



RELATÓRIO DE
SUSTENTABILIDADE
SUSTAINABILITY REPORT

2011



SUSTAINABILITY
REPORT

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PORTONAVE



Introduction

Vision

To be recognized as an innovative organization with the best performance indicators in the logistics sector.

Mission

To provide logistics solutions that exceed clients' expectations and create value for all stakeholders through a trained and motivated team that is committed to total quality and respect for the environment.

Values

- Operational excellence
- Credibility
- Transparency
- Socio-environmental responsibility
- Valuing employees
- Integration with the community



Introduction

Message from the Board of Directors

For Portonave, sustainability isn't just a catchphrase. By defining our Company as a sustainable one, we made a firm commitment to always seek positive economic, environmental and social results. This means that it isn't enough for Portonave to just create value for its own business. What we want – and what we've done since launching our operations – is to create value for society.

This commitment, which has been taken on as a goal by each of the Company's employees, has served as the foundation for important achievements at Portonave. In 2011, after four years of operations, the Company has achieved strong growth in its operating revenue, it has improved its management process and it has established itself as a major player in international trade. Including its subsidiaries, Gross Operating Revenue was up 46.7% over 2010, reaching R\$370.5 million, with the Company moving 545,158 TEUs. This allowed the EBITDA to reach R\$138.5 million.

These figures show that Portonave remained competitive despite the introduction of new competitors, who strengthened Santa Catarina's port sector. Confident in the strength of its commercial portfolio and the quality of the services it offers, the Company was able to maintain its leadership in the sector in Santa Catarina, handling approximately 44% of all of the containerized cargo that passed through the state's ports, with the remaining 56% divided among four other terminals. We are also responsible for 20% of all of the cargo imports and exports handled by the ports in the South of Brazil.

Among the factors that contributed to the maintenance of competitiveness were the dredging of the access channel to the Port Terminal, increasing the depth to 14 meters, which permits the entry of larger vessels with more cargo. Focused on the continual improvement of its services, the Company invested in the acquisition of three portainers and five transtainers, which will be added to the existing equipment at the port terminal in 2013.

In addition, 2011 featured the full restoration of the subsidiary Iceport – Terminal Frigorífico de Navegantes S/A, after the November 2009 fire at the cold storage unit. In 2011, 123,100 tons of product were handled by Iceport, which resumed normal operations in February. The marketing of products through the trading company – responsible for Portonave’s owned cargo – registered an increase of 170.6% over 2010, generating approximately R\$122 million in revenue.

Portonave’s excellent financial and operational results are backed by the socio-environmental responsibility that characterizes the Company’s actions. We remain focused on monitoring and minimizing the potential environmental impacts of our activities. In 2011, we set and achieved ambitious targets for our environmental indicators, including pollution, wastewater treatment, recycling, and the consumption of water and electricity. Beyond that, we continue to invest in raising awareness among employees and the community through a variety of Environmental Education initiatives.

We also strengthened relationships between Portonave and its main stakeholders. In 2011, much like in previous years, the Company worked closely with the local community, through cultural, athletic and educational initiatives, as well as activities focused on health and environmental preservation. Portonave aimed to develop initiatives directed to all its stakeholders, such as the Company’s customers, transporters, suppliers, intervening agencies, representative bodies and, of course, our employees.

And it was our employees who, aligned with the strategies set forth by our Board of Directors, enabled the port terminal to be among the finalists for the Lloyd’s List Global Awards 2011, which recognized Portonave as one of the six best port operators in the world. In addition, the Terminal received an honorable mention in the “2011 Port Operator of the Year” category at the Containerisation International Awards.

Portonave’s potential for innovation and growth in 2012 leaves us feeling empowered and confident in our ability to continue sharing results with society over the short, medium and long terms. We are committed to ensuring that the Company remains a solid and sustainable organization, doing its part to make sure that Brazil’s development is based on economic growth, environmental preservation and social justice.

Carlo Alberto Bottarelli

Chairman of the Board of Directors



Introduction

Message from Management

Portonave faced several challenges in 2011. In the midst of the uncertainty caused by the global economic crisis, it was necessary to forecast how instability in the Euro Zone would affect foreign trade and thereby define strategies for minimizing the effects on the Company's operations. Portonave was able to guarantee yet another successful year through effective planning and a management model that takes into account economic, social and environmental factors.

In addition to our excellent operation results, we made progress in achieving goals that were set during previous years. From a business standpoint, despite the increased competition, the Company maintained its standing as the top handler of containers in Santa Catarina. This was largely due to our policy of investing in human resources and technology, which are essential to operational efficiency. It also reflects a successful business strategy that attracts cargo to the terminal and increases customer loyalty.

To further increase its competitiveness, Portonave remained alert to growth opportunities, taking into account the economic, social and environmental aspects, in order to ensure its sustainability. The Company is only interested in growth if it doesn't have a negative impact on the environment and the community. In fact, growth should generate real opportunities for environmental conservation and social development.

In 2011, we achieved several goals related to operational and financial-economic performance, as well as objectives concerning the environment and interaction with different publics. In 2012, we expect to exceed

these levels and establish goals for social initiatives, monitoring performance in this area using the Integrated Management System (IMS).

From a social standpoint, the increased hiring requires an assertive training policy, in order to ensure that each employee is fully able to perform their functions and progress professionally. In 2011, a total of 68,159 hours were dedicated to training – an average of 107.85 hours per employee. We are committed to increasing this level of training, year after year.

