# REPORT 2016









# Message from the Board

G R I G 4 - 1

Reaffirming our focus on the search for sustainable business development, we prioritize seven themes: safety; attracting talent, training, succession and retention of talent; new competitive scenario; environmental management; technology and innovation; expansion of requirements; energy efficiency and greenhouse gas emissions. Over the following pages we present our achievements and challenges for each.

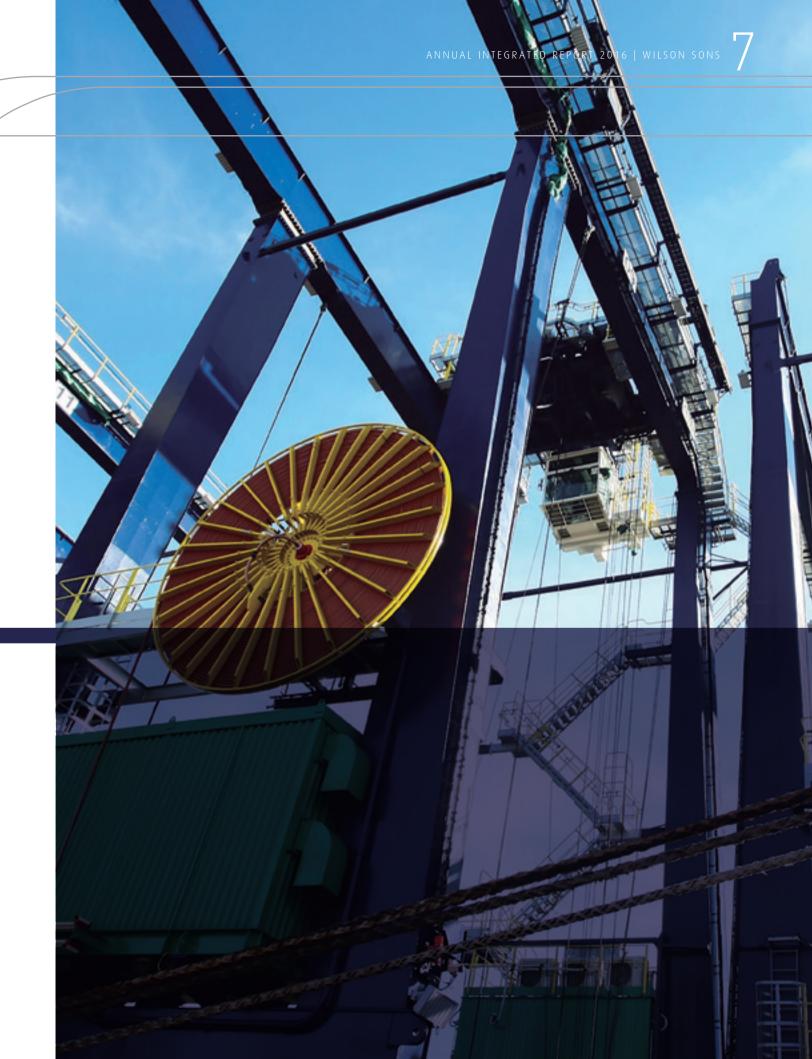
We take this opportunity to ratify our commitment for the Global Compact, to which we are signatories since 2009. Our organizational culture, corporate governance and business strategy are integrated with the ten

principles of the Global Compact preserving human rights, labour rights, the environment and combating corruption in all its forms.

#### Solid Results in a Challenging Economic Environment

Wilson Sons completed 2016 with solid results at a challenging moment for the Brazilian economy. The highlights of our two largest businesses include the renewal of the Salvador Terminal concession and the acquisition of new equipment for the Rio Grande Terminal and 3.2% EBITDA growth for our Towage Business. The group showed solid operational performance with strong gains in net income. The average appreciation of the Real against the US dollar was one of the main characteristics of 2016, being a decisive factor for the increase in net income. The group's businesses continue to demonstrate their core strengths and qualities with key operating indicators remaining robust in container terminals, towage and offshore support vessels.

Wilson Sons completed 2016 with solid results at a challenging moment for the Brazilian economy.



Operating Volumes			
	2016	2015	% VARIATIONS
<b>CONTAINER TERMINALS</b> (container movements in TEU '000)	1,029.8	1,035.2	-0.5
<b>TOWAGE</b> (number of harbour manoeuvres performed)	58,376	58,620	-0.4
<b>OFFSHORE VESSELS</b> (operating days own vessels)	6,428	6,585	-2.4

Tecon Rio Grande and Tecon Salvador moved over one million TEUs for the second consecutive year, boosted by Brazilian exports and the recovery of imports in the last quarter. It is worth mentioning that we signed the Tecon Salvador concession in order to operate for another 25 years, until 2050, and as a counterpart there is an investment commitment in the terminal that will be made in three phases, the first of which is scheduled to start in 2017 and the latter will be completed by 2034.

The Towage business acquired six tugboats that were previously leased, thereby reducing expenses with leasing. We continue to invest in our fleet of tugboats and launched six more tugboats in 2016. We are the leader in the towage market in Brazil, operating a fleet of seventy-six tugboats, significantly larger than the fleet of our nearest peer. Our shipyards have successfully delivered to third parties an Oil Spill Recovery Vessel (OSRV), in addition to the construction of two new Platform Supply Vessel (PSVs) for our joint venture Wilson Sons Ultratug Offshore. Wilson Sons Ultratug Offshore performed well, despite difficult market conditions. The joint venture operates a fleet of twenty-three PSVs, of which twenty are under

long-term contracts with Petrobras. The PSV Pardela, built in an international shipyard and delivered in 2015, has already been registered in the Brazilian Special Registry and is available in the Brazilian spot market.

#### **Group Results**

Profit increased US\$53.7 million in 2016 compared to 2015, from US\$ 31.4 million to US\$85.1 million (variation of 178.5%), mainly due to exchange rate variations in the period, as the real appreciated 83% in 2016. EBITDA of the Towage business grew by 3.2% compared to 2015, despite the decrease in the volume of special operations, which decreased by 36.5% in relation to 2015. The net revenue from the terminals of Containers also showed a 12% increase over the previous year due to the increase in container handling, which had a significant recovery in the last guarter of 2016.

#### Dividend

The Board is recommending an increased dividend to 52 cents per share (2015: US\$0.50 per share) to be paid on 9 May 2017, to shareholders of the Company as of the close of business on 27 April 2017. This represents an increase of the dividend to shareholders for the year by 4%, which reflects the strong operating performance of the Company and a desire to increase dividend payments to shareholders following completion of the current investment cycle. In the last six years, the Company dividend per share has increased by 108%, from US\$0.25 per share to US\$0.52 per share with a total of US\$164 million distributed to shareholders in this period.

Dividends are set in US Dollars and paid annually. BDR holders receive dividends in Brazilian Real by reference to the exchange rate applicable to the USD on the transfer date of dividends to the custodian.



#### Tecon Salvador Concession

On 16 November 2016, Tecon Salvador signed the second amendment to the Tecon Salvador concession agreement, with the Brazilian Ministry of Transport, Ports and Civil Aviation as approved by the National Agency for Waterway Transportation (ANTAQ) and the State of Bahia Dock Company (Companhia Docas do Estado de Bahia - CODEBA). Among other provisions, the second amendment extends the term of the concession until 13 March 2050 and the Company is required to complete minimum expansion and maintenance capital expenditure through to the end of the concession. The required minimum expansion investments are budgeted at approximately R\$398.0 million using December 2013 base values (equivalent to approximately US\$122.0 million at year end exchange rates). These investments will be completed in phases during the term of the concession to ensure the terminal reaches a capacity of 925,000 TEUs per year and allow the terminal to support the market trend towards larger vessels being deployed by international shipping lines. Civil works for the expansion of the terminal are expected to start by the end of 2017.

#### Tecon Salvador Non-Controlling Interest

On 2 February 2016, Wilson Sons, through its subsidiaries, completed the acquisition of the 7.5% non-controlling interest in Tecon Salvador S.A for consideration of US\$4.7 million from Intermaritima Terminais Ltda. The consideration included US\$1.9 million in cash and the settlement of US\$2.8 million in debt. The transaction also includes an additional US\$0.8 million that is conditional upon future contractual events which were subsequently fulfilled. Following completion of the transaction the Wilson Sons group holds 100% of the shares of Tecon Salvador S.A.

#### **Culture of Safety**

The Group continues to invest in the training, development and safety of our staff. We implemented the WS+ safety programme in conjunction with DuPont to promote improved safety throughout the Wilson Sons Group. Over the last five years the Wilson Sons Group has reduced the lost time injury frequency rate by 90%. In April 2016 Brasco achieved the mark of 2 million man-hours worked without an accident requiring a medical leave of absence (equivalent to four years without significant accidents). Brasco is the first operation in the Group to achieve this mark.

#### Outlook

Brazil is currently enduring its worst economic recession on record. Although there are signs that things may start to bottom out, the outlook for 2017 remains subdued. Our container terminals business continues to perform well and the extension of the Tecon Salvador concession period and associated terminal expansion is an important element in our strategy to further develop and improve this business. We do not expect significant capital expenditure on this project before 2018. Demand for towage services remains firm although we are facing a more competitive environment than in previous years. The prospects for an improvement in the important Brazilian offshore oil and gas market remain poor with little likelihood of any significant improvement before the end of 2018. Brasco, our onshore support base provider continues to suffer from the malaise facing the industry however we remain optimistic regarding the long-term prospects for this business. Our offshore vessels joint venture, Wilson Sons Ultratug Offshore currently operates twenty-three PSVs of which nineteen are under long--term contract with no further contracts due to expire during 2017. Market over--capacity continues to dampen demand for both vessel hire and new buildings.



