</b>	<b>(137.5)</b>	<b>(128.0)</b>
Service costs	(101.0)	(94.4)
Energy, oil and services hired	(28.0)	(26.3)
Other costs and expenses	(8.5)	(8.1)
Loss/Recovery of asset value	-	0.8
<b>ADDED VALUE, GROSS</b>	<b>405.0</b>	<b>373.8</b>
<b>DEPRECIATION AND AMORTISATION EXPENSES</b>	<b>(57.5)</b>	<b>(52.6)</b>
<b>ADDED VALUE, NET</b>	<b>347.5</b>	<b>321.2</b>
<b>RECEIVED FROM THIRD PARTIES</b>	<b>18.9</b>	<b>41.2</b>
Share of results of joint ventures	3.4	8.1
Finance income	14.9	32.7
Other	0.6	0.4
<b>ADDED VALUE FOR DISTRIBUTION</b>	<b>366.4</b>	<b>362.4</b>

## DISTRIBUTION OF THE ADDED VALUE (IN MILLIONS OF U.S. DOLLARS)

	2017	2016
<b>PAYROLL</b>	<b>154.6</b>	<b>134.1</b>
Salaries and wages	115.4	96.5
Benefit plans	29.3	28.7
FGTS	9.9	8.9
<b>TAXES</b>	<b>82.0</b>	<b>88.6</b>
Federal tax	57.3	67.2
State tax	4.9	3.9
Municipal tax	19.9	17.5
<b>THIRD-PARTY CAPITAL REMUNERATION</b>	<b>57.0</b>	<b>54.6</b>
Rents	34.6	36.4
Interest	22.5	18.2
<b>REMUNERATION ON OWN CAPITAL</b>	<b>72.8</b>	<b>85.1</b>
Owners of the Company	71.6	84.9
Non-controlling interests	1.2	0.2
<b>ADDED VALUE, DISTRIBUTED</b>	<b>366.4</b>	<b>362.4</b>



# Highlighted Indicators



Contesc inland navigation terminal

	2017	2016	2015
<b>CONSOLIDATED RESULTS (IN MILLIONS OF U.S. DOLLARS)</b>			
Net Revenues	496.3	457.2	509.3
Raw Materials and Consumables	(37.7)	(37.7)	(55.8)
Personnel Expenses	(165.3)	(143.3)	(146.3)
Other Operating Expenses	(118.0)	(122.7)	(138.1)
Profit (Loss) on Disposal of PP&E	(2.9)	0.7	(1.3)
EBITDA	172.4	154.2	167.8
Depreciation and Amortisation	(57.5)	(52.6)	(53.2)
EBIT	114.9	101.6	114.9
Financial results	(9.4)	12.3	(13.4)
Income Tax Expense	(36.1)	(36.8)	(39.7)
Share of Results of Joint Ventures <sup>1</sup>	3.4	8.1	4.8
Profit	72.8	85.1	31.4
<b>MARGINS (%)</b>			
EBITDA Margin	34.7%	33.7%	33.0%
EBIT Margin	23.2%	22.2%	22.6%
Net Margin	14.7%	18.6%	6.2%
<b>FINANCIAL INDICATORS (IN MILLIONS OF U.S. DOLLARS)</b>			
Total Assets	1,042.8	1,036.8	953.2
Equity	547.6	516.5	434.0
Net Debt	244.1	265.4	235.4
Net Debt / EBITDA	1.4 x	1.7 x	1.4 x
Return on Equity (ROE)	14.8%	12.3%	6.5%
CAPEX	55.3	102.4	69.9
<b>STOCK MARKET INDICATORS</b>			
Share Price. end of period (in R\$)	40.00	33.50	33.00
Dividends Paid	36.9	35.6	29.0
Number of Shares	71,219,900	71,144,000	71,144,000
Market Capitalisation	861.6	732.8	593.3
<b>OPERATIONAL INDICATORS</b>			
Container Terminals - throughput (in thousand TEU)	1,068.1	1,029.8	1,035.1
Towage - harbour manoeuvres (#)	59,796	58,376	58,620
Offshore - own PSVs (#)	23	23	19
<b>PRODUCTIVITY INDICATORS</b>			
Own Employees <sup>2</sup> (#)	4,170	4,277	4,729
Net Income per Employee (in thousands of U.S. Dollars)	17.5	19.9	6.6
Assets per Employee (in thousands of U.S. Dollars)	250.1	242.4	201.6

(1) Corresponds to 50% of the Offshore Vessels JV results.

(2) Considers the active employees and those on long-term sick leave from Wilson Sons Group (excluding the Offshore Vessels joint venture, but including Allink and tugboat consortia).



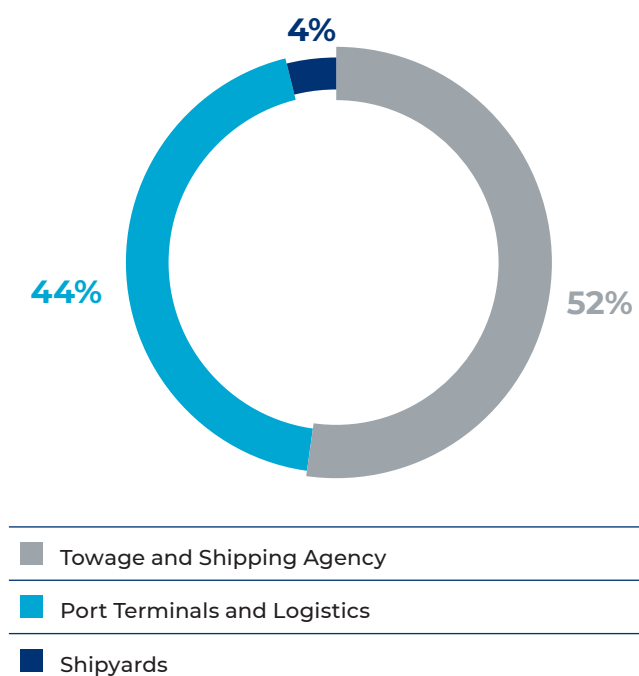
# 2017 Results

Tecon Salvador

## Financial and economic indicators

Revenue for the year increased 9% to US\$496.3 million (2016: US\$457.2 million), principally due to higher port terminal and logistics revenue. Port Terminals and Logistics revenue grew 22% to US\$257.8 million (2016: US\$211.1 million), mainly due to the lower average USD/BRL exchange rate used to convert revenue into our reporting currency and higher container terminal and logistics revenue.

### NET REVENUES PER BUSINESS SEGMENT





The average USD/BRL exchange rate in the period was 8% lower than the comparative period in 2016, (3.19 v 3.48).

Container Terminal revenue in the year was 26% higher at US\$187.4 million (2016: US\$148.3 million) benefitting from a more favourable sales mix with increases in import and cabotage volumes. Warehouse revenue increased driven by the higher import volumes. Container volumes handled at our Container Terminals were 4% higher than prior year at 1,068,052 TEUs (2016: 1,029,775 TEUs). Logistics revenue rose 26% to US\$54.7 million (2016: US\$43.3 million) driven by improved bonded warehouse revenue. Revenue at Brasco fell 19% to US\$15.7 million (2016: US\$19.4 million) as the downturn in the Brazilian offshore oil and gas industry continues to reduce demand for its services. Revenues were supported by an increase in vessel lay-up operations during the year reflecting the excess capacity available in the market.

Towage and Ship Agency revenue for the year at US\$218.0 million was slightly lower than 2016 (US\$219.7 million). Harbour towage continued to perform well with higher volumes and handling of large-sized vessels offsetting the weaker demand for special towage operations in the period. Harbour towage manoeuvres performed in the period were 2% higher at 59,796 (2016: 58,376). Towage special operations revenue in the year were US\$9.2 million lower than 2016 at US\$11.2 million (2016: US\$25.1 million) reflecting lower demand from the offshore oil and gas industry and the more volatile nature of this activity, which includes salvage, firefighting and other operations. Ship Agency revenue declined US\$2.6 million to US\$11.3 million (2016: US\$13.9 million).

Third-party Shipyard revenue for the year was US\$5.2 million lower at US\$21.2 million,

(2016: US\$26.4 million) impacted by the weak market for vessel construction in Brazil. In addition to work performed for third-parties the Shipyard continued to provide important vessel construction and maintenance services for the Group.