Strengthening the relationship with our stakeholders is also one of the Company's main goals. In addition to our employees, we aim to strengthen our relationships with customers, suppliers, representative bodies, government agencies and community. The aim is to ensure the commitment of different audiences to sustainable development through permanent channels for dialogue. We know that this is an ongoing process, which will permeate all of our actions over the medium and long terms. Motivated by these challenges, we will keep on working in 2012 to ensure that Portonave remains on the path to success.

Osmari de Castilho Ribas
Chief Administrative Officer

Renê Duarte e Silva Júnior
Chief Operating Officer



Introduction

2011 Highlights

- 17,000 people benefitted from the program Portonave for All: Joining Hands for Social Responsibility;
- 840 employees – up 7.4% over 2010;
- 68,100 hours of training provided to employees – 32% more than in 2010;
- Beginning of a program of waste management in the community of Navegantes: installation of 2 Ecopoints – locations for the sorted disposal of waste;
- 88.8% of clients are satisfied or very satisfied, according to a client satisfaction survey;
- 12 shipping lines with regular stopovers and 20 business relationships with ship owners during the year;
- 362,200 containers handled;
- 621 vessel stopovers;
- R\$ 370.5 million in Gross Operating Revenue;
- Featured as one of the top six port operators in the world, in the Lloyd's List Global Awards 2011, at an event held in London;
- Honorable Mention in the “2011 Port Operator of the Year” category of the Containerisation International Awards.



Profile

Portonave

2011 marked the fourth anniversary of the founding of Portonave S/A – Terminais Portuários de Navegantes, a company committed to sustainable development and oriented towards customer satisfaction. Since October 2007, the Company has operated on the left bank of the Itajaí-Açu River, in the municipality of Navegantes, in Vale do Itajaí, Santa Catarina, a state known for its industrial production and shipment of commodities and manufactured goods from other regions of Brazil and Latin America.

By the end of 2011, Portonave had 840 employees. Our skilled professionals and port expertise allow the Company to provide logistical import and export solutions, as well as for cabotage, that meet the growing demands of foreign trade in Brazil.

In 2011, the depth of the Itajaí-Açu River channel that provides access to the Port Terminal, as well as that of the maneuvering basin, was increased from 10.5 meters to 14 meters. Coupled with our 900 meters of dock space and three berths, the new depth further consolidated Portonave's position as the top container operations company in Santa Catarina. Since the launch of operations in 2007, the Terminal has handled approximately 1.8 million TEUs – a unit of measurement equal to a single 20-foot container. Approximately 30% of this total corresponds to the record levels registered in 2011 (545,100 TEUs).

Because of its operational efficiency, the terminal was included among the top six port operators in the world by the Lloyd's List Global Awards 2011. In addition, the Terminal received an honorable mention in the "2011 Port

Operator of the Year” category at the Containerisation International Awards.

Wholly owned subsidiaries

Portonave fully controls two companies that complement its activities in Navegantes: Iceport – Terminal Frigorífico de Navegantes S/A and Teconnave – Terminais de Contêineres de Navegantes S/A. Iceport offers complete import and export logistics solutions, including a trading company and a fully automated cold storage facility, attached to the Port Terminal, which has a static capacity of 16,000 pallet positions.

The integration between Iceport and the Port Terminal provides Portonave with an important competitive edge. In 2011, the cargo operations through the trading company were up 170.6% over 2010. In addition, Iceport was responsible for handling 123,300 tons of cargo in 2011.

Teconnave was founded in 2007 and launched operations in 2011, focusing on back area operations and storage.

Capital stock

Portonave has its capital stock divided into two identical parts, belonging to Triunfo Participações e Investimentos and Bakmoon Investments.



Profile

History

1997

Acquisition of the land for the Portonave facilities

2001

May - Signing of Term of Commitment with the Ministry of Transport

2004

March - ANTAQ Resolution 190 ratifies the authorization granted to Portonave, by the Ministry of Transport, to operate as a Mixed Use Private Terminal

2005

October - Construction begins on the Portonave facilities

2007

October - Launch of operations, with the arrival of the vessel MSC Uruguay

2008

March – Receipt of the ISPS Code certification

2009

March – Receipt of the ISO 9001:2008 quality certification

2010

June – Receipt of ISO 14001 environmental certification

August – Terminal passes the mark of 1 million TEUs handled

December – Inauguration of Port Avenue

2011

February – Iceport reassumes normal operations (after fire in 2009)

September – Portonave is named one of the six best ports in the world by Lloyd's List Global Awards 2011

October – Port Terminal receives honorable mention at the Containerisation International Awards



Profile

Competitive advantages

Location

Santa Catarina is an important industrial center in Brazil. The state's economic activities are spread throughout the region, providing Santa Catarina with high levels of development throughout its territory. Over the last 30 years, Santa Catarina's economy has tripled in size. The health, education, life expectancy and income distribution indicators, among others are all above the national average.

Located in the municipality of Navegantes, in Vale do Itajaí – a region with a strong vocation for fishing, navigation and port activities – Portonave is the 13th largest company in the state, according to a 2011 survey by Amanhã magazine, audited by PricewaterhouseCoopers (PwC). The Santa Catarina shipbuilding industry is the third largest in Brazil in terms of the number of workers and it has Brazil's most highly trained workforce in the sector. Covering 111,141 km², Santa Catarina is the third largest fishing center in Latin America and the first in Brazil.

The location of the municipality of Navegantes, which has access to BR-101 – connecting the North and South of Brazil – and BR-470 – which crosses Santa Catarina from East to West – is a competitive advantage with respect to logistics and product transportation. The Ministro Victor Konder International Airport, located two kilometers from the Port Terminal, complements the municipality's transportation infrastructure, which also includes ferry boats that connect the cities of Navegantes and Itajaí.