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### **Business**

### Profile

G R I G 4 - 3 / 4 / 5 / 6 / 7 / 8

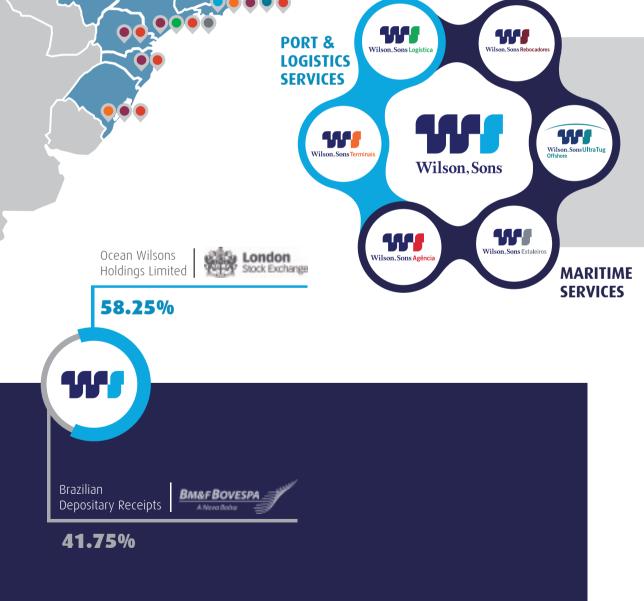
It is controlled by Ocean Wilsons Holdings Limited, which is also a publicly listed company, and has been traded on the London Stock Exchange for over one hundred years.

Consolidated as one of the largest port, maritime and logistics operators in Brazil, Wilson Sons offers specialised solutions in the areas of port terminals, maritime 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, exporters, oil and gas companies as well as other participants in more diverse sectors of the economy.

Wilson Sons is a publicly listed company headquartered in Bermuda. Its shares have been listed on the BM&F Bovespa exchange through Brazilian Depository Receipts (BDRs) since 2007. It is controlled by Ocean Wilsons Holdings Limited, which is also a publicly listed company, and has been traded on the London Stock Exchange for over one hundred years.

#### **Our** Markets

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



#### **Port and 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 includes a logistics centre in Itapevi, SP, a logistics centre in Suape, PE, and bonded warehouses, in Santo Andre, SP and in Suape, PE.

#### **WILSON SONS TERMINALS**

#### **TECON RIO GRANDE**

Wilson Sons has contributed to the creation of a new panorama for this segment, operating the Tecon Rio Grande unit since 1997 with the first publicly bid privatisation of a container terminal in the country. Tecon Rio Grande is located in Rio Grande, RS, 320km (200 miles) from Porto Alegre, the capital of the state of Rio Grande do Sul. The terminal has a total area of 670,000 square metres and 900 metres of continuous berth, with draught of 42 feet (15m) and an annual capacity of 1,035 million TEUs[1].

The equipment is of the highest technology which, from February 2017, includes the presence of nine Post-Panamax STS (ship-to-shore) cranes, 22 Rubber-Tyre Gantry (RTG) cranes, and 2,800 sockets for refrigerated containers. The terminal operates using road, waterway and rail transport connections. During 2016, the terminal served ships moving 719,497 TEUs.

#### **TECON SALVADOR**

Operated by Wilson Sons since 2000, Tecon Salvador moved 301,300 TEUs

in 2016. The terminal has an area 118,000 square metres, a principle berth of 377 metres with 15 metres of draft, and a secondary berth of 240 metres in length with 12 metres of draft dedicated to cabotage and project cargo. The terminal also has three ship-to-shore cranes of the Super Post Panamax type, and another three Panamax ship-to-shore cranes, as well as eleven RTGs, of which nine are fully electric.

This terminal offers services such as container movement, storage of empty containers, container packing and unpacking, as well as project cargo with special sizes or weights. Since the start, the Company has made constant investment in the acquisition of new equipment, infrastructure, information systems and training. Due to the investments completed, the terminal is able to receive some of the world's largest container ships.

In November 2016, the terminal signed the renewal of the concession for a further 25 years through to March 2050. With the renewal, Tecon Salvador committed to realize maintenance and expansion investments by 2034. By the end of the investments the expanded area of the terminal will be 216 thousand square metres and the quay to 800 meters with 15 meters draft. The secondary quay of 240 meters and has draft of 12 meters and with capacity of handling 925 thousand TEUs per year.

#### 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



#### **Maritime** Services

The maritime services segment consists of Wilson Sons Towage, Shipyard, and Shipping Agency. Also part of the maritime services is our 50% Joint Venture, Wilson Sons Ultratug Offshore Vessels, that offers support to the oil and gas exploration and production platforms.

#### WILSON SONS TOWAGE

Wilson Sons Towage has the largest and most modern fleet of tugboats in Brazil. Over 88% of the fleet have azimuth propulsion with superior manoeuvrability, safety and speed to 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 over 76 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).

In 2016 six additional vessels were built for the fleet, WS Cygnus, WS Procyon, WS Scorpius, WS Gemini, WS Polaris and WS Sagitarius. At the beginning of the year the towage business also acquired six tugboats that were previously leased, thereby reducing those expenses. The Towage business enjoys funding through the *Banco Nacional de Desenvolvimento Econômico e Social* (BNDES), and Banco do Brasil, as agents for the Merchant Marine Fund (FMM), with attractive interest rates and extended amortization.

#### WILSON SONS SHIPYARDS

Located in Guarujá (SP), the combined 39,000 square metre shipyard complex

is designed for the construction, maintenance and repair of small and medium sized vessels, mainly for the offshore and port support. The Guarujá Shipyards are strategically located close to the Santos (SP) and Campos (RJ) oil 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 currently count on an orderbook of six tugboats for Wilson Sons Tugboats and two tugboats for Saam Smit, as well as dry docking services for both the Wilson Sons towage fleet and Wilson Sons Ultratug Offshore fleet.

#### WILSON SONS ULTRATUG OFFSHORE VESSEL JOINT VENTURE

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 the 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.

For 2016, WSUT received two PSV's of 3,500 deadweight tons built by an international shipyard, together with two PSVs of 5,000 deadweight tons that already have operating contracts and are being built in the Wilson Sons Guaruja Shipyard.

#### 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



### History

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

#### 1837

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



#### 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.

#### 1928

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

#### 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.



#### 1964

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

#### 1973

Acquisition of Guarujá shipyard, initiating shipbuilding activities.



#### 1999

Foundation of Brasco, an offshore logistics company.



#### 2003

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



#### 2008

Construction of the Third Birth in Tecon Rio Grande, resulting in Brazil's largest container terminal in retro-area

#### 2012

Expansion of Tecon Salvador almost doubling the terminal's capacity. Wilson Sons celebrates 175 years since the Company foundation and Tecon Rio Grande celebrates 15 years in operation for the Company.



#### 2016

Renewal of the Container Terminal concession in Salvador. acquisition of 6 tugboats of Vale. Start of operations in Santa Clara Terminal.



#### 2015

Wilson Sons Container terminals achieved a record 1.035 million TEUs in 2015 increasing 6.2% over 2014.

#### 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 terminal in Barcarena and Trombetas in Oriximiná.

#### 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.



#### 1911

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

#### 1869

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

#### 1966

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

1936

Beginning of towage operations, with the acquisition of Rio de Janeiro Lighterage Company.



#### 2000

Logistics opera tions begin with the institution of Wilson Sons Logistics. Acquisition of the Salvador Container Terminal through public auction.

#### 1997

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



2007

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

2010

100% of the asset.

Acquisition of the remai-

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ging Wilson Sons control to



### **Company Philosophy**

### and Competitive Advantages

G R I G 4 - 5 6

To grow on

the basis of

skills and/or

the Companies

existing assets,

strengthening

and looking

opportunities.

for new

the businesses

Wilson Sons Group established its vision targeting strategy to 2022. 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 2022

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 Companies 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 and efficiency, quality and the range of services we provide to customers.

Fulfilling capacity in our expanded port terminals. In order to meet demand from domestic and international trade, we have expanded our two container terminals since the inception of the concessions. By maximising utilisation of this installed capacity, we are best able to continue increases in productivity and service to our clients with economies of scale. We will diligently pursue this objective. The early renewal of our Salvador Terminal through to 2050 includes investments in additional berth space and equipment to be installed in the coming years further enhancing the productivity of the terminal. We will evaluate new concessions and the development of new terminals in other Brazilian ports and analyse these potential investments in light of our existing operations, and their ability to provide a strong return on shareholders' equity.

Maximising capacity utilization of our Upstream Oil and Gas Support Terminals (Brasco). Additional to our operations at Brasco Niteroi, we also have a continuous 500 metres of berth at our Brasco Rio base to attend offshore support vessels with excellent access to the Campos and Santos oil producing basins. This expanded capacity positions Brasco as one of the largest offshore support base operators for the Brazilian Oil and Gas industry. We are continuously monitoring offshore operations along the Brazilian coast to meet the demand for such services.

Strengthening our position as the leading provider of towage services in the Brazilian market. We intend to continue to modernise and expand our fleet of tugboats in order to provide consistently high-quality

service 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 niches in the market where we may be able to provide additional services or increase our geographical footprint of towage services 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 national and international vessel owners in Brazil.

#### Solidifying our Offshore Support Vessel services to oil and natural gas platforms.

Using our knowledge and experience, we intend to continue to consolidate our activities maximising our contracted vessels and maintaining 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 local and international trade-related services across a nationwide network. We also seek to make these services more efficient and costeffective, in order to maintain our strong customer base and strengthen our relationships with those customers.

#### Increasing economies of scale and productivity, realisation of potential synergies and cost savings across our business segments.

We continuously seek to optimise our operations and productivity and reduce our costs through synergies and the exchange of know-how among our businesses and administrative areas. We are and will continue to focus on integrating si-

milar 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 motivate the managers of our different divisions to continually develop new strategies that may improve our operations and explore new businesses.

**Health, Safety and the Environment are a priority** for the execution of our overall strategy of sustainable ethical business. We continue programmes to promote best practice safety throughout the Group by training of our personnel and the promotion of a safety oriented environment and culture.

### Intangible Competitive

Advantages

Wilson Sons has consolidated differentials which distinguish its services amongst other market players and strengthens the Company's business. These differentials therefore help add value to the Company.

#### 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 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.

#### 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.

#### Portfolio of Services

The Company's complete range of services strengthens its image 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.

#### Strategic Location of Assets

The Company is present in Brazil's main port terminals. The location of its shipyards in Guarujá (SP) and oil and gas support bases in Niterói and Caju (RJ), are strategically positioned to support vessels for the oil and gas market. 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. The Company's container terminals are located in states of great economic importance – Rio Grande do Sul and Bahia.

#### 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 publically auctioned private container termi-



### Corporate

### Governance

G R I G 4 - S O 4

#### **Ethics** and

Transparency

Wilson Sons employs best practices in governance, and the sustainability of its businesses and business relationships via principles of clear roles, transparency and ethics. Its shares are listed on the BM&F Bovespa exchange through Brazilian Depositary Receipts (BDRs), but the Company additionally continues to, where possible strive to meet standards of the Novo Mercado and benefits from the experience

Transparency is the guiding principal for Investor Relations at Wilson Sons.

of its controlling company, Ocean Wilsons Holdings Limited, which has been listed on the London Stock Exchange for over a century.