All Group revenue is derived from Wilson Sons operations in Brazil.

#### OPERATING PROFIT

Operating profit for the period was US\$13.3 million higher than the comparative period in 2016 at US\$114.9 million (2016: US\$101.6 million) reflecting the increase in revenue and improved operating margins. Group operating margins for the year at 23% were marginally ahead of prior year (22%).

Raw materials and consumables used in the year at US\$37.7 million were the same as the prior year (2016: US\$37.7 million). Employee expenses were 15% higher at US\$165.3 million (2016: US\$143.3 million) due to the effect of the lower average USD/BRL exchange rate, redundancy costs associated with corporate restructuring and additional provisions to cover potential labour claims. Employee costs were also impacted by the rollback by the Brazilian government of a temporary payroll tax exemption granted to some business sectors in Brazil on the 1 July 2017. The rollback was repealed in August following a judicial decision. Other operating expenses were 4% lower at US\$118.0 million (2016: US\$122.7 million), with exchange rate impacts offset by a US\$7.5 million tax credit arising in the Logistics and Container Terminal businesses, reduced tug rental costs, (following the acquisition of six tugboats in 2016 that were previously leased) and a non-recurring US\$3.9 million provision reversal.

Depreciation and amortisation for the year increased US\$4.9 million to US\$57.5 million from

US\$52.6 million in 2016 mainly due to the lower average USD/BRL exchange rate and larger towage fleet. Loss on disposal of property, plant and equipment of US\$2.9 million includes a US\$2.3 million write down on leasehold improvements no longer used by the Group (2016: US\$0.7 million profit).

#### SHARE OF RESULTS OF JOINT VENTURES

The share of results of joint ventures is Wilson Sons 50% share of net profit for the period mainly from our offshore joint venture. The Group's share of results of joint ventures fell US\$4.7 million from US\$8.1 million in 2016 to US\$3.4 million in the current year, largely due to lower operating profits and exchange losses on monetary items in the period. Operating profit for a 50% share in the joint venture in the year was US\$2.9 million lower at US\$16.4 million, principally due to fewer operating days which were 6% lower at 6,035 days against 6,429 days in 2016. At year end our joint venture had twenty-three PSVs.

#### FINANCE COSTS

Finance costs for the year were US\$4.4 million higher at US\$22.0 million compared with US\$17.6 million for 2016. The increase in 2017 is that Wilson Sons applied for the Brazilian Federal Tax Amnesty Program (PERT), according to Law no.13.494, of 24 October 2017. This enabled the use of the benefits proposed in this program to settle legal proceedings in the total amount of US\$15.1M, which, after the reductions, was settled using US\$5.0M tax losses and US\$1.1M in cash. These amounts had a total negative impact of US\$2.9M on Profit. Interest on overdrafts and loans were US\$ 11.8 million lower than prior year at US\$11.2 million, (2016: US\$23.0 million).

#### FOREIGN EXCHANGE GAINS/(LOSSES) ON MONETARY ITEMS

Foreign exchange gains on monetary items of US\$1.3 million (2016: US\$6.8 million) arise from the Group's foreign currency monetary items and principally reflect the movement of the BRL against the USD during the period.

Operating profit  
for the period was  
US\$13.3 million  
higher than the  
comparative  
period in 2016 at  
US\$114.9 million. 11



### EXCHANGE RATES

The Group reports in USD and has revenue, costs, assets and liabilities in both BRL and USD. Therefore, movements in the USD/BRL exchange rate can influence the Group’s results both positively and negatively from year to year. During 2017 the BRL depreciated 2% against the USD from R\$3.26 at 1 January 2017 to R\$3.31 at the year end. In 2016 the BRL appreciated 17% against the USD from R\$3.90 at 1 January 2016 to R\$3.26 at the year end. The principal effects from the movement of the BRL against the USD on the income statement are set out in the table below:

#### EXCHANGE GAINS (LOSSES)

	2017	2016
Exchange gains (losses) on monetary items (i)	1.3	6.8
Deferred taxes (ii)	0.2	8.1
Exchange gains (losses) on foreign currency borrowings (iii)	0.8	8.6
<b>TOTAL</b>	<b>2.3</b>	<b>23.5</b>

- (i) This arises from the translation of R\$ denominated monetary items in US\$ functional currency entities.
- (ii) Deferred tax credit arising from the exchange losses on US\$ denominated borrowings in Brazil.
- (iii) The Group’s fixed assets are located in Brazil and therefore future tax deductions from depreciation used in the Group’s tax calculations are denominated in R\$. When the R\$ depreciates against the US\$ the future tax deduction in R\$ terms remain unchanged but is reduced in US\$ terms.

The depreciation of the BRL against the USD in 2017 resulted in a positive impact of US\$2.2 million on the income statement in the year compared with a US\$23.2 million positive impact in 2016 caused by the appreciation of the BRL against the USD.

A currency translation adjustment loss of US\$6.5 million (2016: US\$32.7 million gain) on the translation of operations with a functional currency other than USD is included in other comprehensive income and recognised directly in equity. The positive currency translation adjustment in 2016 is due to the appreciation of the BRL against the USD.

The average USD/BRL exchange rate during 2017 was 8% lower at 3.19 than prior year (2016: 3.48). A lower average exchange rate positively affects BRL denominated revenues and adversely impacts BRL denominated costs when converted into our USD reporting currency.

### TAXATION

Income tax expense for the year at US\$36.1 million was in line with the prior year (2016: US\$36.8 million). This represents an effective tax rate for the period of 33.2% (2016: 30.2%) compared with the corporate tax rate prevailing in Brazil of 34.0%. The difference in the effective tax rate is principally due to deferred tax items and expenses that are not included in determining taxable profit in Brazil, the utilisation of tax losses in the period, and expenses or income that are not subject to income tax. A more detailed breakdown is provided in note 8 of the financial accounts.

### PROFIT FOR THE YEAR

Profit attributable to equity holders is US\$71.6 million (2016: US\$84.9 million) after deducting profit attributable to minority interests of US\$1.2 million (2016: US\$0.2 million).

### EARNINGS PER SHARE

Earnings per share for the year were US\$1.005 compared with US\$1.193 in 2016.

### CASH FLOW

Net cash inflow from operating activities for the year at US\$108.1 million was US\$13.3 million higher than the prior year. (2016: \$94.8 million) principally due to higher operating profit in the period.

Capital expenditure in the year was US\$47.1 million lower at US\$55.3 million (2016: US\$102.4 million) principally due to less vessel construction and US\$17.1 million of container terminal equipment delivered in the year where the financier directly paid the supplier. Capital additions were US\$30.7 million (2016: US\$ 96.2 million). New loans to finance capital expenditure of US\$12.6 million (2016: US\$46.6 million) were raised during the year while capital repayments of US\$54.7 million (2016: US\$41.0 million) were made on existing loans. Dividends of US\$36.9 million were paid to shareholders in the period (2016: US\$35.6 million).

At 31 December 2017, the Group had US\$80.1 million in cash and cash equivalents (2016: US\$75.0 million). Trading investments includes US\$31.6 million (2016: US\$37.4 million) in USD denominated fixed rate certificates held by Wilson Sons Limited which are intended to fund Wilson Sons Limited operations.

### BALANCE SHEET

Equity attributable to shareholders increased US\$31.1 million to US\$547.6 million at year end (2016: US\$516.5 million) due to profits for the year of US\$72.8 million and share options and capital increases of US\$3 million, less a negative currency translation adjustment of US\$6.5 million, dividends paid of US\$36.9 million and minority interest dividends of US\$1.3 million.

### CAPEX

Investments totalled US\$55.3 million in 2017 against US\$102.4 million in 2016. The IFRS CAPEX in 2017 was 46.0% lower as the Company concluded a significant investment cycle of capacity expansion.

Net cash inflow from operating activities for the year at US\$108.1 million was US\$13.3 million higher than the prior year. (2016: \$94.8 million).



The IFRS CAPEX in 2017 was 46.0% lower as the Company concluded a significant investment cycle of capacity expansion.