In addition to its strategic location, Portonave stands out because of its qualified professionals, who specialize in port operations, as well as its cutting-edge equipment, which guarantees efficiency, safety and security in the handling of cargo.

One of the Company's other important advantages is the Iceport, a trading company that runs a cold storage unit, given that frozen meat is one of Santa Catarina's top exports.

Advanced technology

Portonave equips its highly skilled employees with modern equipment and systems that provide efficient, safe and secure port operations. Containers are moved from the vessels to the Terminal using three Port-Panamax portainers, each with a 75 ton capacity, as well as two high performance 100-ton capacity MHCs (Mobile Harbor Cranes).

In the Terminal yard, the containers are handled using 13 Rubber Tired Gantry (RTG) transtainers, which can handle up to 65 tons of cargo, and Reach Stacker forklifts. Empty containers are handled by three Empty Container Handlers, which can stack up to six containers in height. Portonave also has 25 Terminal Tractors, used to transport containers within the Terminal. These resources are supported by unique IT and Communications systems and tools that guarantee efficient, reliable operations.

Technology also plays a major role in the port security system. Approximately 200 strategically located cameras provide electronic surveillance of the Terminal, which is also equipped with biometric access control, an electronic rounds system, physical barriers (turnstiles, fences and walls) and overt surveillance.

Integrated Management System (IMS)

In order to ensure that its operational growth is aligned with the best practices of quality and sustainability, Portonave has adopted a management model that takes into account all of the operational, economic, environmental and social dimensions of a port operation. The Integrated Management System (IMS) was created in order to meet the standards set by NBR ISO 9001:2008 (Quality), NBR ISO 14001:2004 (Environment) and OHSAS 18001:2007 (Health and Workplace Safety). Focused on continuous improvement, the IMS allows the Company to establish and monitor compliance with policies, directives, processes and goals, in different areas.

Terminal Infrastructure

- Warehouse for inspection with 2,000 m²
- Berths: 3
- Dock Space: 900 m
- Gates: 10
- Administration building with 4,000 m²
- Depth of Access Channel: 14 m
- Reefer outlets: 1.200
- Truck Parking Spaces: 150
- Terminal Tractor Trucks: 25
- Empty container handlers: 3
- Mobile Harbor Cranes: 2
- Portainers: 3
- Reach Stackers: 3
- Scanner HCVG: 1
- Transtainers: 13



Governance

Governance Structure

Based on the principles of sustainability, Portonave believes that the performance of its businesses depends on transparency and shared decision-making processes. This has led it to develop corporate governance practices that allow business to be conducted in an efficient, safe and secure manner.

The governance model adopted by Portonave has as its largest decision-making forum its Shareholders' Meetings, in accordance with Brazil's Corporate Law and its Bylaws. All shareholders have the right to attend these meetings, which take place with a minimum of eight days of advance notice.

Board of directors

The main responsibilities of the Board of Directors include establishing the general direction of the business, electing and removing executive officers, overseeing management and approving the annual budgets. The Board of Directors is made up of a five members from a range of backgrounds, all of whom represent the shareholders and are elected at the Annual Shareholders' Meeting to terms of two years, with reelections permitted. In accordance with best practices of corporate governance, the Chairman of the Board of Directors does not have an executive role at the Company.

With considerable experience in the fields of Engineering and Business Management, Portonave's current board members were elected at the April 4, 2011 Shareholders' Meeting and will serve until the Shareholders' Meeting for the year 2013.

Board of Directors (2011)

<i>Position</i>	<i>Name</i>	<i>Experience</i>
Chairman	Carlo Alberto Bottarelli	<p>Holds a degree in Civil Engineering from Universidade Federal do Paraná (UFPR) and has significant experience with infrastructure construction projects. He has served as Operations Officer, Development Officer and Technical Manager at Ivaí Engenharia de Obras S/A. He is currently the CEO of Triunfo Participações e Investimentos (TPI).</p>
Board Member	Luiz Fernando Wolf de Carvalho	<p>Holds a degree in Civil Engineering from Universidade Federal do Paraná (UFPR) and in Economics from FAE – Catholic School of Administration and Economics, and is a TPI shareholder. He worked as a Construction Engineer and Superintendent at EBEC – Engenharia Brasileira de Construções S.A and as Director Superintendent at C.R. Almeida Engenharia e Construções S/A. In January 1988 he joined Construtora Triunfo S.A.</p>
Board Member	Antônio José Monteiro da Fonseca de Queiroz	<p>Holds a bachelor's degree in Business Administration from Faculdade Integrada de Marília, São Paulo. He worked as Administrative Supervisor at Rondomaq Construções Ltda. during the development of the "Terra Nova" project of Codemat (Companhia de Desenvolvimento do Mato Grosso). He is currently a shareholder and member of the Board of Directors at TPI and other companies in the group.</p>
Board Member	Vikram Sharma	<p>CEO of Terminal Investments Ltd., he directed businesses in the maritime sector, participating in the development of new projects and the management of port terminals in different countries in Africa, Asia and the Middle East. He represents Backmoon Investments Inc.</p>
Board Member	Roberto Brazão Gomes	<p>Holds a Law degree from the Harvard Law School and has served as legal counsel for companies such as 4Gas, Hunter Douglas Europe B.V., Granaria Holdings B.V. and Shell. He also represents Backmoon Investments Inc and currently works as legal counsel for Terminal Investments Ltd.</p>

Executive Board

Portonave's Managing/Supervisory Board, divided into Administrative and Operational areas, complies with the decisions and guidelines of the Company's Board of Directors. As such, it is responsible for representing Portonave and conducting the general management of the business.