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 and identification and prevention of major risks related to potential fraud or diversion from controls. In addition, the Company has a channel for complaints (comite. wsetica@wilsonsons.com.br) in which employees and other stakeholders of the Company may record situations and unethical conduct.

#### **Anticorruption Guide and** Committee of ethics

The Anticorruption Guide of Wilson Sons was released to the entire company in 2015. Its purpose is to guide and establish the Company's corporate guidelines regarding the vehement fight against corruption, setting standards of behaviour and ethical conduct of employees in situations that can characterize any type of bribery or corruption. The guide also considers aspects of legislation, as well as guidelines for conduct and monitoring possible deviations involving public agencies. The rules of this document complement the guidelines established by the Code of Ethical Conduct. The Wilson Sons Group is committed to the tenth principle of the United Nations Global Compact combating corruption and is also proactively developing policies to address this issue in the Company.

#### Investor Relations

Transparency is the guiding principal for Investor Relations at Wilson Sons. In addition to meeting mandatory compliance requirements for companies listed on the stock exchange, the Wilson Sons dedicates special attention to communication with this strategic audience, constantly investing in service channel upgrades.

Every quarter Investor Relations organises the dissemination of results, hosting a public teleconference that provides investors an opportunity to communicate directly with the Company's chief officers.

Another communication channel is the Wilson Sons "Meet the Management Day", a public meeting with the Company's top management to facilitate communication with individual investors, bank representatives and investment fund representatives.



groups analysts. Banks and investment

funds were contacted in these events.

### Management

### Structure

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#### **Board of**

Directors

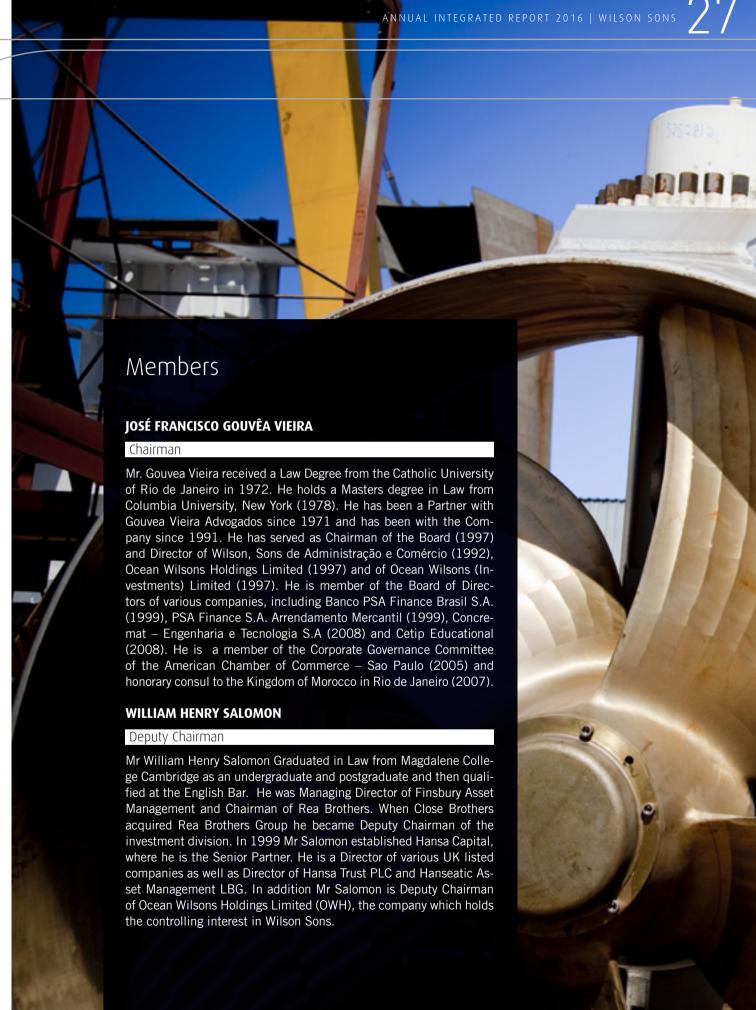
Wilson Sons' Board of Directors is comprised of professionals with solid experience in different fields and focuses on promoting long-term returns to shareholders. The Board's responsibility is to define the Company strategy, and

bring independent judgement on issues of performance and risk, while supervising the Corporate Officers' actions 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 Ordinary General Meeting (AGO) of 2017. 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 on the left.

Meetings of the	ATTENDED / NUMBER OF MEETINGS  Board of Audit Directors Commitee	
Board of Directors and Audit Commitee:		
José Francisco Gouvêa Vieira	6/6	4/4
William Henry Salomon	5/6	4/4
Cezar Baião	6/6	NA/NA
Claudio Marote	6/6	4/4
Andres Rozental	6/6	4/4
Claudio Frischtak	6/6	4/4
	35/36	20/20



#### **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 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).

#### **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 - Intermediacao Commercial Ltda.

#### **ANDRÉS ROZENTAL**

#### Board Member

Ambassador Rozental has a Bachelors 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 Chairman of the Board of Directors of ArcelorMittal Mexico and 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 Airbus de México, 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 organization and regulatory/ competition policy, and innovation and technological change.

### STATEMENT OF ADDED VALUE ON 31 DECEMBER 2016 AND 2015 (IN MILLION OF U.S. DOLLARS)

### Corporate officers

#### of the Brazilian Subsidiary

Responsible for esta-

blishing management policies, including sustainability, operation policies and corporate posture in business, in addition to achieving the goals set by the Board of Directors. The board of Corporate Officers is composed of qualified professionals responsible for establishing management and operation 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 and CFO, and two COOs: one responsible for Port Terminals and Logistics, and one for Towage, Offshore, Shipping Agency and Shipyard businesses.

GENERATION OF ADDED VALUE	2016	2015
Revenue	501.8	552.4
Sales of services	501.3	552.3
Other revenues	0.7	0.5
Allowance for doubtful debts	(0.2)	(0.3)
Consumable from third-parties	(128.0)	(144.1)
Service costs	(87.6)	(99.7)
Maintenance	(16.0)	(16.1)
Energy, oil and services hired	(17.2)	(19.1)
Other costs and expenses	(9.8)	(9.2)
Loss/Recovery of asset values	2.6	-
Added value, gross	373.8	408.4
Depreciation and amortization expenses	(52.6)	(53.2)
Added value, net	321.2	355.1
Received from third-parties	41.2	20.0
Share of results of joint venture	8.1	4.8
Finance income	32.7	14.8
Other	0.4	0.4
Added value for distribution	362.4	375.1

DISTRIBUTION OF THE ADDED VALUE	2016	2015
Payroll	134.1	139.2
Salaries & Wages	96.5	101.5
Benefit plans	28.7	28.9
FGTS	8.9	8.8
Taxes	88.6	95.6
Federal tax	67.2	73.5
State tax	3.9	4.1
Municipal tax	17.5	18.1
Third-party capital remuneration	54.6	108.9
Rents	36.4	47.1
Interest	18.2	61.8
Remuneration of own capital	85.1	31.4
Owners of the Company	84.9	30.2
Non controlling interests	0.2	1.2
Added value, distributed	362.4	375.2

# **Capital**Markets

### **Capital**Structure

Wilson Sons is a publicly listed company with Brazilian Depositary Receipts (BDRs) traded on the BM&FBovespa. It is controlled by Ocean Wilsons Holdings Limited, a UK based company listed on the London Stock Exchange.

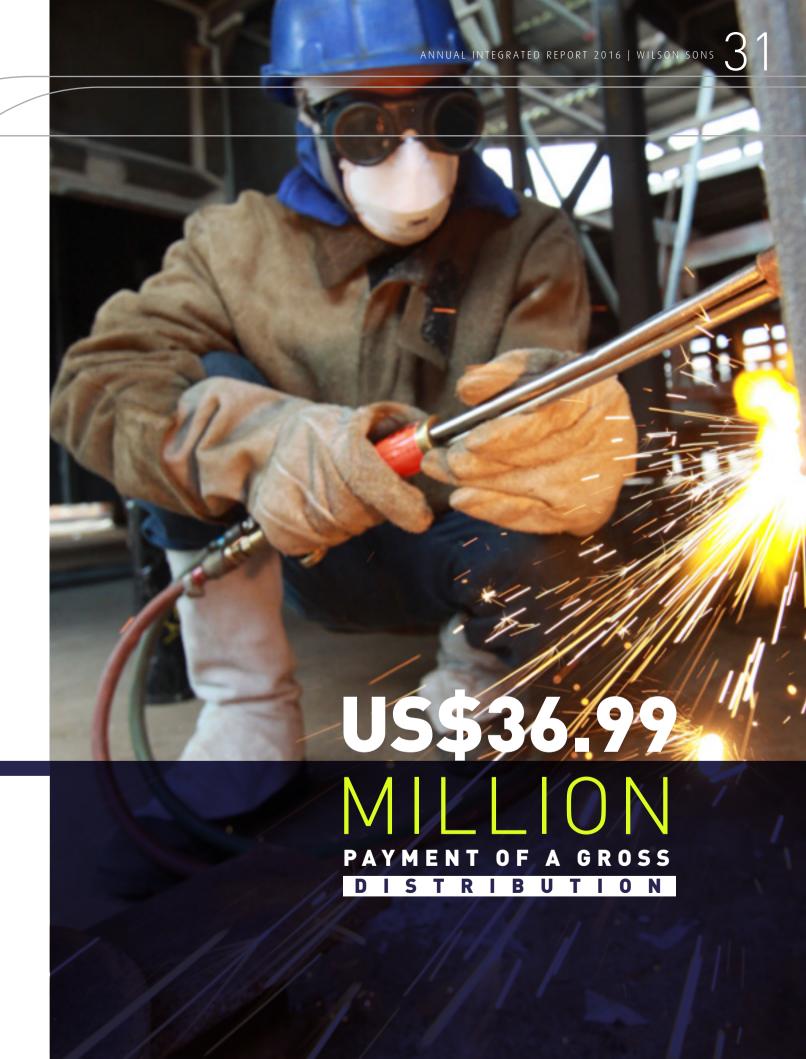
In 2016, Wilson Sons BDRs (ticker: WSON33) ended the year at R\$33.50, an increase of 1.52%. During the same period, the Sao Paulo Stock Exchange Index (Ibovespa) recorded a appreciation of 38.9%.