Debt profile and cash position

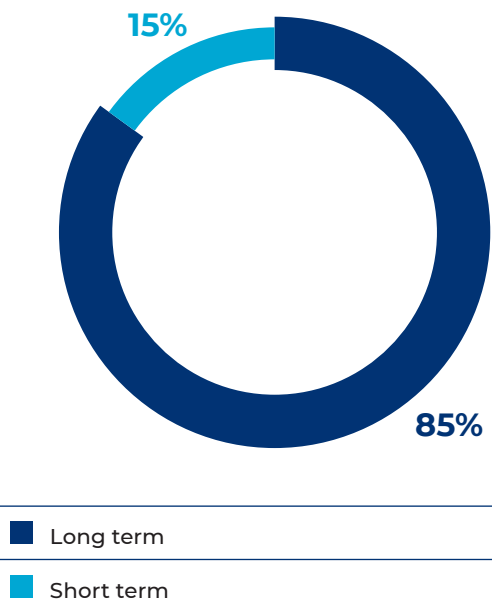
NET DEBT AND FINANCING

The Group’s borrowings are used principally to finance vessel construction and the development of our terminal business. The Group’s main sources of financing are the Merchant Marine Fund (FMM), a Brazilian Government fund dedicated to funding vessel construction in Brazil and the International Finance Corporation (IFC). The FMM is funded by a levy on inbound freight to Brazil and the Brazilian Development Bank (BNDES) and Banco do Brasil act as lending agents for the FMM.

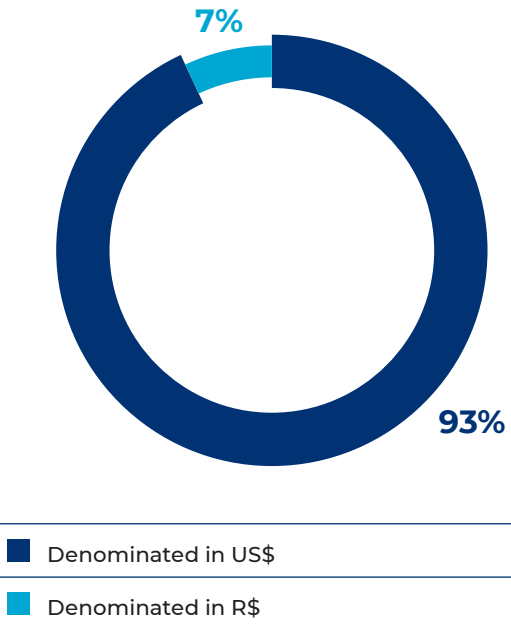
Borrowings are long-term with defined repayment schedules repayable over different periods up to 18 years of which 20% is variable rate debt and 80% fixed rate debt. The Group’s borrowings are principally USD related with 93% of borrowings USD denominated or linked to the USD. As a significant portion of the Group’s pricing is denominated in USD this acts as a natural hedge to our long-term exchange rate exposure. At 31 December 2017 the Group had net debt of US\$244.1 million (2016: US\$265.4 million).

The Group’s reported borrowings do not include US\$234.1 million of debt from the Company’s 50% share of borrowings in our Offshore Vessel joint venture. ♦

NET DEBT BY MATURITY



NET DEBT BY CURRENCY



Santo André Logistics Centre





# Risk Management

Wilson Sons has an integrated risk management strategy to maximise opportunities, reduce uncertainties and overcome challenges. The Company has an official integrated risk management policy with a structured process, applicable to the entire organisation enabling identification, evaluation, monitoring, reporting and responding to risks. It supports strategic decision making in accordance with market best practices.

The integrated risk management process uses guidelines established by the board of directors and the executive committee, defining objectives, targets and limits for risk management, in addition to enforcing the risk policy and compliance with integrated risk management standards.

Management is supported by control units and responsibilities related to integrated risk management are structured according to the concept of three lines of defence, namely:

## FIRST LINE

**Business areas** – responsible for ensuring the efficiency / effectiveness of processes and controls against business risks, performing activities related to mitigation control and risk containment in accordance with the integrated risk management policy.



## SECOND LINE

**Support areas** – responsible for backing the first line with specific tools and methodologies, monitoring the performance of the first line and its own processes. The Company seeks to foster a risk management culture, providing a methodology and managing the integrated risk management process in order to promote, support and regularly align how the risk management process is conducted throughout the Company. These activities involve identifying, evaluating, categorising, responding to, monitoring and reporting risks.

## THIRD LINE

The third line of defence comprises the Internal Audit department, which is structured independently and is responsible for evaluating and reporting on the activities of the first two lines and contributing to their improvement.

The main risks managed by the Company can be divided into the following categories.

### Strategic Risks

The Company's activities in several business sectors imply a series of strategic risks created by strategic and investment decisions. These risks are the natural results of political, industrial and market events.

### Financial Risks

Financial risks include: market risks, mainly related to changes in exchange and interest rates and how they affect the Company's cash flow; credit risks related to customers and suppliers; and liquidity, regarding the availability of capital and financial investments.

## Operational Risks

Some of the business areas are subject to working conditions that pose risks to employees' physical safety. Consequently, the greatest operational risks are related to the work environment and safety. In addition, the Company is exposed to operational risks from suppliers, IT and business processes.

## Regulatory Risks

Wilson Sons operations are carried out in several locations across Brazil, each with its own legislation. As a result, the Company is naturally exposed to several legal, fiscal and other risks related to external regulations, which change according to the rules of the governmental authorities of each region.

As part of its risk response strategy, Wilson Sons maintains an insurance portfolio to cover the risks inherent to its operations that could lead to personal and/or material damages, whether incurred by the Company itself and/or third parties under its responsibility, including the environment. These policies also guarantee the continuity of the Company's operations. The policies, such as port operators' liability, property, environmental liability, hull & machinery, optional marine liability (P&I) and builder's risk, are contracted with world-class insurers and renewed annually.

## Certifications

For Wilson Sons, certifications are important instruments in the improvement of processes and quality management. As a result, all

businesses have been granted ISO 9001 certifications, which establish requirements for quality management.

In addition to ISO 9001, there are other certifications granted to certain business units or separately, either by nature of the activity that has a specific standard or the process development stage where the unit or business division is. Wilson Son Ultratug Offshore, which has been certified by the International Safety Management Code (part of the International Convention for Safety at Sea), which represents an international standard for the management and safe exploration of vessels, pollution prevention and the safeguard of workers at sea.

Brasco Niterói and Tecon Salvador are certified in the ISO 14.001 standard, proving that their environmental management systems meet the requirements required to minimize the environmental impacts of their processes, products and services. Brasco has the OHSAS 18001 certification, which attests the quality of the Company's occupational health and safety. This achievement is another step for Brasco in the search for excellence in Health, Safety and Environment (HSE), one of the core pillars of its activity. ♦

For Wilson Sons, certifications are important instruments in the improvement of processes and quality management. 11



# Safety



Operation at Brasco Rio

## Continuous improvement

Wilson Sons manages the areas of Occupational Health, Safety, and Environment (HSE) in a strategic and responsible way since it is of fundamental importance for the development of sustainable business. The Group further strengthens the strategic vision of HSE in Wilson Sons by incorporating zeal for the people's safety, the environment and communities in the Group's corporate values.

The promotion of HSE culture currently involves more than a 100 dedicated employees as well as many different management tools which include policies, procedures, awareness programmes, audits and process reviews. The drivers for HSE are based on the following concepts: continuous improvement, relationship with interested parties, emergency resolution, risk management, training, legal compliance, leadership and responsibility.