<i>Position</i>	<i>Name</i>	<i>Experience</i>
Chief Administrative Officer	Osmari de Castilho Ribas	Holds a degree in Economy from the Faculdade Católica de Administração e Economia, in Paraná, and an MBA from Fundação Getulio Vargas (FGV), as well as specialized training in Economics and Human Resources. He has served as an executive officer at Portonave since 2001.
Chief Operating Officer	Renê Duarte e Silva Júnior	Maritime and port operations specialist, with more than a decade of experience in the field. He has served as an executive officer at Portonave since 2007.



Governance

Risk Management / Audits

At Portonave, the mitigation of risks – be they inherent to the operations or created by external factors – is based on monitoring the different dimensions of the business. Once they have been identified, the risks are evaluated by the Company's management, who defines the action plans to avoid or minimize their potential economic, social and environmental impacts.

The Integrated Management System (IMS) brings together a variety of risk management processes, in order to monitor a broad range of aspects, including legal compliance, service quality, workplace health and safety, environmental management, stakeholder relationships and economic and financial management, among others. Risk assessments are also included in the Company's strategic planning.

Portonave's main risk categories include the following:

- **Regulatory:** changes to the regulatory framework governing the port sector could affect Portonave's operations. In order to monitor the evolution of the regulatory framework, as well as all of the legislation related to its operations, in 2011 the Company implemented the Legislative Analysis Committee and the Customs Regulation Analysis Committee. These committees were made up of managers and employees from different areas and their aim was to guarantee that the IMS was updated with respect to legal compliance.
- **Macroeconomic:** the management of Portonave's operations requires an ongoing evaluation of macroecono-

mic variables, such as the exchange rate, commodity prices, economic growth, inflation and interest rates. This allows actions and investments to be planned with greater levels of certainty.

- **Market:** developments in international trade (a growth or reduction in imports and exports) and the resulting supply and demand for port services requires ongoing monitoring in order to properly plan the Company's businesses and increase its presence in the market.
- **Socio-environmental:** dependent on the legislation applied to the port sector, as well as the relationships established between the Company and its main stakeholders. Portonave strictly complied with the legislation regarding social and environmental aspects and it seeks to promote dialogue with its key stakeholders, in order to gauge their perception of the Company.
- **Climatic:** Portonave's operations may be jeopardized by adverse weather conditions, especially flooding.

Audits

Due to the responsibilities associated with customs facilities operations, the law requires regular audits of Portonave's IT systems and control processes for people, vehicles and cargo. In order to verify the integrity, security and reliability of the Company's records, these audits also serve to provide information to the relevant government authorities, such as the Federal Revenue Service, the Ministry of Agriculture, Livestock and Food Supply (MAPA), and the National Health Surveillance Agency (ANVISA).

Since one of its shareholders – Triunfo Participações e Investimentos – is a publicly-held company, Portonave is subject to quarterly audits by independent auditors. In 2011, the company responsible for the audits was Ernst & Young.



Governance

Ombudsman

The Company's corporate governance model also includes dialogue between senior management and stakeholders, such as employees, suppliers and the community. In order to strengthen this model, the Portonave Ombudsman was established in 2011, providing a new channel for communication between the company and its key stakeholders.

The ombudsman, who does not assume any other role at the company, receives and analyzes suggestions and complaints, reporting them to the Managing/Supervisory Board, which, in turn, evaluates the demands that must be analyzed by the Board of Directors. The office of the Ombudsman can be reached through a variety of means, including boxes distributed throughout the Port Terminal, telephone, e-mail, the Company's website and through personal consultations. All consultations are confidential.



Governance

Commitment to External Initiatives

Aware of its role as an agent of sustainable development in the port sector and the region in which it operates, Portonave works to strengthen its ties with various segments of society through governmental and nongovernmental organizations. Therefore, its employees and managers participate in organizations including the following:

- The Brazilian Foreign Trade Association (AEB)
- The Brazilian Cold Storage Industry Association (ABI AF)
- The Brazilian Human Resources Association (ABRH), Coastal Region
- The Brazilian Association of Training and Development (ABTD)
- The Brazilian Association of Infrastructure and Basic Industry (ABDIB)
- The Brazilian Association for Business Communication (ABERJE)
- The Brazilian Maintenance Association (ABRAMAN)
- The Brazilian Association of Port Terminals (ABTP)
- The Brazilian Sales and Marketing Managers' Association, Santa Catarina (ADVB/SC)
- The Navegantes Trade and Business Association (ACIN)
- The Itajaí Trade and Business Association (ACII)
- The Itajaí Port Authority

- The Navegantes Chamber of Store Managers (CDL)
- The Santa Catarina State Public Safety Commission for Ports, Terminals and Navigable Waterways (CESPORTOS/SC)
- The National Public Safety Commission for Ports Terminals and Navigable Waterways (CONPORTOS)
- The Itajaí Port Authority Board
- The Santa Catarina Federation of Business Associations (FACISC)
- The Federation of Industries of Santa Catarina State (FIESC)
- Federation of Merchandise Handling Laborers of Santa Catarina (FETRAMMASC)
- The Santa Catarina Nós Podemos Movement
- Itajaí Labor Management Department (OGMO Itajaí)
- The Customs Brokers Union of the State of Santa Catarina (SINDAESC)
- The Itajaí Regional Union for Autonomous Transporters of Containers and General Cargo (SINTRACON)
- The Union of Maritime, River and Land-based Laborers in Water Transport and Related Activities in the State of Santa Catarina (SIMETASC)



Bussines

Macroeconomic Scenario

In 2011, it was clear that the world had not yet recovered from the severe economic crisis that began in 2008. Instability in the Eurozone contributed to an ongoing deceleration of economic activities in developed countries. As a result of this process, a currency contest developed between advanced economies seeking to restore their industrial competitiveness.