	Amount of shares/BDRs (ordinary)	<b>%</b> of capital
Ocean Wilsons Holdings Ltda	41,444,000	58.3%
Other (free float)	29,700,000	41.7%
TOTAL CAPITAL	71,144,000	100%
Employee Share Options Outstanding	2,822,100	4.0%
TOTAL DILUTED CAPITAL	73,966,100	104.0%

#### Remuneration of Shareholders

In the Annual General Meeting ("AGM") held on 27 April 2017 the payment of a gross distribution in the amount of US\$36.99 million (2016 US\$35.57 million) equivalent to US\$0.52 (2015 US\$0.50) per share was declared for shareholders of record as at 27 April 2015. The gross amount to be paid in Reais will be converted at the exchange rate on 9 May 2017.

In 2016, Wilson Sons BDRs (ticker: WSON33) ended the year at R\$33.50, an increase of 1.52%.





### Highlighted

### Indicators

	2016	2015	2014
CONSOLIDATED RESULTS (USD M)			
Net Revenue	457.2	509.3	633.5
Inputs and raw material	(37.7)	(55.8)	(100.6)
Personal Expenses	(143.3)	(146.3)	(194.9)
Other operations expenses	(122.7)	(138.1)	(178.3)
Permanent Assets Sales Results	0.1	(1.3)	0.3
EBITDA	154.2	167.8	160.1
Depreciation and Amortisation	(52.6)	(53.2)	(65.1)
EBIT	101.6	114.9	95.0
Financial Results	(17.6)	(48.6)	(29.9)
Income Tax Expense	(36.8)	(39.7)	(42.0)
Shares of Results of Subsidiary¹	8.1	4.8	7.1
Net Income	85.1	31.4	30.1
MARGINS (%)			
EBITDA Margins	33.7%	33.0%	25.3%
EBIT Margins	22.2%	22.6%	15.0%
Net Margins	18.6%	6.2%	4.8%
FINANCIAL INDICATORS (USD M)			
Total Assets	1036.8	953.2	1057.4
quity	516.5	434.0	513.3
Net Debt	264.34	235.4	290.3
Net Debt EBITDA	1.7 x	1.4 x	1.8 x
Return on Equity (ROE)	16.5%	7.2%	5.9%
nvestments - CAPEX	102.4	69.9	111.2
MARKET INDICATORS			
Shares price variation WSON (%)	1.5%	3.0%	3.5%
Dividends paid previously (USD M)	35.6	29.0	27.0
Number of shares	71,144,000	71,144,000	71,144,0
Market Capitalization (USD M)	733.3	593.6	859.8
OPERATIONS INDICATORS			
Port Terminals - Total number of TEUs ('000)	1,029.8	1,035.1	975.1
Towage - Number of Maneuvers	58,376	58,620	58,543
Offshore - Number of Owned PSVs	23	19	19
PRODUCTIVITY INDICATORS			
Own Emploees <sup>2</sup>	4,287	4,729	E 24E
			5,265
Net Income per employee (USD M)	19.9	6.6	5.7
Assets per employee (USD M)	241.9	201.6	200.8

<sup>1</sup> Corresponding to Wilson Sons 50% participation in Wilson Sons Ultratuq Offshore ("WSUT")

#### 2016

#### **Results**

#### Net Revenue

Group revenue for the year was 10% lower at US\$457.2 million (2015: US\$509.3 million), principally due to lower shipyard activity and the average USD/BRL exchange rate in the year which was 4% higher than the comparative period in 2015, (3.48 v 3.34).

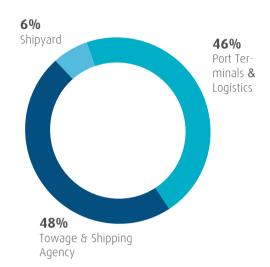
Third-party shipyard revenue for the year was US\$27.5 million lower at US\$26.4 million, (2015: US\$53.9 million) due to continued weak demand for vessel construction from the Brazilian offshore oil and gas industry. The shipyard continued to provide important services for the Group invoicing US\$50.5 million of intercompany sales in the year that are not recognised in the income statement (2015: US\$49.1 million), relating to vessel construction and maintenance.

Towage and ship agency revenue for the year fell 4.3% to US\$219.7 million (2015: US\$229.5 million) mainly due to fewer towage special operations in the year and lower ship agency revenue. Towage special operations revenue was US\$9.2 million lower in 2016 at US\$25.1 million (2015: US\$34.3 million) as prior year was boosted by revenue from firefighting support in the port of Santos and towage special operations for shipyards. Higher margin special operations accounted for 12% of our towage revenue in the year compared with 16% in 2015. Towage harbour revenue at US\$180.8 million was in line with prior year (2015: US\$179.7 million) while ship agency revenue declined 10% to US\$13.9 million (2015: US\$15.4 million).

Revenue at our port terminal and logistics business declined 6% to US\$211.1 million (2015: US\$225.9 million) principally due to reduced logistics opera-

#### **Net Revenues**

2016



tions, a fall in revenue at our offshore oil and gas support base, Brasco and a higher average USD/ BRL exchange rate used to convert revenue into our reporting currency. Container volumes handled at our container terminals were in line with prior year 1,029,800 TEU's (2015: 1,035,200 TEU's), with higher export and cabotage volumes offsetting lower import, transhipment and empty container movements. Container terminal revenue in 2016 was 3% lower at US\$148.3 million (2015: US\$152.5 million) principally due to the weaker average USD/ BRL exchange rate. Brasco continued to suffer from weak demand from the Brazilian offshore oil and gas industry with revenue falling 17% to US\$19.4 million (2015: US\$23.5 million) as the terminals performed fewer spot and long-term vessel turnarounds in 2016, Logistics revenue declined 13% to US\$43.3 million (2015: US\$49.9 million) as bonded warehouse revenue was adversely impacted by continuing weakness in the Brazilian economy, creating a difficult import environment and the higher average USD/BRL exchange rate.

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

<sup>2</sup> Excluding Wilson Sons Ultratuq Offshore ("WSUT")

#### Operating Profit

Group operating margins for the year at 22.2% were in line with prior year. 22.6%. Operating profit for the period was 11% lower than the comparative period in 2016 at US\$101.6 million (2015: US\$114.9 million) reflecting the decrease in revenue.

Raw materials and consumables used in the year were US\$18.1 million lower at US\$37.7 million (2015: US\$55.8 million) principally due to lower third party shipyard activity. Depreciation and amortisation for the year at US\$52.6 million was in line with prior year (2015: US\$53.2million). Higher depreciation at our towage business resulting from the increase in our towage fleet was offset by lower corporate and logistics business depreciation.

Employee expenses were 2% lower at US\$143.3 million (2015: US\$146.3 million) and other operating expenses 11% lower at US\$126.5 million (2014: US\$142.2 million). Other operating expenses decreased mainly due to reduced tug rental costs following the acquisition of six tugboats previously leased and reductions in costs associated with discontinued logistics operations. Employee expenses benefitted from a reduction in headcount, mainly at our shipyard, logistics, Brasco and ship agency businesses.

#### 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 grew US\$3.3 million from US\$4.8 million in 2015 to US\$8.1 million in the current year, largely due to exchange gains on monetary items in the period. Operating profit for a 50% share in the joint venture in the year was US\$3.4 million lower at US\$19.3 million principally due to fewer operating days and hi-

gher operating costs as a result of our expanded fleet. At year end our joint venture has twenty-three PSV's compared with nineteen PSV's in 2015. Total operating days for the year were 2% lower at 6,428 days against 6,585 days in 2015 as some PSV's were off hire during the year.

#### Finance Costs

The Group's finance charge for the year decreased to US\$17.6 million (2015: US\$45.4 million), mainly due to the increase in foreign exchange gains on loans, in the total of US\$12.8 million (2015: US\$32.6 million losses). The exchange rate effect is related to loans of subsidiaries in Dollars that have BRL as functional currency. Other costs are related mainly to interest expenses on bank loans of US\$12.3 million (2015: US\$11.8 million), which increased due to the new debt amount.

#### Foreign exchange losses on monetary items

Exchange gains on monetary items of US\$6.8 million for the year, against losses of 2015 of US\$15.8 million, arise from the Group's foreign currency monetary items and principally reflect the appreciation of the BRL against the USD during the period. The appreciation of the BRL of 17% during the year was above the previous year, in which the depreciation was 49%.

#### 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 2016 the BRL appreciated 17% against the USD from R\$3.90 at 1 January 2016 to R\$3.26 at the year end. In contrast in 2015 the BRL depreciated 47% against the USD from R\$2.66 at 1 January 2015 to R\$3.90 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:

	2016 US\$ million	<b>2015</b> US\$ million
Exchange losses on monetary items (i)	6.8	(15.8)
Deferred tax (ii)	8.1	(2.0)
Exchange loss on foreign currency borrowings and investments (iii)	12.8	(32.7)
TOTAL	27.7	(50.5)

(i) This arises from the translation of BRL denominated monetary items in USD functional currency entities.

(ii) 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 BRL. When the BRL depreciates against the US Dollar the future tax deduction in BRL terms remain unchanged but is reduced in US Dollar terms.

(iii) Deferred tax credit arising from the exchange losses on USD denominated borrowings in Brazil.

The appreciation of the BRL against the USD in 2016 resulted in a positive impact of US\$27.7 million on the income statement in the year compared with a US\$50.5 million negative impact in 2015 caused by the devaluation of the BRL against the USD.

A currency translation adjustment gain of US\$32.7 million (2015: US\$81.9 million loss) 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 in the current year.

The average USD/BRL exchange rate during 2016 was 4% higher at 3.48 than prior year, (2015: 3.34). A higher average exchange rate adversely affects BRL denominated revenues and benefits BRL denominated costs when converted into our USD reporting currency.

#### Taxation

Income tax expense for the year at US\$36.8 million was US\$2.7 million higher than last year (2015: US\$39.5 million). This represents an effective tax rate for the period of 30% (2015: 56%) 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 and expenses or income at our Bermudian companies that are not subject to income tax.

#### Profit for the Year

After deducting profit attributable to non-controlling interests of US\$0.2 million (2015: US\$1.2 million), profit attributable to equity holders of the parent is US\$84.9 million (2015: US\$30.2 million).