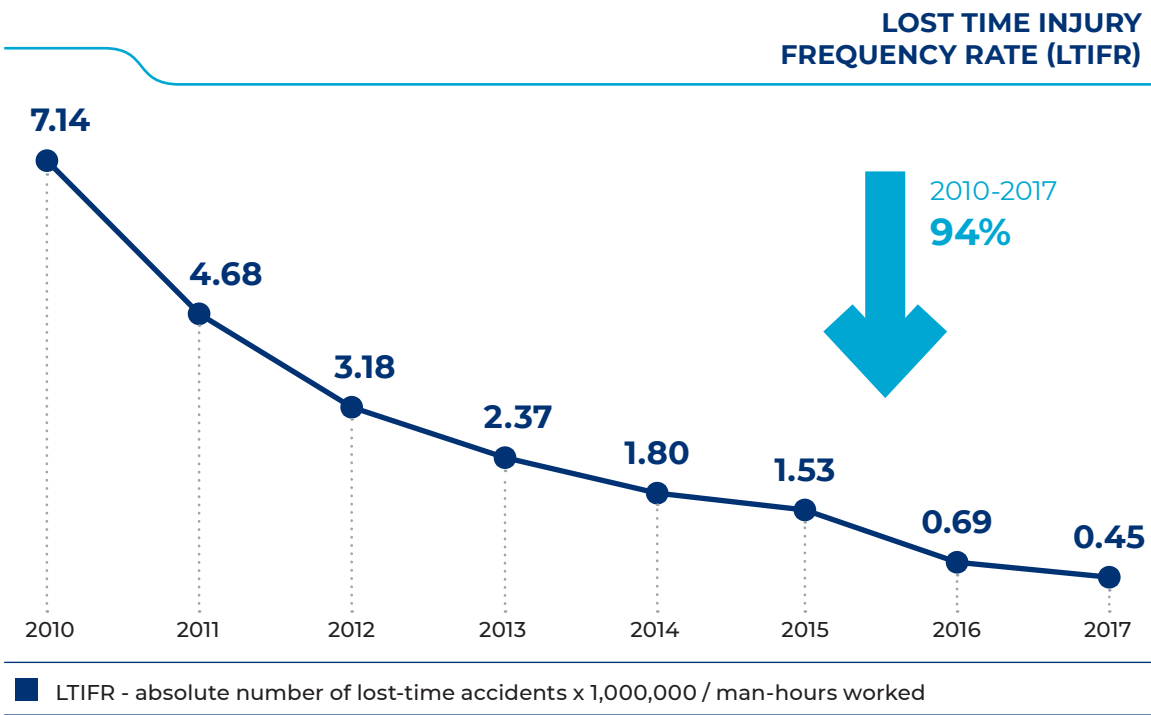
HSE has a formal agenda with the Executive Committee, with meetings held every month to deal exclusively with issues related to the topic. This governance structure, in turn, flows through to other committees and subcommittees for each business unit.



# Safety results

In 2017 Wilson Sons reduced its lost time injury frequency rate for the seventh consecutive year with a 94% decrease between 2010 and 2017. Despite achieving a world-class level of safety, the Company continues to monitor its safety

performance to further improve work practices and prevent future accidents. Wilson Sons long-term goal is to achieve less than or equal to 0.5 lost-time injuries per one million man-hours worked by 2022.



## WS+ Programme

### SAFETY BEHAVIOURAL CHANGE

The decrease in Wilson Sons lost time injury frequency rate is directly connected to the WS+ Programme, first implemented at the shipyards in 2011 through a partnership with DuPont. In 2017 the Company completed the expansion of the programme to all its business units.

In practice, WS+ corresponds to a transformation of the safety culture.

The programme is based on the establishment and revision of policies and procedures, operational discipline, deviations management, executive responsibility, behavioural approach and leadership engagement.

The long-term goal is to achieve an interdependent safety management culture, in which all employees are aware of the safety agenda and concerned not only with themselves but also with those around them.

### EXTERNAL RECOGNITION

Wilson Sons is one of the most consistent winners of DuPont's Health and Safety Management Award in Brazil. In 2017 the Group was honoured by DuPont for its track record in Health and Safety Management having received four awards in the last five editions.



### OCCUPATIONAL HEALTH – VOCÊ 100% PROGRAMME

With focus on employee health and operational safety, Wilson Sons has developed a drug and alcohol prevention programme known as Você 100%, based on assumptions such as transparency, confidentiality, reliability, equality and discipline. ♦

Towage operation at  
the Port of Açu (RJ)





A full-page background image showing an underwater scene. On the left, a diver in a black wetsuit with "FUN DIVE" written on it is visible. A large school of yellow-striped snappers swims towards the right. On the right side, a large, spotted grouper is partially visible. The seabed is covered in red coral.

# Environmental Management

Environmental management is essential to maintaining Wilson Sons strategic position and achieving HSE excellence in its processes and services. Excellence in this context means using resources rationally and efficiently; managing environmental risks and liabilities; understanding and reporting the environmental interests of stakeholders with integrity; as well as planning and achieving financial performance targets aligned with environmental commitments.

The Wilson Sons environmental management index (IGA, acronym in Portuguese) was developed in 2015 to improve the understanding of the environmental aspects and impacts of its activities based on a defined set of excellence criteria. The IGA is a management tool based on current best practices. Its key themes (solid waste, water resources, environmental damage, licensing, stakeholders and atmospheric emissions) use established criteria to promote continuous improvement in environmental management and to achieve excellence. The objective of the index is to enable the planning and monitoring of environmental management based on the Company's strategy.

## Atmospheric emissions

Wilson Sons continues to develop its carbon emissions management processes: identifying opportunities for reduction, comparing its performance with similar organisations, and encouraging continuous improvement in energy efficiency.

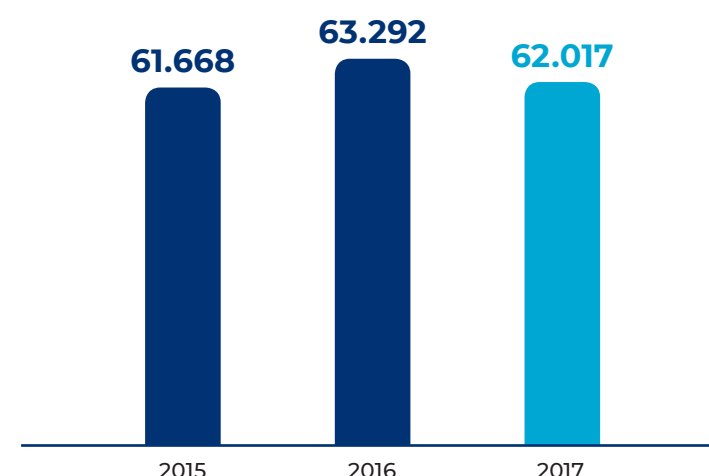
Sustainable Sinking Project in Pernambuco



The Group continues to adopt increasingly advanced technologies, which contribute to reducing GHG emissions.

The Group maintains its commitment to proactively publish its corporate greenhouse gas (GHG) emissions inventory in the public emissions registry, a platform managed by the Brazilian GHG Protocol programme. In 2017, the Company's inventory for the year 2016 was certified with a silver seal in recognition of the completeness of its data. The continuous practice of quantifying GHG emissions encourages a growing culture of reporting and transparency.

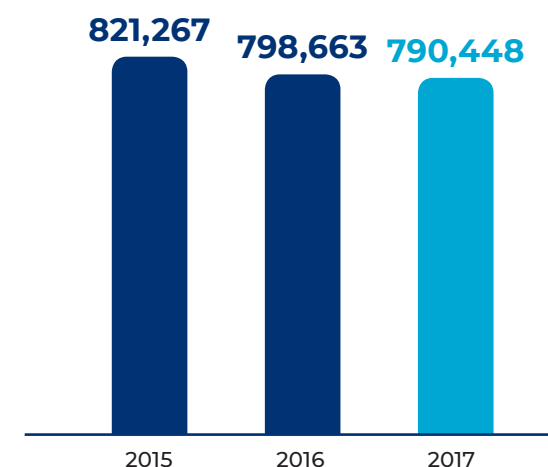
#### GREENHOUSE GAS EMISSIONS (THOUSAND TONNES OF CO<sub>2</sub>e)



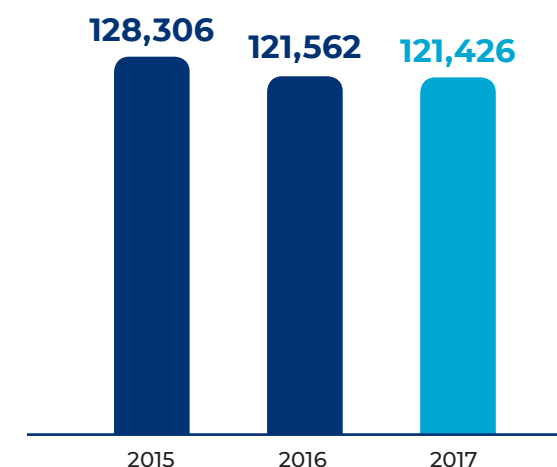
Sustainable Sinking Project in Pernambuco