As in the previous year, commodities prices remained high in early 2011, due mainly to the monetary easing policies implemented in the United States and Europe. This prevented most countries from meeting their inflation targets. Brazil was an exception: despite inflationary pressures, it closed 2011 within the 6.5% target set by the National Monetary Council, for the seventh consecutive year.

INFLATION: IPCA (%P.A.)

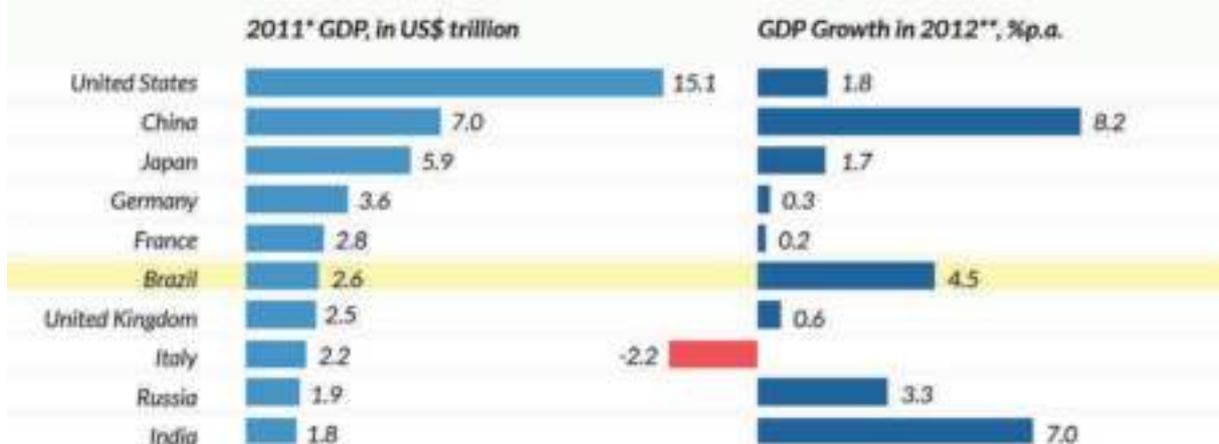


* Brazilian Central Bank Inflation Report (December 2011)

Source: IBGE and the Brazilian Central Bank
Prepared by: Ministry of Finance

Brazil overtook the United Kingdom to become the sixth largest economy in the world in 2011. However, industrial output grew by only 0.3%, compared to 10.5% in 2010. Despite the crisis, the Federal Government expects that the Brazilian economy will exceed the previous year's growth. That is because the Brazilian economy, after a period of adjustment, began to show signs of recovery in late 2011.

2011 AND 2012 GDP



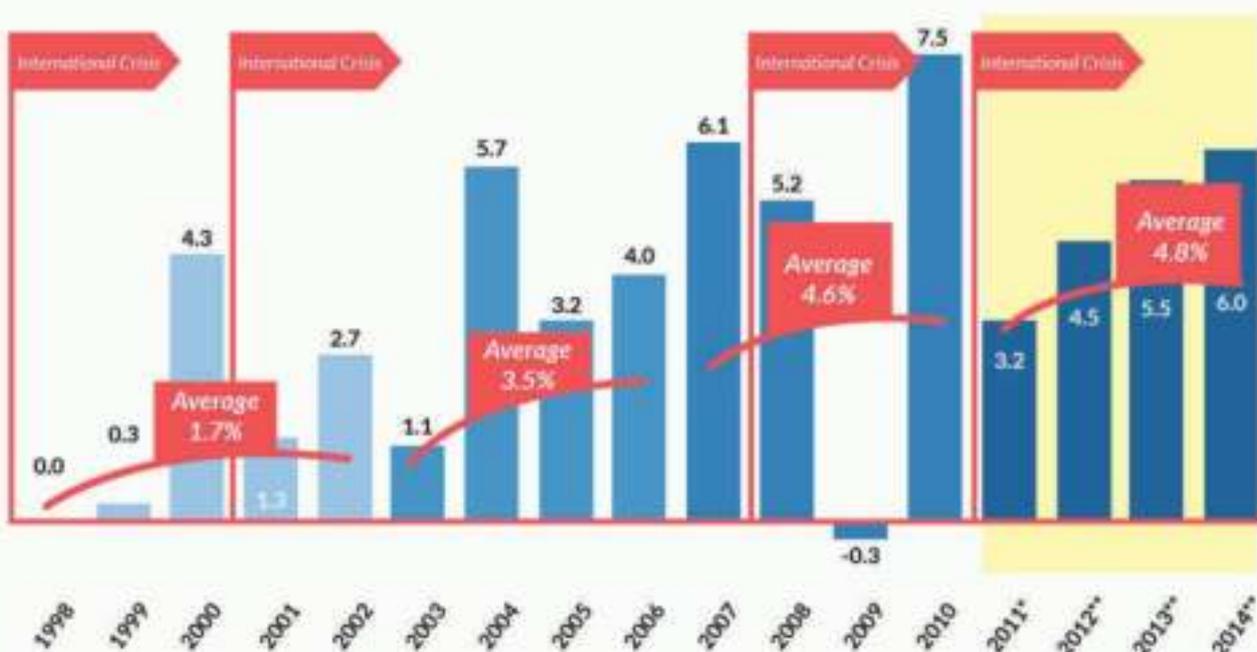
* 2011 GDP: IMF

** GDP Growth in 2012: IMF WEO, updated January 2012.

Estimates for Brazil from the Ministry of Finance.