#### Earnings per Share

Basic earnings per share for the year were 119.32 cents (2015: 42.43 cents) and diluted earnings per share were 114.77 cents (2014: 40.74 cents).

#### **Cash Flow**

Net cash inflow from operating activities for the year was US\$59.6 million lower at US\$94.8 million, compared with US\$154.5 million in 2015 reflecting lower operating profit, negative working capital movements in the period and higher income tax paid. Prior year operating cash flow benefitted from a significant positive movement in working capital of US\$14.5 million compared with a US\$16.3 million adverse movement in 2016. Income taxes paid in the year increased to US\$34.2 million (2015: US\$22.7 million) mainly because less recoverable taxes were used to compensate tax liabilities due in the year.

Capital expenditure in the year of US\$96.2 million was US\$30.4 million higher than 2015 (US\$65.8 million) principally due to the one-off acquisition of six tugboats that were previously bareboat chartered to the Group and part payment for the acquisition of three ship-to-shore and nine rubber tyred gantry cranes to be delivered in 2017. The Group

continued to invest significant capital expenditure in towage vessel construction. New loans to finance capital expenditure of US\$46.6 million (2015: US\$31.9 million) were raised during the year while capital repayments of US\$41.0 million (2015: US\$49.9 million) were made on existing loans.

Dividends of US\$35.6 million were paid to shareholders in the period (2015: US\$29.0 million). The appreciation of the BRL during the year was reflected in the foreign exchange rate changes in the cash flow, generating a gain of US\$11.6 million (2015: US\$27.0 million loss).

At 31 December 2016 the Group had US\$75.0 million in cash and cash equivalents (2015: US\$90.4 million) of which US\$52.7 million was denominated in BRL (2015: US\$83.3 million). Trading investments includes US\$37.4 million (2015: US\$40.0 million) in USD denominated fixed rate certificates held by Wilson Sons Limited.

#### Balance Sheet

Equity attributable to shareholders increased US\$82.8 million to US\$515.7 million at year end (2015: US\$432.9 million). The growth in equity is principally due to profits for the year of US\$84.9 million, plus a positive currency translation adjustment of US\$32.7 million less dividends paid of US\$35.6 million. The currency translation adjustment arises from exchange differences on the translation of operations with a functional currency other than USD.

#### CAPEX

Investments totalled US\$102.4 in 2016 against US\$69.9 million in 2015. The IFRS CAPEX in 2015 is 46.5% higher as in 2016 includes investment in new tugboats, equipment for the Rio Grande Terminal.

### **Debt Profil** 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 Fundo da Marinha Mercante "FMM", a Brazilian Government fund dedicated to funding vessel construction in Brazil and the International Finance Corporation. The FMM is funded by a levy on inbound freight to Brazil and the BNDES and Banco do Brasil act as lending agents for the FMM.

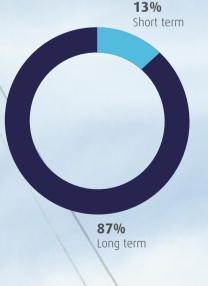
Borrowings are long-term with defined repayment schedules repayable over different periods up to 18 years of which 69%

BY TERM

is fixed rate debt and 31% variable rate debt. The weighted average interest rate of our debt at year end was a favourable 3.12%. The Group's borrowings are principally USD related with 92% 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 2016, The Group had net debt of US\$260.8 million (2015: US\$226.4 million).

The reported debt of the Group does not include US\$266.9 million in respect of the 50% holding in the Wilson Sons ultratug Offshore joint venture.

#### BY CL



#### BY CURRENCY





### **Risk** Management

Wilson Sons' risk management strategy is aimed at maximising opportunities and overcoming challenges that present themselves. The Company has an organizational structure designed to identify, monitor and manage the most significant risks in line with best practices. Risk management is independently conducted by the business units taking into account the nature of their operation. Additionally, the Board of Corporate Officers and the Board of Directors periodically evaluate the most significant risks and implement appropriate risk management initiatives. One of the main foundations for risk control is the internal culture and the Company will continue to expand on advances made in this area.

Wilson Sons has an Internal Audit team to coordinate the identification, evaluation and classification of different risks intrinsic to the Company's businesses. The group is also responsible for developing solutions to avoid exposure to each potential risk and to verify if proposed actions are being correctly adopted. This includes a team for Information Security, responsible for identifying risks related to corporate systems linked to business units, in order to attest for confidentiality, integrity, availability and authenticity of information.

The Company also has risk management software that allows managers to follow the application of mitigation processes for financial and operational risks. Every model used is supported by the En-

terprise Risk Management methodology (ERM), adopted by the Committee of Sponsoring Organizations (COSO), an international organization dedicated to the establishment and dissemination of best practices in business conduct. As for Information Security, the method is based on COBIT (Control Objectives for Information and related Technology) which consists of a set of guidelines, indicators, processes and best practices for the management and governance of information systems.

Wilson Sons maintains an insurance portfolio for prevention of and protection from risks intrinsic to operations, concerning primarily the risks to the assets of our clients, our facilities and equipment, and continuity of operations. These insurance policies, such as Port Operator's Civil Responsibility, Vehicles, Property, Shipping Hulls and Builder Risks are contracted with leading insurers and are renewed periodically. The main risks are divided into the following categories.

#### Strategic Risks

The Company is exposed to various unavoidable strategic risks. These inclu-

de political risk, industrial risk, market risk, and risk related to social and environmental responsibility. In certain situations, it also includes material risks related to the acquisition of fixed assets. This is due to long construction periods and life cycle of assets we typically operate in the market.

#### Financial Risks

Financial risks include market, credit and liquidity risks. The company has a market risk committee in place in order to apply standards, policies and guidelines specific to market risk. The agenda includes: definition of the criteria, scope of the criteria, methodology to measure and track identified exposures, risk prevention and impact reduction tools. In light of this agenda, the Committee seeks to take actions to minimize the impact of market variables such as exchange and interest rates on the Company's cash flow. Other Financial Risks, such as credit and liquidity risk are continuously identified and mitigated by the Finance Department in accordance with standards and procedures set by management.

#### **Operations Risks**

Some areas are subject to working conditions that expose employees to physical risk. Consequently, a large part of operational risk is related to the environment and to safety. Additionally, the Company is exposed to operational risks from suppliers, IT and processes. Actions related to sustainability, environmental impact and social responsibility are described in their respective sections of this report.

#### Regulatory Risks

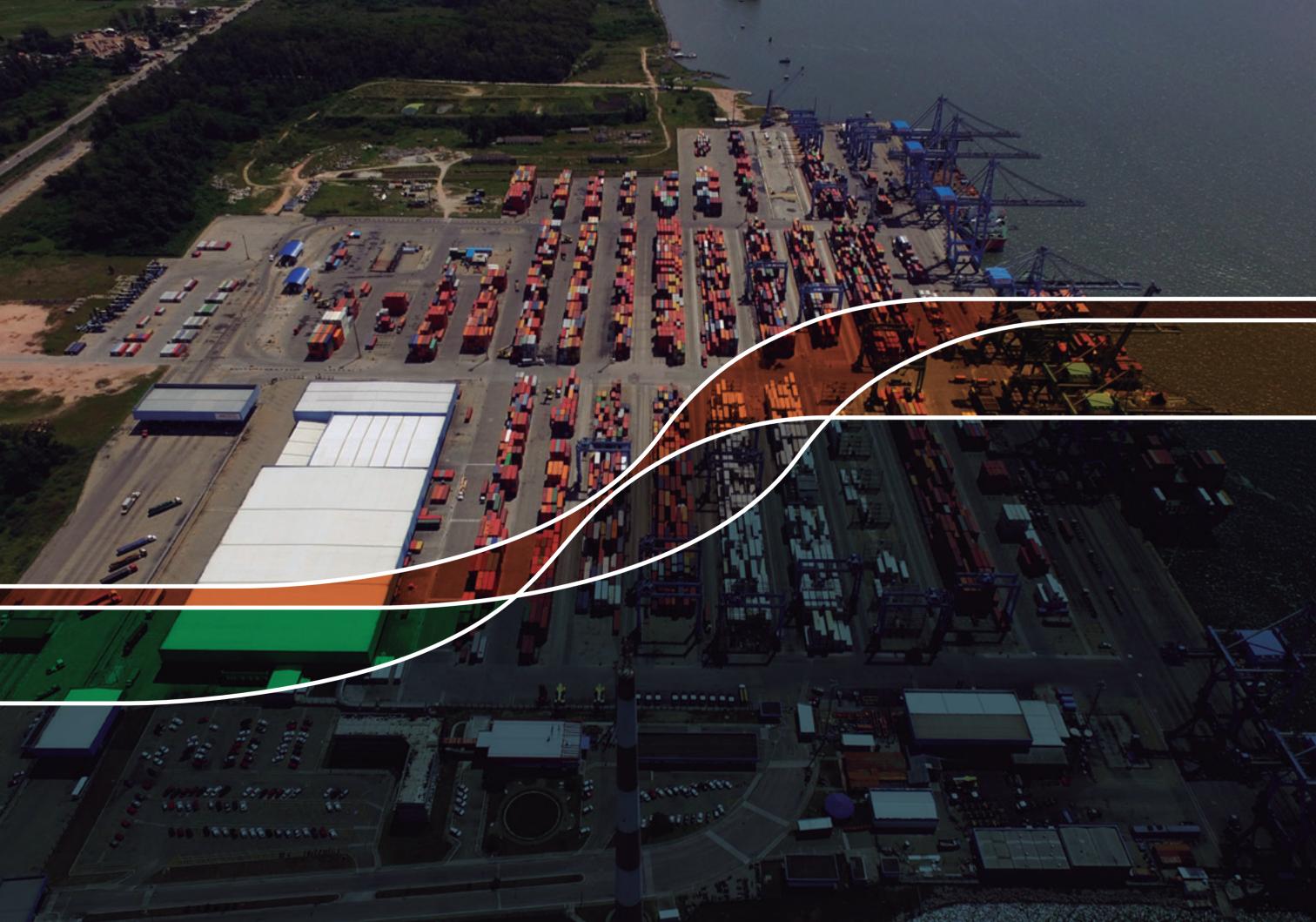
Wilson Sons operates in different Brazilian states, each having its own unique regulations. This exposes the Company to a variety of legal and tax risks and those related to government penalties varying with the regulations of each state.

#### Certifications

For Wilson Sons, certifications are important instruments in the improvement of processes and quality management, as well as demonstrating the high level of leadership present in the Company. 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.