12 tugboats donated in 15 years

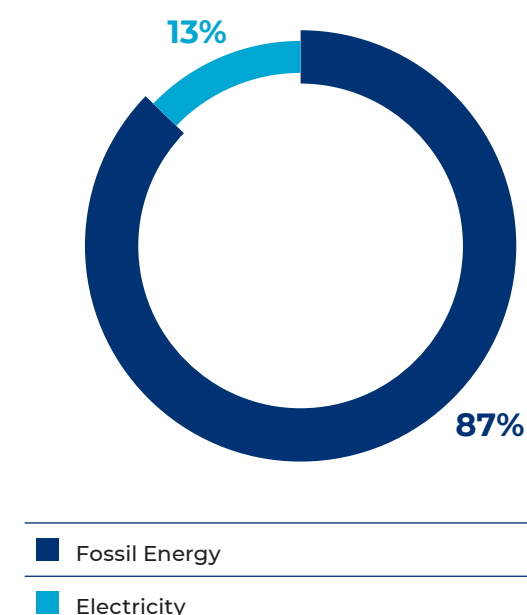
#### FOSSIL ENERGY CONSUMPTION (GJ)



#### ELECTRICITY CONSUMPTION (GJ)



#### FOSSIL ENERGY AND ELECTRICITY CONSUMPTION



The Group continues to adopt increasingly advanced technologies, which contribute to reducing GHG emissions. Some examples of

these measures include: updating conventional diesel-powered maritime support ships to more efficient diesel-electric systems; using RTG (Rubber-Tyred Gantry) electric cranes with a lower environmental impact in container terminals; and expanding the Towage Operations Centre (COR), making it possible to reduce fuel consumption by optimising the movement and manoeuvring of ships.

#### Water resources

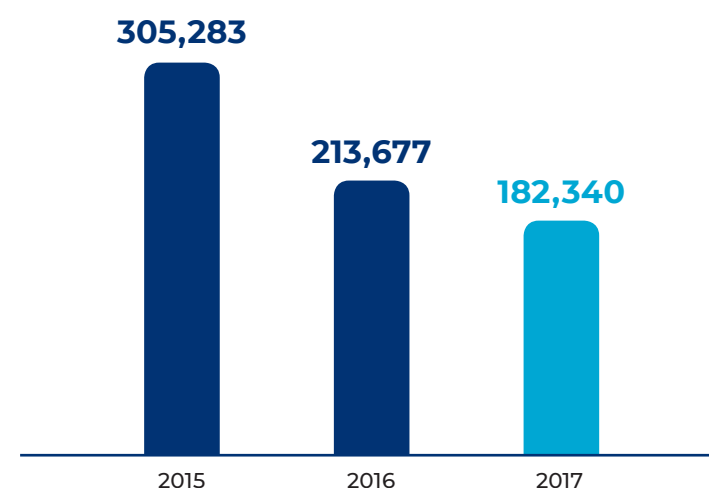
Wilson Sons water consumption in port terminals, towage, shipyards, shipping agency, offshore support bases and land cargo logistics activities is low when compared to other industrial activities. However, given the importance of the issue for global sustainability the Company places significant importance on the issue approaching it by: (i) clearly defining the criteria of excellence in water consumption, capture and disposal of wastewater; and (ii) analysing strategic alternatives based on water studies and energy scenarios related to the Company's operations.



At Tecon Rio Grande, the Clean Water Project guaranteed 80% of wastewater was recovered and reused to wash equipment.

The water reuse and conservation programme comprises, among other measures, a remote monitoring network of all hydraulic systems and a treatment plant to recover oily wastewater, which is reused to wash machinery. In 2017, Tecon Salvador invested in equipment to reuse wastewater from employee facilities and to collect rainwater to reuse in washing services and utilities. At Tecon Rio Grande, the Clean Water Project guaranteed 80% of wastewater was recovered and reused to wash equipment. Wilson Sons Logistics, located in Santo André (SP), has implemented a rainwater collection system to capture, filter, store and make rainwater available for cleaning the warehouse, resulting in an estimated saving of 530m<sup>3</sup> of water per year.

#### WATER CONSUMPTION (CUBIC METRES)



## Sustainable reef development

Wilson Sons donates deactivated tugboats to the Pernambuco Scuba Diving Company Association to create artificial reefs and help in the recuperation of marine ecosystems. They serve as a living laboratory for studies on marine biology. In 2014, the initiative was awarded the prize for the Top Environmental and Human Resources Award by the Pernambuco Association of Sales and Marketing Directors. In 2017, the project was included in the World Social Responsibility Project Initiative, an online platform launched by the World Petroleum Congress (WPC) to permanently exhibit social responsibility projects from a range of countries.

The objective is to foster the exchange of successful experiences that can be replicated around the world.

Artificial reefs mimic the characteristics of natural reefs, facilitating the development of marine biodiversity in previously uninhabited environments. Artificial reefs help promote activities related to the ocean, such as sport fishing and underwater ecotourism. The artificial reefs project was authorised by the Navy, Federal Environment Agency and the State Environmental Agency. It is supported by guidance from the Federal Rural University of Pernambuco, the Fisheries Oceanography Laboratory and the Pernambuco Scuba Diving Companies Association. ♦

Sustainable Sinking Project in Pernambuco





# Employees



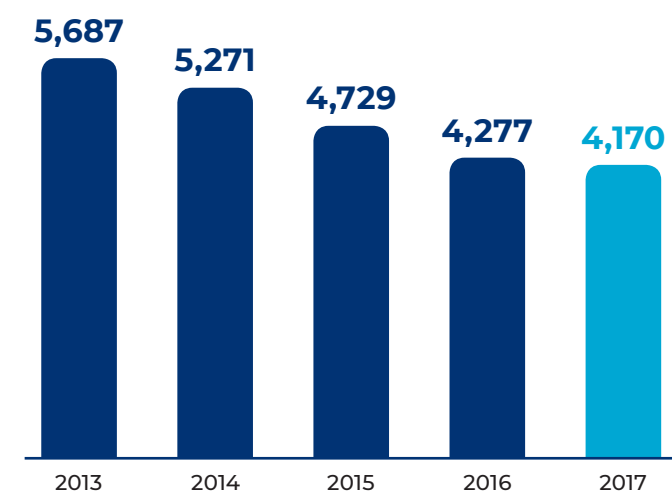
Wilson Sons Towage employees

## Employee management

- Our goal is to be the first choice for employees.
- The Company defines and implements strategies aligned with the organisational culture.

### HEADCOUNT

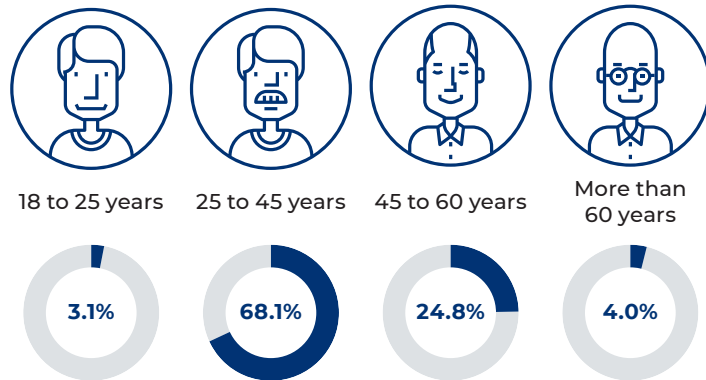
#### NUMBER OF EMPLOYEES



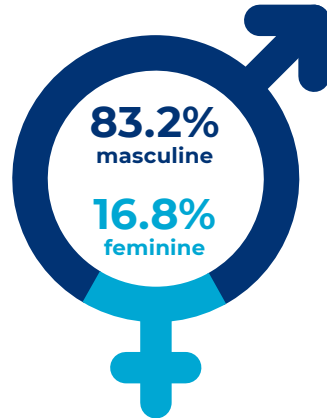
Note: considers the active employees and those on long-term sick leave from Wilson Sons Group (excluding the Offshore Vessels joint venture, but including Allink and tugboat consortia).