Source: IMF and The Economist
Prepared by: Ministry of Finance

GDP GROWTH (%P.A.)

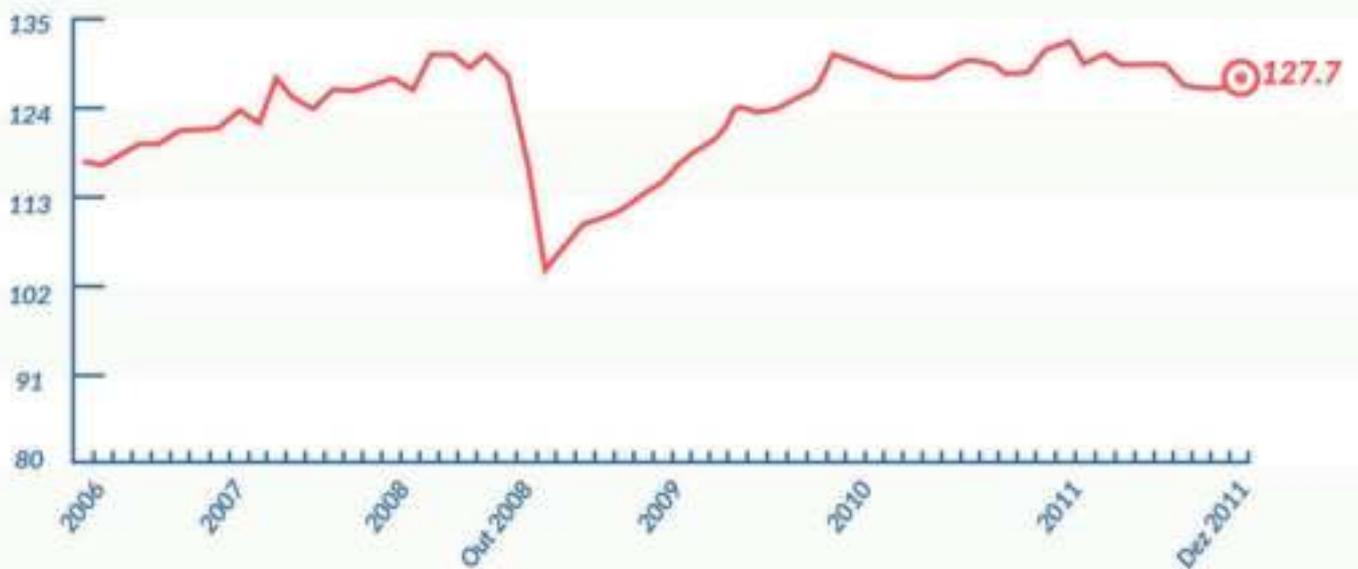


* For 2011: Accumulated IBGE data for the first three months in relation to the same period in 2010.