In environmental management, Brasco unit at Niterói and Tecon Salvador are certified in the ISO 14.001 standard since 2011 and 2016, respectively, proving that their environmental management systems meet the requirements which aim to minimize the environmental impacts of their processes, products and services. Since 2013, Brasco has received 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.



### Sustainability

GRI G4-19

The challenge of Wilson Sons Group is to make corporate sustainability part of the work day for all employees.

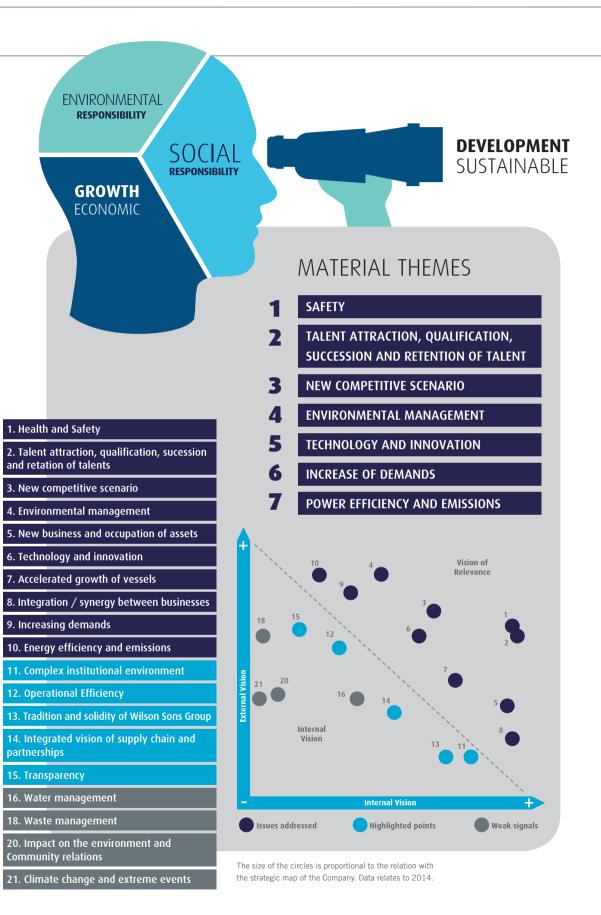
Wilson Sons believes in sustainability as a comprehensive concept, which must permeate the organization in the economic, social and environmental dimensions (which form the tripod of sustainability or triple bottom line), as responsible management, with focus on long-lasting results for the company and for society. The challenge of Wilson Sons Group is to make corporate sustainability part of the work day for all employees. We pursue this commitment and understand that the new milestones are aligned with sustainable development strengthen its image as one of the largest operators in port terminals, logistics and maritime services in Brazil.

#### **Materiality Matrix**

Material aspects are those that reflect the significant economic, environmental and social impacts of the organization or influence considerably the evaluations and decisions of stakeholders. The materiality matrix of a company graphically represents these priorities.

The strategic plan for sustainability in Wilson Sons is defined by the material matrix established in 2014. The matrix identifies seven themes most relevant for the Company: safety, personnel management, the competitive scenario, environmental management, technology and innovation, increase of demands, power efficiency and emissions.

The issues raised were determined by the Board of Executive Directors through structured work that considered important issues, tendencies for our businesses and cross checked these with the strategic map of the Company. The internal management of the material issues are being followed closely by the managers and committees of each agenda.





#### **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.

HSE currently counts on over one hundred and twenty dedicated people, 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 management in the Company is part of the Organizational Development department. Also, there are HSE management in all business units. In addition HSE forms part of the 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 ending in the departments of the company's business units.

#### Safer

Operations

In 2016 Wilson Sons achieved a reduction in the rate of lost time accidents in its operations for the sixth consecutive year. Between 2010 and 2016, the decrease in that rate was 90%.

For every 1 million hours worked in 2010, the company registered 7.14 accidents;

In 2016, the index fell to 0.69 accidents per 1 million hours worked;

The objective is to reach 0.5 accidents by 2022, achieving the world-class level of security;



#### WS+ Program

Safety Behavioural Change

The decrease in the rate of accidents causing work absence in Wilson Sons is directly connected to WS+ program, implemented in 2011 in partnership with DuPont. In 2014, the program was expanded to all the company's businesses. Now, the objective is to expand it to all operations by the end of 2017.

In practice, the WS+ Program corresponds to a transformation of culture in SMS. The programme is based on the establishment and revision of processes and procedures, operational discipline, management of deviations, responsibility of the organization, behavioural approach and engagement of leadership.

The programme was first implemented in the Company's Shipyard in 2011, and was expanded to the main offices, Tecon Rio Grande, Tecon Salvador, Brasco, Logistics, Offshore Vessels, Towage and Shipping Agency. In qualitative terms, the goal of WS+ is to achieve a culture of interdependent HSE management, where all professionals are aware of HSE agenda, even if they do not belong to the area of HSE. In quantitative terms, the principal goal of the project is to reduce the frequency and severity accident rates, implement and maintain routines of behavioural observation for HSE practices, among other indicators of performance. Results derived from the WS+ programme confirm its effectiveness: in Wilson Sons the frequency of accidents dropped 90% between 2010 and 2016.



#### **External Recognition**

Wilson Sons is one of the biggest winners of the DuPont Award in Occupational, Health and Safety Management, one of the most relevant HSE awards in Brazil, having received four awards in five editions. In the 2015 edition, Wilson Sons was achieved 2nd place for its case on the perennial continuity of the WS+ Programme in the Group, which defined the methodology to maintain and improve the program.

The methodology for perennial continuity was first applied in February 2013.

By the end of 2016, the Company had carried out about 138 internal audits.

Adherence rate of units in the program increased from 68% in 2013 to 87% in 2016.

Aware of the continuous improvement of WS+ program, Wilson Sons monitors every month the security parameters of each unit. Once a semester, an audit is performed to measure the adherence to the program by assigning notes to the units. The third step of the perennial methodology consists to present, to the company's Board, the performance of the security units.



#### Excellence Awards in HSE

In 2016, the WS+ Award was established as a form of recognition of the Executive Committee of the WS Group for businesses that reach the expressive mark of 2 million man-hours with no work-related accidents. The WS+ Award is extended to all the Group's businesses and the time for the achievement varies according to the number of people involved in the activities developed. In 2016, Brasco, Tecon Rio Grande and Estaleiro, received the WS + Award for having reached the target. This is one of many actions of the Group aligned with the HSE goals of the WS + Program, foreseen in the Wilson Sons Strategic Map for 2022. An initiative, which more than acknowledges the merit of all employees involved, aims to preserve motivation and create a positive agenda stimulating other achievements of the company's businesses segments.

#### Occupational Health You are 100% Programme

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

The programme begins with the awareness of participants and leadership training, toxicology tests are applied in various forms: randomly; after accidents; before high risk operations; as follow-ups on first-time positive test results; and through manager referral, if there is behavioral change of the employee. In cases of positive tests the participant is referred for medical treatment, receiving a warning. In case of repeat incidents, employees are dismissed.

### **Environmental**

### Management

GRI G4-EN15/EN16/EN19

In the Wilson Sons Group,

The Group maintains the commitment of proactively publishing its Corporate Inventory of Greenhouse Gas Emissions (GHG) as per the GHG Protocol.

environmental management is a fundamental matter for the strategic positioning and to reaching SMS excellence in its processes and services. Excellence in this agenda aims to make use of resources in a rational, effective and efficient manner, to manage the risks and environmental damage; to fully understand and relate to environmental interests of the stakeholders involved; to plan and achieve its financial performance goals aligned with the environmental commitments.

The understanding of the environmental aspects and impacts of activities, based on the definition of management excellence, motivated the creation of the Wilson Sons Environmental Management Index

(EMI). The EMI is a management tool, in which the priority themes of solid waste, water resources, environmental damage, licensing, stakeholders and atmospheric emissions have fixed criteria to promote a continuous improvement in environmental management and achieve excellence. It is based current best practice. This goal is to align planning and monitoring of environmental management in the short, medium and long term with the Company's strategy. The water resources management and atmospheric emissions results in the EMI evaluation were highlights of the environmental agenda in 2016.

#### **Atmospheric**

**Emissions** 

The carbon emissions management at Wilson Sons is an agenda that has been developed to identify reduction opportunities, comparing the business performance with other similar organisations and to induce the continuous improvement in energy efficiency.

The Group maintains the commitment

of proactively publishing its Corporate Inventory of Greenhouse Gas Emissions (GHG) as per the GHG Protocol. The Inventory qualified for the Silver stamp due to completeness of information.

The continuous practice of quantifying these gas emissions increasingly stimulates the culture for elaboration and transparency of information through the publication in the program's Public Record of Emissions. In 2016 the Wilson Sons Group issued about 61,600 tonnes of carbon dioxide equivalent (CO2e), with a reduction of 4,500 tonnes CO2e in relation to the 2015 emissions. Wilson Sons is one of the first companies in the naval and port sector in Brazil to adopt this methodology and publish its own inventory. The Company has been looking to reduce its environmental impacts through efficiency initiatives. In Tecon Rio Grande, the Stop Idling practice was tested in 2016 aiming at shut down machinery after 5min of non operation. The preliminary results have indicated a the reduction of at least 10% of the fuel consumption for the machinery in 2017.

The continued adoption advanced technologies remains present and contributes to the reduction of GHG through:

The advanced motorisation of offshore support vessels, which replaced the conventional propulsion systems with diesel-electric systems resulting in better performance in the use of the generated energy, reducing up to 11% of carbon dioxide emissions.

The acquisition of electric RTGs (Rubber tyred gantry cranes) in Tecon Salvador, which represents a technology with lower environmental impact compared to conventional diesel equipment.



The Towage Operations Centre has contributed to a steady reduction in fuel consumption with a proportional reduction in the emission of greenhouse gases. Through the Operations Centre, movement of vessels is planned, to take advantage of the proximity of vessels to ships and navigation velocity reduced.

Wilson Sons is a member of the Emissions Trade System EPC with the emissions of the container terminals utilised for simulation of greenhouse gas emissions promoted by the Enterprises Platform for the Climate in partnership with Rio de Janeiro Stock Exchange.