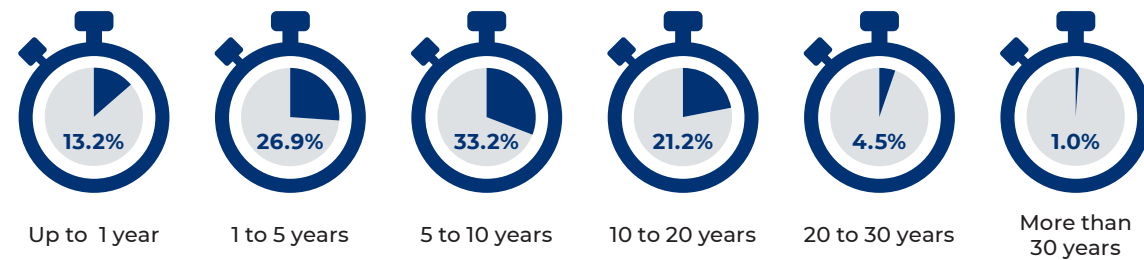
### AGE GROUPS



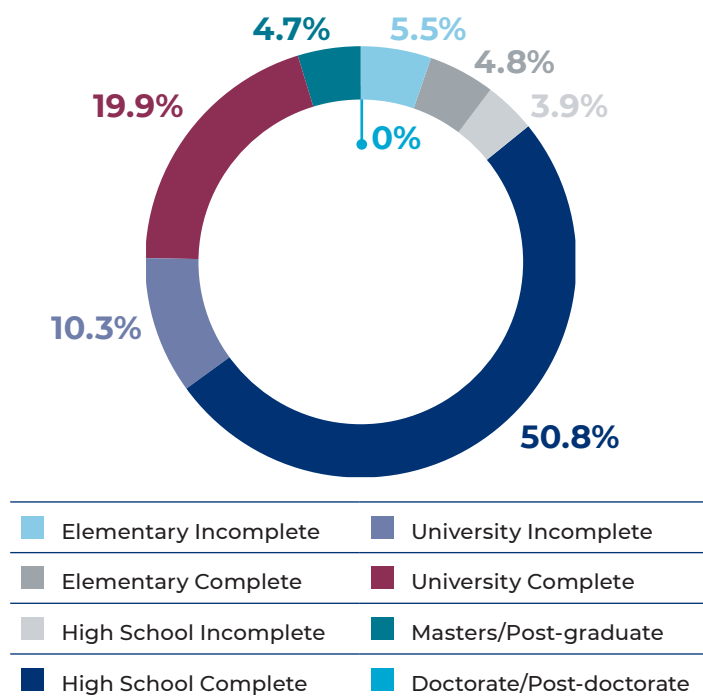
### GENDER



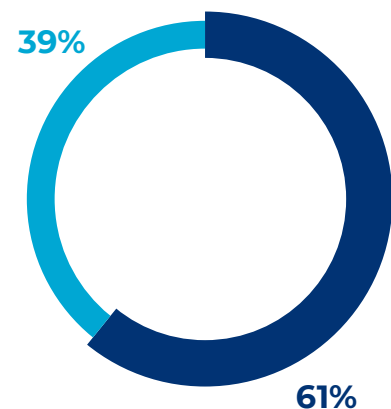
### TIME IN THE COMPANY



### EDUCATION



### AREA



### TURNOVER

#### TURNOVER AND VOLUNTARY REDUNDANCY

	2017	2016
Turnover <sup>(1)</sup>	17.37%	18.76%
Voluntary redundancy	2.56%	2.43%

(1) Turnover represents the average rate during the year.

### ATTRACTING TALENT

To align the strategy of selecting and recruiting people who share the same values, Wilson Sons evaluated the ideal type of professionals required to contribute to the achievement of the Company's goals. Candidates for a job openings are evaluated the degree of alignment between personal values and corporate culture together with their skills and experience.

### QUALIFICATION

Wilson Sons has a defined and well-structured policy to encourage qualification. Any employee who wants to improve their education can apply for a scholarship for a post-graduate (diploma, MBA or master's degree) or language course, which will be granted according to the employee's position and the Company's requirements.

In addition, Wilson Sons businesses have their own training plans that provide all technical training and knowledge required to perform each role. Every year, the Company leadership attends the management development programme to develop skills and prepare them for current and future challenges.

Once a year, all Wilson Sons employees undergo a performance evaluation. For more senior positions of supervisors and above, the result is validated by a performance committee. After

the assessments, individual development plans are created to identify the skills to be developed based on the aspirations of the employee and the Company.

The performance of employees in leadership positions is evaluated using the Nine Box methodology, which identifies their business contribution and potential from a current and long-term perspective. It is based on the analysis of gaps between the ability to meet current organisational demands and the potential to meet the challenges of future roles.

**The processes of succession, reward and development for leadership are based on the strategic staff management platform, which makes it possible to:**

- › Connect all staff management processes in a single, integrated structure.
- › Get to know employees better, identifying opportunities for development.
- › Apply consistent career management policies based on merit.
- › Expand the perception of a sense of justice, giving employees a greater awareness of the process.

### SUCCESSION

All key positions of senior leadership in Wilson Sons are mapped, with potential successors identified for each key position. In addition all Company managers are encouraged to develop their teams and prepare their own successors.

### RETENTION

Wilson Sons manages positions and salaries using a methodology widely known in the market. The objective is to maintain an internal balance regarding remuneration across positions and an external balance with market averages.



Transparency is  
the Company's  
first and foremost  
guideline in  
relationships with  
investors.

In the case of variable salaries, the Company offers managers, administrative and operational professionals access to a profit-sharing plan, which takes profits, targets and individual results into account.

Wilson Sons also has other ways of encouraging employee engagement, including stock options and the Reconheço Você programme, which has received an award from the Brazilian Association of Human Resources (ABRH-RJ).

## Stakeholders

Wilson Sons Group relies on various methods of stakeholder communication. Transparency is Wilson Sons first and foremost guideline in relationships with investors, shareholders and market analysts. Therefore, in addition to complying with the mandatory routines for listed companies, it pays special attention to communication with these strategic audiences, investing continuously to improve service channels.

Wilson Sons discloses results quarterly, holding a teleconference open to the market, which promotes direct contact between interested investors and the Company's top executives.

Another communication channel is the annual Capital Markets Day. The event gives investors an opportunity to meet the Company's top executives and is attended by representatives from banks and investment funds, as well as individual investors.

IN 2017 WILSON SONS  
ALSO ATTENDED

**6** Non-deal Roadshows  
A series of meetings with investors.

**1** Site Visit  
Operational visit with investors.

**3** Conferences  
Meetings with individuals or small groups of analysts. Banks and investment funds were contacted during these events.

Regarding customers, the Company organises events to generate business opportunities and increase business relationships. The largest of them, Intermodal South America, is held annually in São Paulo, and includes important players in the Brazilian logistics market. Market research measures customer satisfaction.

The Company considers opinion formers a key audience. Wilson Sons has a close relationship with the press and regularly organises meetings, visits and constant exchanges of information.

The Company interacts with the market and follows the main decisions of its business segment by taking part in committees, events and corporate entities that represent its values and interests.



At Intermodal 2017, the largest logistics, freight and foreign trade fair in Latin America, the Group's stand received 1,096 visitors, 33% higher than in 2016. There were 99 Company employees at the event, including members of the executive committee. The Group organised a special event with its main partners to celebrate its 180th anniversary, including a musical performance by the Radamés Gnattali Quartet from the Brasil de Tuhu programme, which is sponsored by Wilson Sons.

For the second consecutive year, the Company attended Intersolar South America, the South American version of the world's largest series of fairs in the solar energy sector, represented by Tecon Salvador and Wilson Sons Logística. At the Wilson Sons booth, entrepreneurs from the alternative energy segment met executives from both businesses.

The Company keeps several communication channels active and available to foster a daily relationship with its stakeholders as follows:

INVESTORS

Company website with financial information and main announcements, email alert for market disclosures and relevant facts, site visits, integrated report, reference form, annual Wilson Sons Capital Markets Day, disclosure of operational results on the Company's social media pages.

PRESS

Meeting press demands, producing and releasing statements and reports of the main results and actions for all Wilson Sons businesses, interviews and meetings with Company executives, publishing data and results on specialist media outlets, annual strategic planning.

REGULATORY AGENCIES, GOVERNMENT, CLASS ASSOCIATIONS, UNIONS

**Systematic follow-up:** contact and meetings; attending forums and industry events; sponsorship.

EMPLOYEES

Weekly announcements on Company procedures and information, corporate intranet, internal newspaper "WS in Focus", internal newsletter, campaigns and internal relationship actions, engagement research, daily HSE dialogues and posts on the group's social media pages.



CUSTOMERS

New,s magazine with important announcements and information on Wilson Sons business websites, customer service channels, events, sponsorships, email announcements of the Company's main operational and commercial highlights, together with press releases.