** Estimates by the Ministry of Finance

Source: IBGE and the Ministry of Finance
Prepared by: Ministry of Finance

BRAZIL - INDUSTRIAL OUTPUT INDEX - 2011

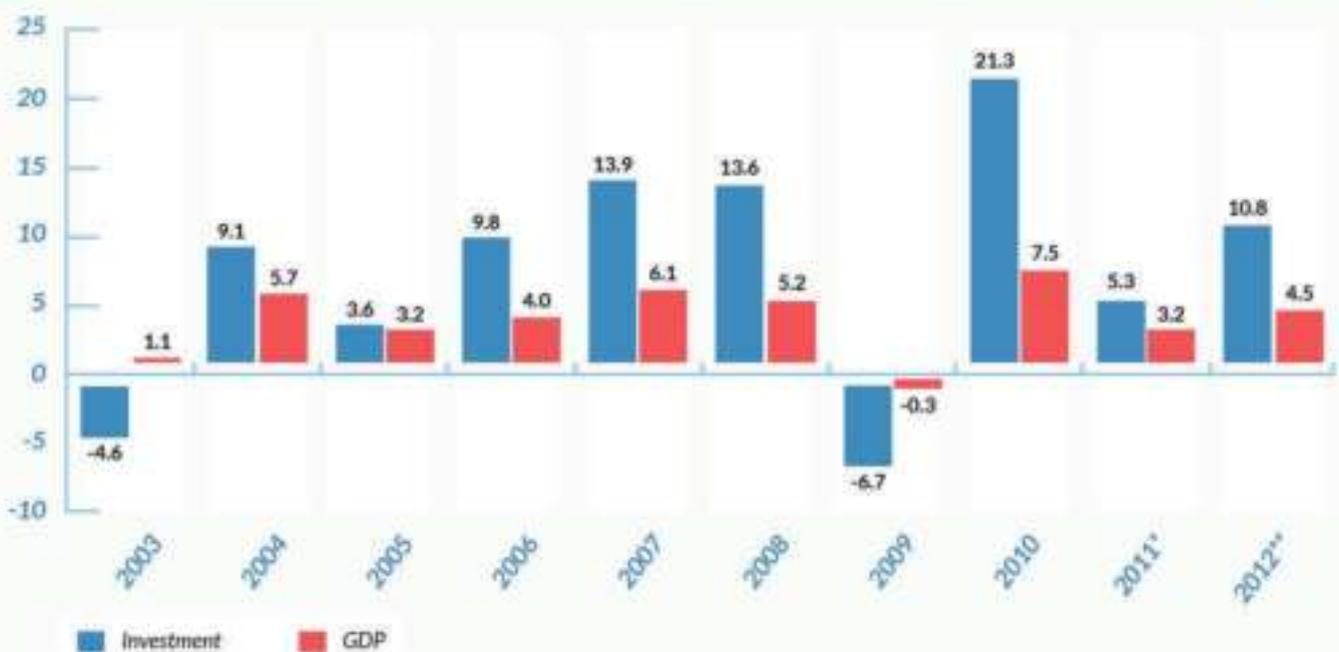


Data: Index number (2002 average=100)

Source: IBGE
Prepared by: Ministry of Finance

One of the justifications for the government's optimism is the fact that in recent years, investment growth rates have exceeded that of the GDP, which ensures that the country's increased production capacity will be reverted to meet internal demand.

GDP AND INVESTMENT - GFCF (%P.A.)



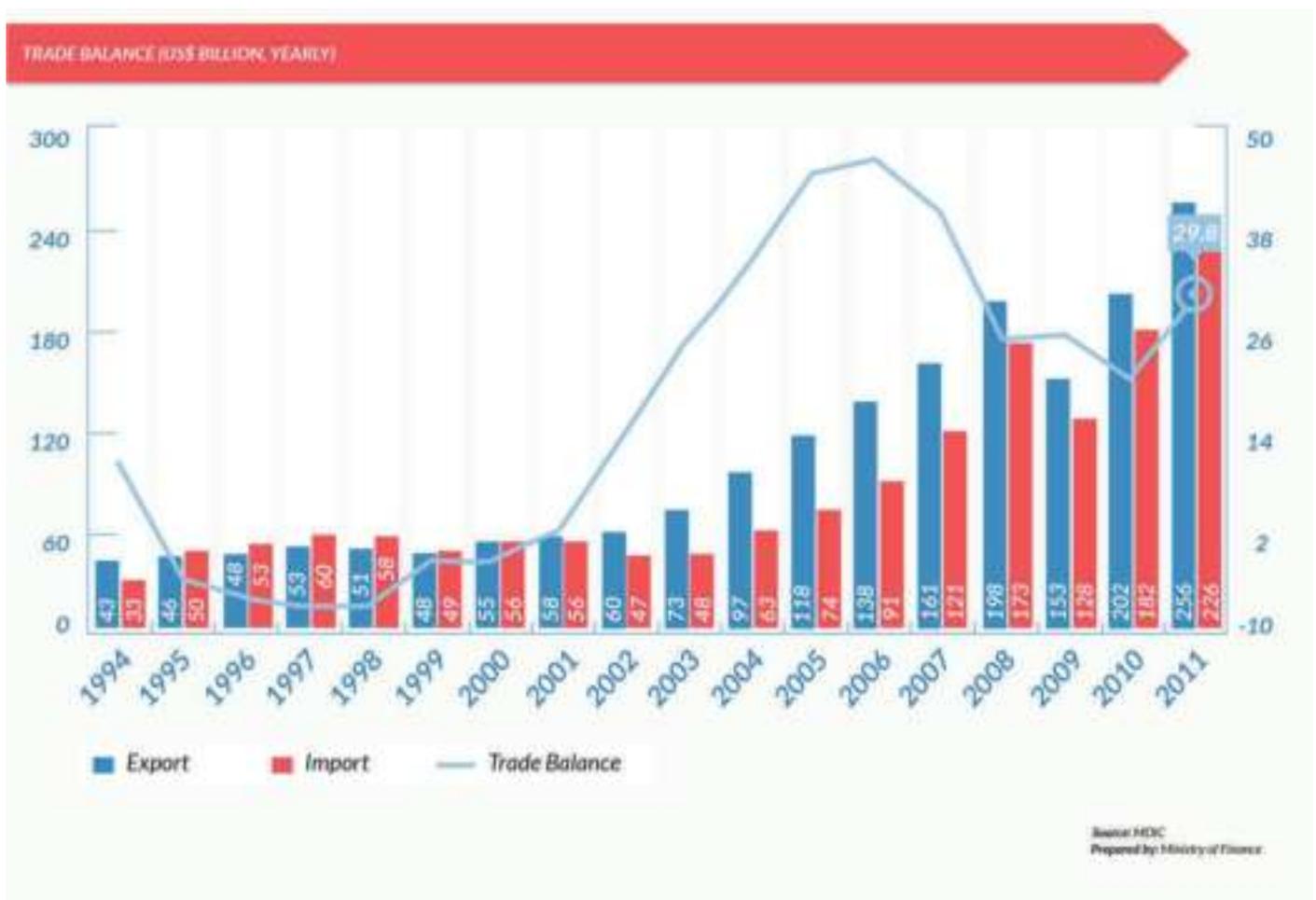
* For 2011: Accumulated IBGE data for the first three months in relation to the same period in 2010.