The pioneering initiative in Brazil, aims to offer business leaders a practical and realistic experience regarding the operation of a cap-and-trade system for emissions of GHG in a pre-established region. By simulating the reconciliation of the actual emissions with the quota available in the market and financial optimisation, the system contributes to positive incentives for public policies on climate change. In 2016 99% of GHG emissions were reconciled in the program's simulation. Although it deals with fictional titles, the initiative reinforces the commitment to position the Company at the forefront of meeting the challenges on the emblematic agenda of climate change.

#### Water Resources

Wilson Sons' main sources of water come from the municipal and state public supply systems. The water consumption relevance in the Group's activities, through its port terminals, towing, shipyards, agency, offshore support bases and cargo logistics is not intense when compared to other economic activities. However, given the importance to global sustainability, sustainable water management is treated as a relevant matter at Wilson Sons. In addition to the clear definition of the criteria related to water consumption, generation and disposal of waste water in the Environmental Management Index (EMI). Since 2015, the theme has been worked on with a strategic studies of

water and electric energy scenarios related to the Company's operations. The results of these studies did not identify any current weakness for relevant uses of electric energy and water although the studies should be revised regularly.

At Tecon Salvador, the construction of the station for treatment of oil effluent from the cleaning of the workshop's machinery and equipment enables the retrieval of 100% of the effluent water for reuse in the cleaning process. At Tecon Rio Grande, the Clean Waters Project ensures the retrieval of 80% of the water from the machinery wash for reuse. Another highlight is Wilson Sons Logistics, located in Santo André, where the implementation of a rain capture system allows collection, filtering, and storage to alow rainwater to be used to clean the warehouse's floor, resulting in an estimated economy of 530m³ of water per year.

### Sustainable Reef Development

Wilson Sons has donated deactivated tugboats to the Association of Scuba Diving Companies of Pernambuco that help in the recuperation of marine ecosystems, serving as a living laboratory for biological study. This initiative was recognised in 2014, with the receipt of the Top Social-Environmental and HR Award in 2014 by the Pernambuco Association of Sales and Marketing. The project is ongoing and in early 2017 four more tugboats were donated and added to the artificial reef.

Authorized by the Brazilian navy, Ibama and CPRH - State Environmental Agency, the Project of Sustainable Sinking is supported by the guidance staff of the Federal Rural University of Pernambuco, in combined action with the Oceanography Fishing Laboratory and the support of the Diving Companies Association in the State of Pernambuco.

### **Project Benefits** include the following

#### Scientific

Study of the colonisation process of vessels after sinking. At first, the tugboat is closed to tourist diving, being reserved only for visits of biologists and other researchers.

Inventory and cataloging of species, biodiversity measurement, frequency, vertical distribution and food chain relationships.

Information on the ecological aspects (behaviour, reproduction and feeding) of associated species that inhabit the structures.

Impact assessment of diving activities and underwater ecotourism on marine local fauna.

#### Social

Development of activities related to diving and underwater ecotourism.

Increase of small-scale fishing related to the growth of the marine fauna.

#### Economic

Economic benefit for the local community, the city of Recife and the state of Pernambuco. The project encourages the flow of divers to the city, which increases tourist activity and associated services and suppliers.

### **Professionals**

### of the Group

GRI G4 - 9 / 10 / LA1 / LA2 / LA9 / LA10 / LA11

### Attracting talent, training, succession

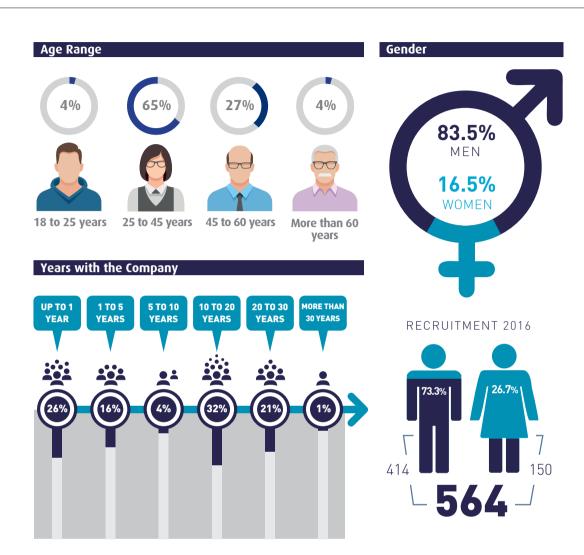
and retention

Our goal is to be the first choice for employees. This is our constant challenge and it is an important of the Company Vision. The Organizational Development Department is responsible for promoting opportunities, recognition and development and to define and implement strategies aligned with the organizational culture, working with the business managers who focus on the specifics of their respective segments.

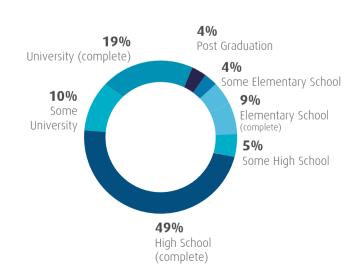
HEADCOUNT

#### 5,687 2013 5,271 4,729 4,277 2016

Excluding the segment of Offshore Support Vessels, in which the Company operates through Joint Venture.









Area

Wilson Sons organizational values are designed to align with the desired culture, the mission, the vision and the Company's strategy.

The organizational skill priorities of Wilson Sons are:

**Identification with Wilson Sons.** 

Together we are better

**Responsibility for results** 

**Customer focus** 

Maturity in stakeholder relationships

**Efficiency at work** 

For managers we also defined the following additional skills:

**Mobilizing leadership** 

#### **Developing leadership**

Wilson Sons is recognized as a company that offers development opportunities to all its employees. An evidence of this were the 276 promotions effected in 2016, without considering the segment of Offshore Support Vessels.

#### Attracting Talent

To align the strategy to select and recruit people who share the same values, Wilson Sons evaluated the ideal type of professional to help the company to achieve its goals. Candidates for a job openings are evaluated the basis the degree of alignment between personal values and corporate culture as well as on their skills and experience.

#### Qualification

In Wilson Sons, the policy to incentivize education is defined and well-structured. Employees who wish to qualify can request the sponsorship for graduate programs (specializations, MBAs and masters) and language courses, which will be granted according to the need of the position and the Company.

In addition, Wilson Sons' businesses have their own training maps with technical training that is necessary to meet the knowledge required for each function. In 2016, there were more than 84 thousand hours of training for Company employees. They also undergo qualification on demand according to requirements identified by their managers. The leadership of Wilson Sons participates annually in the Management Development Program to develop and enhance significant issues for the Company's leaders, preparing them for current and future challenges.

Every year, all employees of Wilson Sons undergo in a performance evaluation. And in the case of leadership (starting with supervisors), this result is validated by a Committee of Performance. From this information, Individual Development Plans are generated which outline the organizational skills to be developed based on professional and business aspirations.

In 2016, a evaluation methodology for leaders called Nine Box was implemented. It is an instrument that indicates the degree of contribution of people and their potential to the business for both current and long-term perspectives.

In this way, the process of succession, rewards and development for leadership are all based on the platform of Strategic People Management, enabling:

Connect all the process of people management in a single integrated structure;

Improved knowledge of employee abilities. identifying opportunities for development;

The application of uniform career management policies that take into account meritocracy;

Expansion of a sense of justice, giving greater clarity to employees about the process.

#### Succession

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

#### Retention

The turnover registered decrease of 0.8 percentage points between 2015 and 2016 impacted mainly due to the reduction of positions within the Company. Retention actions taken by Wilson Sons combine fair remuneration and nonfinancial recognition.

For the management of its jobs and salaries platform, Wilson Sons uses a methodology recognized in the market, targeting both the internal balance of remuneration for positions and the external balance of remuneration in relation to the market.

In the category of variable compensation, the Company offers profit sharing in specific formats for managers, administrative and operational professionals. The program is based on profit targets and the annual results.

Wilson Sons also works with other measures to encourage further engagement of all employees. An example is the program "Recognize You", created to highlight the positive attitudes and results which are in line with the values of the Company.

In the "Recognize You" program, employees use the intranet to recognize colleagues that show behaviours aligned with the Company's values. The most recognized during the month receive a differentiated identification. At the end of the year, the employee who received the highest number of recognizes from his colleagues during that period receives a tribute from the company.

In addition of being an instrument for peers and superiors to honor talent in the Company, the program is also important for the assimilation of values by employees, bringing to the day to day something which could been seen as theoretical.

The program "Recognize You" won the first place in the "Prêmio Ser Humano" in 2015, organized by the Brazilian Association of Human Resources (ABRH-RJ). Our program competed in the category of medium and large companies.

Another highlight is the Career Talk, which happens every two years and involves supervisors, coordinators, managers, directors and executives. To develop a sense of purpose, the program consists of individualized conversation between the employee, their leader and the HR area. The talk is designed to challenge the leader to think of their contributions and legacy to Wilson Sons.

X-RAY 2016

EMPLOYEES IN BRAZII

PROMOTIONS

OF ALL WORKERS SUBMITTED TO THE PERFORMANCE EVALUATION

#### Employee engagement survey

Wilson Sons prioritizes the engagement of its employees because the Company believes that this behavior is critical to the results and the good working environment. In 2014, the company held its second engagement survey to evaluate the evolution in relation to the previous survey and define the guidelines for the next engagement actions. The next survey is scheduled to take place in 2017.

Turnover		
	2015	2016
General	15.8%	18.76%
Manager		13.87%
Non Manager		19.21%
Volunteer	3.5%	2.43%
Turnover	16.1%	15.30%



# **Social**Responsibility

One of these opportunities includes actions of Wilson Sons' corporate volunteers. By means of donations and volunteer actions, Wilson Sons participates in projects that foster respect and valuation of life, as well as preservation of the corporate memory and of the segments in which the company operates.

Conscious of its role in society, Wilson Sons runs a volunteer program named Criando Laços (Building Ties) that works in communities locates in its area of influence. In 2016 volunteer actions mobilized the participation of 267 employees in actions directed at children, youngsters, and the elderly. Today, the volunteer program is present in Rio Grande, São Francisco do Sul, Paranaguá (PR), Santo André (SP), Rio de Janeiro (RJ), Niterói (RJ) and Salvador (BA). Last year, 1460 people benefited from the Company's volunteer initiatives.

#### Corporate History

The Company keeps a Corporate History Centre with documents and records related to the 180 years of the organization. The History Centre was officially opened in 2006 and has already supported and currently supports publications que preserve the history of international trade sector.

The iconographic and documentary collections have more than 6000 items cataloged, which are used as source of information by employees, students, and researchers in general.