COMPANIES IN THE INDUSTRY

Attending forums and industry associations (e.g. Abratec committees). ♦

SOCIAL MEDIA INDICATORS

	<b>LinkedIn</b> Operational and commercial information about Wilson Sons, its employees and the markets in which the group operates. <b>Audience:</b> clients, employees.	<b>43,698</b> FOLLOWERS	<b>39%</b> increase over June 2016
	<b>Facebook</b> Operational and commercial information about Wilson Sons, its employees and the markets in which the group operates. <b>Audience:</b> employees, students, public opinion.	<b>13,772</b> FOLLOWERS	<b>28%</b> increase over June 2016
	<b>Instagram</b> Photos of the group's main assets, volunteer initiatives, sponsorships and participation in industry events <b>Audience:</b> employees, investors, public opinion.	<b>1,945</b> FOLLOWERS	<b>208%</b> increase over June 2016
	<b>Twitter</b> Financial and operational results, information about Wilson Sons <b>Audience:</b> investors, public opinion.	<b>792</b> FOLLOWERS	<b>14%</b> increase over June 2016
	<b>YouTube</b> Audiovisual content <b>Audience:</b> public opinion, investors, employees.	<b>421</b> FOLLOWERS	<b>40%</b> increase over December 2016



# Sustainability



Over the past year, Wilson Sons has worked internally on issues of sustainability. The Company understands that the challenges of perpetuity in the face of new global demands requires a pragmatic approach, sustained by practices that are socially, economically and environmentally viable and desirable. Wilson Sons ongoing challenge is to make corporate sustainability a part of everyday life for all employees. The Company encourages this commitment and understands that achieving new milestones aligned with sustainable development strengthens its aim to remain one of the largest providers of port, maritime and logistics services in Brazil. ♦





# Corporate Social Responsibility

The Company routinely provides several opportunities to interact with its stakeholders throughout the year: volunteer actions and the protection of corporate history, donations, sponsorships and participation on the boards of important industry institutions.

Wilson Sons social practices are aligned with the principles established in the Universal Declaration of Human Rights, the United Nations Global Compact, its Code of Ethical Conduct and its Corporate HSE Policy. The Company's objective is to promote private social investment in projects, actions and social programmes related to respecting and valuing life, as well as preserving the history of business and industry, establishing an ethical and transparent dialogue with its stakeholders.

## Sponsorship platform

In 2017, Wilson Sons consolidated its sponsorship platform, Avante. It provides greater visibility of the Group's sponsorship goals, with transparency in sociocultural activities for the general public. The platform provides guidelines on how to enhance the attributes of the group's Employee Value Proposition (EVP), a set of Company values (achievement, commitment, consistency and cooperation) that are shared with external stakeholders. The Avante platform is directed towards projects that promote technical and professional training for young people and children in positions of social vulnerability and help build a relationship with the local population in areas where Wilson Sons operates. Over 10,000 people benefited from the project initiatives sponsored in 2017.



Wilson Sons is a partner in the Programa Reação Escola de Judô, a programme that offers judo classes to more than 1,000 children and adolescents between 4 and 17 years old.

## Projects

### SALVADOR ESPORTE E CIDADANIA

[www.depeitoaberto.com.br](http://www.depeitoaberto.com.br)

Aimed at youngsters from 6 to 18 years of age who are properly registered and attending a regular school, the project is implemented at the Ondina sports court in Luiz Antônio Sande de Oliveira Square, Salvador for 152 children in 2017. The objective is to provide conditions for community development, inducing socio-educational transformation through sports, culture and leisure. The project offers free sports classes led by P.E. teachers. Activities are held before and after school three times a week. The project is managed by De Peito Aberto, a non-profit public-interest organisation (OSCIP, acronym in Portuguese) formed to meet the need for sports, education, health and cultural activities, integrating public and private institutions, creating concepts for new ideas, deepening professional relationships and raising awareness among athletes.

### INSTITUTO REAÇÃO

[www.institutoreacao.org.br](http://www.institutoreacao.org.br)

Wilson Sons is a partner in the Programa Reação Escola de Judô, a programme that offers judo classes to more than 1,000 children and adolescents between 4 and 17 years old. Participants learn about the principles and values of the sport with the objective of fostering education and human development. An average of 400 of these students also attend educational workshops within the Programa Reação Educação, which aims to develop critical perspectives and proactive attitudes, spreading the notion that we all are important players in transforming our society. In 2017, the workshops were about "conscious consumption", "fables", "gender inequality", "racial inequality" and "social inequality". Students also learned three important values of judo, both on and off the mat: honesty, gratitude, and respect. This year, children from Instituto Reação also attended several educational, sports and cultural events promoted by the institute, including the Instituto Reação judo competition, a literary festival, an education festival and the traditional belt ceremony.

### ESTÚDIO ESCOLA DE ANIMAÇÃO

[www.estudioescola.com.br](http://www.estudioescola.com.br)

Estúdio Escola de Animação is a project that brings together students from public schools around Rio de Janeiro to teach them how to produce cartoons, from script to completion. Created in 2012, the project has trained more than 200 young people who have produced 19 animated short films – some of which received awards and were selected for festivals and exhibits, such as Anima Mundi. In 2017, the project received a record number of registrations for its 5th edition, with more than 600 applicants for just 60 places. Market professionals taught classes twice a week, from May to October. The premiere show took place on 28th October, which is also International Animation Day, and presented the short films the 4 groups created. Students who finish the course look forward to the opportunity of taking an intermediate class to practice and improve the techniques they have learned.

### BRASIL DE TUHU

[www.brasildetuhu.com.br](http://www.brasildetuhu.com.br)

Backed by Federal Law 11.769/2008, including music on the Brazilian school curriculum, the Brasil de Tuhu project was designed to expand and improve the quality of music education in Brazil. The project operates on three fronts: sensitising – presenting classical music to children in didactic concerts and musical experiences; deepening – producing relevant and free content and making it available on its website ([www.brasildetuhu.com.br](http://www.brasildetuhu.com.br)); and training educators – with activities and content for this audience, such as musical experiences. The programme has presented didactic concerts to more than 168 public schools in 37 towns in 18 states in Brazil, bringing music to more than 25,000 students and teachers. In addition to

attending the concerts, students also have the opportunity to participate in the presentations, learning about instruments such as the violin, viola and cello, and interacting with the musicians in playful musical activities that work on rhythm, harmony and melody. The project was created by cultural consultancy Baluarte Cultura in partnership with the Radamés Gnattali Quartet.

### FUNDAÇÃO GOL DE LETRA

<https://goldeletra.org.br/>

Fundação Gol de Letra is a public organisation that develops socio-educational practices and know-how for more than 4,600 children, adolescents and young people aged 6 to 30 in the cities of Rio de Janeiro (neighbourhoods of Caju and Barreira do Vasco) and São Paulo (Vila Albertina). The organisation also disseminates their socio-educational practices to other communities in partnership with local organisations, resulting in an additional 1,400 children and adolescents who indirectly benefit. The Caju Open Game project takes place at the Fundação Gol de Letra headquarters in the Caju neighbourhood of Rio de Janeiro, serving the nine communities of the Caju Complex. In 2017, 124 children and adolescents between the ages of 8 and 18 from the neighbourhood attended the project. More than 800 family members were benefited through social services, in addition to 100 more people from the community.

### NEOJIBA - NÚCLEOS ESTADUAIS DE ORQUESTRAS JUVENIS DA BAHIA

<http://neojiba.org/>

NEOJIBA is an initiative of the State Secretary of Justice, Human Rights and Social Development that intends to promote social integration by teaching and practicing music in groups. It is run by the Institute of Social Action for Music



(IASPM, acronym in Portuguese), a non-profit organisation. Over 4,600 children, adolescents and young people have already benefited. The programme was created in 2013 as part of a joint effort between the Santa Casa da Bahia hospital and NEOJIBA. Today, more than 100 children and adolescents aged 8 to 18 years old from Salvador and surrounding areas attend the project. The activities involve musical theory, choral singing practice, orchestral classes and practice in wind and percussion instruments through classes, rehearsals and group presentations.

## Corporate volunteering

One of the opportunities used to engage with stakeholders is Wilson Sons corporate volunteering efforts. The programme, called Criando Laços, allows Company employees to do voluntary work in communities located in areas of influence. During 2017, these voluntary initiatives mobilised 104 employees in actions targeting children, young people and the elderly. Today, the volunteering programme operates in Rio de Janeiro (RJ) and Paranaguá (PR). About 840 people benefited from the volunteer initiatives in 2017.

## Corporate history

Another way to demonstrate Wilson Sons' responsibility to society is by preserving its corporate and the sector's history. The Company maintains a Business History Centre, with documents and records related to the organisation's 180-year history. The History Centre has supported numerous publications preserving the history of international maritime trade. The iconographic and documentary collection comprises more than 6,000 items

which offer a source of information for employees, students and researchers in general.

All content is available to employees and the public at [www.wilsonsons.com.br](http://www.wilsonsons.com.br), by visiting the Wilson Sons headquarters in Rio de Janeiro or, by sending a request via email to: [centro.memoria@wilsonsons.com.br](mailto:centro.memoria@wilsonsons.com.br).

## Donations

Through donations and sponsorship, Wilson Sons participates in projects that foster respect for life, as well as preserving the history of business and international maritime trade. In 2017, the group sponsored projects that benefited more than 10,032 children and adolescents, 65% more than in 2016, when 3,500 were benefited. The Company is proud to contribute to the education of young people and facilitate their insertion into the labour market.

Wilson Sons continues to support several local charities and causes in Brazil. Group donations for the year totalled US\$715,000 (2016: US\$136,000).

### BRIGADA MIRIM DA ILHA GRANDE [www.brigadamirim.org.br](http://www.brigadamirim.org.br)

Founded in 1989 by the residents of Ilha Grande on the coast of Rio de Janeiro, the organisation provides work, health, education and civic awareness to young people. Working with tourists and locals, the mission of these volunteers is to preserve local nature and make people aware of how important it is to take care of the environment. In 2017, 50 children benefited from the programme, which covers several communities in Ilha Grande. Throughout its nearly 30 years of existence the organisation has directly and positively influenced the lives of almost 1,000 children.



Neojiba Project

### ESCOLA DE GENTE

[www.escoladegente.org.br](http://www.escoladegente.org.br)

Escola de Gente - Communication in Inclusion is a benchmark for inclusive public policies focused on the human rights of people with disabilities who live in poverty. For 15 years, it has been educating young people on the concept of inclusive society through cultural, educational and social projects in favelas and regional towns. In 2017, it taught 8,446 people about the causes of inclusion and accessibility; distributed 16,542 free books in accessible formats; helped pass a law establishing National Affordable Theatre Day; and broadcast a film on TV Globo about this topic. It was also featured twice at the UN in 2017: at the Zero Project Conference in Austria, and at the Assembly of the Convention on the Rights of Persons with Disabilities in New York. Wilson Sons was the first company to receive the "People that Partner with Us" trophy, awarded by Escola de Gente to companies celebrating 10 years of partnership.

### PASSAPORTE DA CIDADANIA

[www.pastoraldomenor.com.br](http://www.pastoraldomenor.com.br)

This project is linked to the Children's Clergy of the Archdiocese of Rio de Janeiro, focusing on street children and adolescents. It is a mobile service platform with a bus adapted and equipped to receive this young audience. In 2017, 663 people benefited from the project, and 363 people were new registrations for the institution. A further 107 people had documentation demands resolved and 15 received legal counsel. Others were referred to social programmes, the labour market or other institutions.

### SONHAR ACORDADO

[www.sonharacordado.org.br](http://www.sonharacordado.org.br)

The NGO Sonhar Acordado is an international, non-profit organisation that works with institutions, orphanages, support centres and hospitals trying to transform the lives of children in need through friendly relationships with young volunteers. In 2017, the NGO had 1,050 volunteers participating in the project, benefiting 1,000 children in 15 assisted institutions in Rio de Janeiro and the greater Rio, including a Home for Children with Cancer.



## Global Compact

Wilson Sons social commitment is in line with the Company’s awareness of its role as an inducer of best practice and the sustainable development of the businesses and communities. Wilson Sons was the first company in its segment to become signatory of the Global Compact, a United Nations (UN)

organisation initiative for the adoption of social responsibility policies. Clearly in tune with the legitimate interests of society, the Global Compact establishes ten principles in the areas of human rights, labour rights, environmental protection, and the fight against corruption.

### The Global Compact Principles

For more information, access [www.pactoglobal.org.br](http://www.pactoglobal.org.br)

1.

Support and respect the protection of internationally proclaimed human rights.
2.

Make sure that they are not complicit in human rights abuses.
3.

Uphold the freedom of association and the effective recognition of the right to collective bargaining.
4.

Eliminate all forms of forced and compulsory labour.
5.

Effectively abolish child labour.
6.

Eliminate discrimination in respect of employment and occupation.
7.

Support a precautionary approach to environmental challenges.
8.

Undertake initiatives to promote greater environmental responsibility.
9.

Encourage the development and diffusion of environmentally friendly technologies.
10.

Work against corruption in all its forms, including extortion and bribery.

## Participation in boards and workgroups

Wilson Sons values the importance of participating in boards, commissions, theme conferences, and workgroups. The Company takes an active part in relevant entities or in themes of interest to articulate, attain information, and be part of decisions important to the market and society.

HERE ARE SOME OF THE INSTITUTIONS IN WHICH WILSON SONS PARTICIPATES

- ›

Brazilian Corporate Volunteer Council  
[www.cbve.org.br](http://www.cbve.org.br)
- ›

IBP Social Responsibility Commission  
[www.ibp.org.br/tags/responsabilidade-social](http://www.ibp.org.br/tags/responsabilidade-social)
- ›

IBP Technical Commission of Health Safety and Environment
- ›

Ethos Human Rights Workgroup  
[www3.ethos.org.br/cedoc/gt-de-direitos-humanos](http://www3.ethos.org.br/cedoc/gt-de-direitos-humanos)
- ›

ACRJ Corporate Environment and Sustainability Committee  
[www.ac.rio/conselhos-empresariais/conselho-empresarial-de-meio-ambiente-e-sustentabilidade](http://www.ac.rio/conselhos-empresariais/conselho-empresarial-de-meio-ambiente-e-sustentabilidade) ♦

Wilson Sons values the importance of participating in boards, commissions, theme conferences, and workgroups. 11





# GRI Index

## (Global Reporting Initiative)

This report presents standard content guidelines for the GRI Sustainability Report. These contents are distributed as follows:

### GRI | GENERAL CONTENT

	CHAPTER	PAGE
<b>STRATEGY AND ANALYSIS</b>		
G4-1	Message from the Board	2
G4-2	Risk Management	44
<b>ORGANISATIONAL PROFILE</b>		
G4-3	Business Profile	8
G4-4/6/8	Our Markets	10
G4-5/7/13/15/16	Corporate Governance	25
G4-14	Risk Management	44
G4-9	Highlighted Indicators	35
G4-10	Employees	59
<b>IDENTIFIED MATERIAL ASPECTS</b>		
G4-17	Highlighted Indicators	35
<b>STAKEHOLDER ENGAGEMENT</b>		
G4-14/15/16	Employees	59
<b>REPORT PROFILE</b>		
G4-30/ 32	GRI Index	76
<b>GOVERNANCE</b>		
G4/34/38/48	Corporate Governance	25
<b>ETHICS AND INTEGRITY</b>		
G4-56	Company Philosophy and Competitive Advantages	18

### GRI | SPECIFIC CONTENT

	CHAPTER	PAGE
<b>CATEGORY: ENVIRONMENT</b>		
	Environmental Management	<b>53</b>
Energy: G4-EN3/6		
Water: G4-EN8		
Emissions: G4-EN15/16/19		
<b>CATEGORY: SOCIAL</b>		
<b>EMPLOYMENT</b>		
G4-LA1	Employees	59
G4-LA2	Value Added Statement	33
<b>TRAINING AND EDUCATION</b>		
G4-LA11	Employees	59
<b>HEALTH AND SAFETY AT WORK</b>		
G4-LA6	Safety	49
<b>FIGHT AGAINST CORRUPTION</b>		
G4-SO4	Corporate Governance	25









Wilson, Sons



[www.wilsonsons.com.br/ir](http://www.wilsonsons.com.br/ir)

**Wilson Sons Limited**

Claredon House, 2 Church Street  
Hamilton, HM 11, Bermuda

**Investor Relations**

Rua Jardim Botânico, 518, 4º andar  
Rio de Janeiro, RJ, Brasil