Employees may consult content by means of an internal portal or in person, at Wilson Sons' headquarters in Rio de Janeiro. The History Centre is also open to the public. To have access to the information, just send an email to: centro. memoria@wilsonsons.com.br.

In 2016, the History Centre collected 69 testimonials for its oral history database and conducted eight guided visits to its collection. More than 3 thousand document items were included in Wilson Sons' collection.

### **Support** and Sponsorships

Through donations and voluntary actions, Wilson Sons participates in projects aimed at the respect and appreciation of life, as well as the preservation of corporate history and the history of the sectors in which it operates. In 2016 the Group sponsored projects that worked with more than 3500 children in four states in Brazil. The Company is proud to contribute to the education of youngsters and to facilitate their insertion in the job market.

Wilson Sons continues to support several local charities and causes in Brazil. Group donations for charitable purposes in the year amounted to US\$136,000 in 2016 (2015: US\$134,000).

#### Donations

#### BRIGADA MIRIM DA ILHA GRANDE

#### www.brigadamirim.org.br

Founded in 1989 through an initiative developed by the inhabitants of Ilha Grande, off the coast of the state of Rio de Janeiro, the organization provides work, health, education, and citizenship to the youth. Working with tourists and local residents, the mission of the brigade is to preserve nature and make people aware of the importance of taking care of the environment. In 2016, 45 children benefited from the program.

#### ESCOLA DE GENTE

#### www.escoladegente.org.br

Located in Barra da Tijuca, Rio de Janeiro, it works for the inclusion of vulnerable groups within society, particularly those with special needs. Its actions include courses to companies and institutions, training youngsters and making

them multipliers of the concept and practice of social inclusion. In 2016, 10,699 children, adolescents, youngsters, and adults, from four country regions, were drawn to the cause of inclusion. The project distributed 13,910 books for free, and conducted training workshops that totaled 179 course hours. In 2016, Escola de Gente was awarded the Chico Mendes Socioenvironmental Journalism Award.

#### PASSAPORTE DA CIDADANIA

#### www.pastoraldomenor.com.br

This project is connected to the Pastoral do Menor, and focuses on children and youngsters involved with drugs. It is a mobile service platform comprising a bus that is adapted and equipped to received youngsters. In 2016, the project saw to 1,004 people, with 49 demands for documentation, 18 for legal services, 31 prepared for work , in addition to 4 school insertions and 4 referrals to the job market.

#### SONHAR ACORDADO

#### www.sonharacordado.org.br

The NGO Sonhar Acordado is an international non-profit organization that works with institutions, orphanages, support centers, and hospitals, and seeks to transform the lives of deprived children by means of friendship with volunteer youngsters. In 2016, the NGO counted with 1,300 volunteers that participated in the project, benefiting 900 children in 13 institutions of Rio de Janeiro and the greater Rio de Janeiro area.

#### Sponsorships

#### SALVADOR ESPORTE E CIDADANIA

#### www.depeitoaberto.com.br

Directed to 150 youngsters aged 7 to 17 years that are enrolled and regularly attend school, the project is conducted in Salvador, at the sports area of Ondina, at Luiz Antônio Sande de Oliveira square. The objective is to provide the means for community development, provoking socio-educational transformation by means of sports, culture, and leisure. The project offers sports initiation classes free-of-charge, taught by PE teachers. Activities take place three times a week, in the period opposite to

that of regular school hours. Project management is conducted by De Peito Aberto, a not-for-profit Civil Society Organization for Public Interest (Oscip) that was created to meet the need to contribute to sports. education, health, and culture, promoting the integration of public and private institutions, conceptualizing new ideas, establishing professional relations, and making athletes more aware.

#### INSTITUTO REAÇÃO

#### www.institutoreacao.org.br

Instituto Reação has the mission of promoting human development by means of sports and education and transforming the concept of Social Responsibility into actions in the lives of the largest number of people, integrating different social classes with sports. Approximately 1,374 children, adolescents, and youngsters as young as four years of age benefit from the program in five areas of the city of Rio de Janeiro – Rocinha, Cidade de Deus (Jacarepaguá), Tubiacanga, Pequena Cruzada and Deodoro. Wilson Sons is a partner in the Olympic Reaction Program, whose objective is to develop high-yield athletes to take part in national and international competitions. The program offers sports judo training to approximately 220 athletes starting at 11 years old in three High--Yield Sports Training Centers--Rocinha, Cidade de Deus and Deodoro. In 2016, the program got its first Olympic medal: gold in Rio 2016 with Rafaela Silva. In 2016, 252 professional athletes benefited from the program. There were 19 regional and 14 international competitions, and 589 medals were awarded. In addition the project granted scholarships to 42 youngsters in elementary and high school and 21 in university.

#### ESTÚDIO ESCOLA DE ANIMAÇÃO www.estudioescola.com.br

The Estúdio Escola de Animação is a project that gathers public school students from Rio de Janeiro to teach them how to produce animated cartoons, from the script to finalization. Created in 2012, the project has already trained more than 100 youngsters that produced more than 15 short animation

movies—including some awarded and selected for movie festivals and shows, such as Anima Mundi. In 2016, the project had a record number of enrollments in its 4th edition. Forty-five students had classes with market professionals twice a week, from May through October. The Premiere Show took place in November, and featured the short movies created by the three groups. The graduated students are eager to take an intermediate course to practice and enhance the skills learned.

#### **BRASIL DE TUHU** www.brasildetuhu.com.br

Driven by Federal Legislation that includes music teaching to the curriculum of Brazilian schools, the Brasil de Tuhu project was conceived to expand and enhance the quality of musical education in Brazil. The project is divided into three parts: sensitizing – promoting classical music to children in educational concerts and musical experiences; expanding knowledge – producing and making relevant free-of-charge content available on its website (www.brasildetuhu.com. br); and training educators- with activities and content directed to this target. With its educational concerts, the program has already visited 140 public schools in 36 municipalities of 17 states in the country, taking music to more than 15,000 youngsters. In addition to watching the concerts, students also have the opportunity of taking part in presentations, getting to learn about instruments such as the violin, the guitar, and the cello, and interacting with musicians in activities that explore the basics of rhythm, harmony, and melody. In 2016, the program launched a CD called "Brasil de Tuhu VOL I", com 14 songs of Villa Lobos Practical Guide performed by Radamés Gnattali Quartet and important guests, such as Zeca Pagodinho, Elba Ramalho, Joyce Moreno, and Mauro Senise, among others. Baluarte Cultura and the Radamés Gnattali Quartet are partners in the project.

### **Global** Compact

#### G R I G 4 - 1 5

Wilson Sons' social commitment is in line with the Company's awareness of its role as an inducer of good practices and with the sustainable development of the businesses and the communities in which it is inserted. Wilson Sons was the first company in its segment to become signatory of the Global Compact,

a United National Organization (UNO) 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, labor rights, environmental protection, and fight against corruption.

#### The Global Compact Principles To know more, go to www.pactoglobal.org.br

- Support and respect the protection of internationally proclaimed human rights.
- Make sure that they are not complicit in human rights abuses.
- Uphold the freedom of association and the effective recognition of the right to collective bargaining.
- Eliminate of all forms of forced and compulsory labor.
- **Effectively abolish child labor.**

- Eliminate discrimination in respect of employment and occupation.
- Support a precautionary approach to environmental challenges.
- Undertake initiatives to promote greater environmental responsibility.
- Encourage the development and diffusion of environmentally friendly technologies.
- 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—taking active part in entities connected to its segment or in themes of interest for the Company—so that it can articulate, attain information, and be part of important decisions for the market and for our society.

#### BRAZILIAN CORPORATE VOLUNTEER COUNCIL

www.cbve.org.br

Wilson Sons is a founding member of the Brazilian Council of Corporate Volunteering (CBVE), currently coordinated by the Center for Integrated Studies and Programs for Sustainable Development (CIEDS). The CBVE gathers several entities focused on promoting the development of volunteer actions. In 2016, the Company took active part in the innovative partnership established between CBVE and UN Volunteers, to collaborate in key areas to reach the Sustainable Development Goals (SDG) in Brazil.

### IBP SOCIAL RESPONSIBILITY COMMISSION www.ibp.org.br/tags/responsabilidade -social

Wilson Sons is part of the Social Responsibility Commission of the Brazilian Institute of Oil, Gas, and Biofuels (IBP). The Commission's activities and attributions include the exchange, dissemination, promotion, implementation, and consolidation of concepts, methodologies, techniques, experiences, and practices directed to promoting Social Responsibility Management as a pathway for Sustainable Development in the oil and gas industry. In 2016, Wilson Sons was invited to integrate the Sustainability Arena of Rio Oil & Gas

Conference in Rio de Janeiro, presenting its case on the sustainable sinking of tugboats for the formation of natural reefs".

#### ETHOS HUMAN RIGHTS WORKGROUP

www3.ethos.org.br/cedoc/gt-de-direitos-humanos

As member of the Companies and Human Rights Workgroup created by Ethos Institute, Wilson Sons wants to contribute to the design of a positive agenda to guarantee human rights and promote decent labour conditions by enhancing corporate practices, public policies, and government actions. The objectives of the initiative are to value diversity, fight against slave labor, promote decent labour conditions, and contribute to the development of mechanisms of complaint and dialogue. In 2016, the group held ten meetings in São Paulo, with an average of 20 attendants per meeting.

#### ACRJ CORPORATE INNOVATION AND TECHNOLOGY

www.ac.rio/conselhos-empresariais/conselho -empresarial-de-inovacao- e-tecnologia

The Committee was created by the Trade Association of Rio de Janeiro in 2006, to spread knowledge about aspects related to innovation in corporate activities. The Council holds meetings, seminars, and lectures aimed at investigating technological changes in search for industry solutions. In its meetings, the Council promotes round tables and workshops gathering expert speakers, whose teachings and conclusions are subject to analysis and, quite often, turned into documents with recommendations to the city, state, and federal governments.

#### ACRJ CORPORATE ENVIRONMENT AND SUSTAINABILITY COMMITTEE

www.ac.rio/conselhos-empresariais/conselho -empresarial-de-meio-ambiente-e-sustentabilidade

The Committee was created by the Trade Association of Rio de Janeiro (ACRJ) to preserve the environment in Rio de Janeiro, which is considered crucial for the evolution of the entire country. In its monthly meetings, entrepreneurs and specialists in environmental management seek to understand the balance between progress and preservation, focusing on promoting sustainable development.

### **GRI Index**

### (Global Reporting Initiative)

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

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