** Estimates by the Ministry of Finance.

Source: IBGE
Prepared by: Ministry of Finance

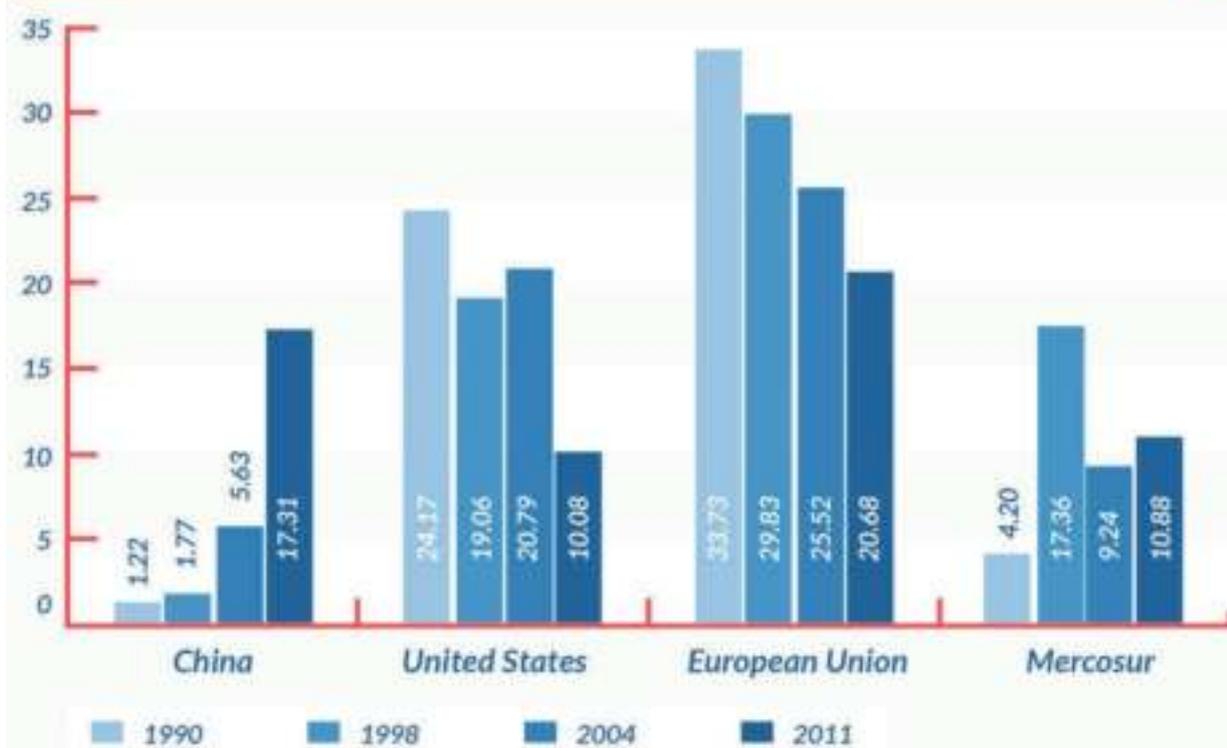
Balance trade

According to the Ministry of Development, Industry and Foreign Trade (MDIC), Brazil's trade balance ended 2011 at US\$ 29.8 billion – nearly US\$ 10 billion higher than in 2010, marking the highest level of exports in Brazil's history: US\$ 256 billion, an increase of 26.8% over 2010. Imports totaled US\$ 226 billion and the trade flow (the sum of imports and exports) totaled US\$ 482 billion.



China and the countries of the Mercosur trading bloc have increased their participation in the Brazilian market. Over the last 20 years, Chinese participation went from 1.2% of the total to 17.3%, while Mercosur countries went from 4.2% to 10.8%.

PERCENTAGE SHARE OF THE LARGEST TRADING PARTNERS (% OF TOTAL EXPORTS)



Source: MDIC
Prepared by: Ministry of Finance

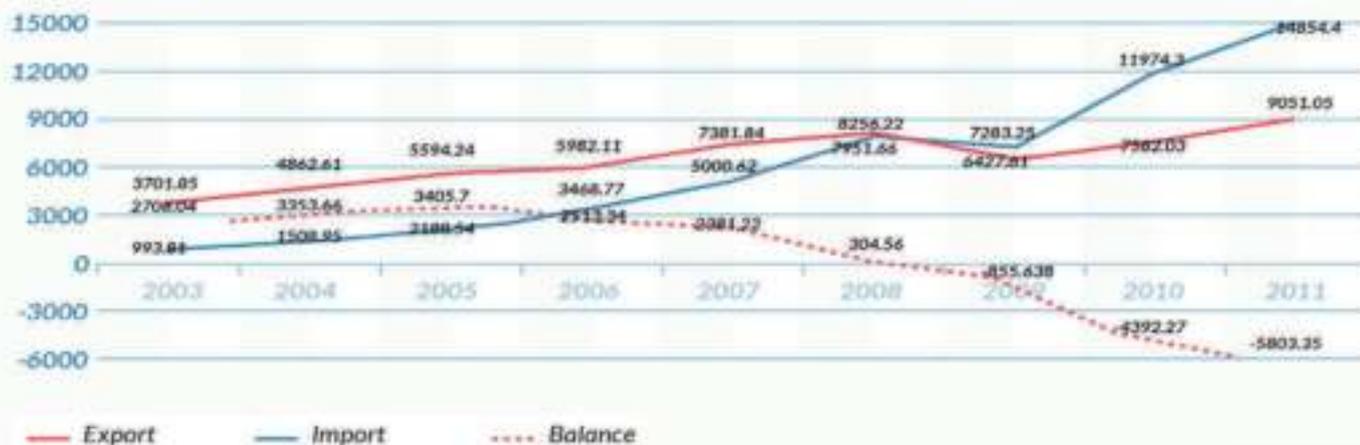
Following a period of recovery, the dollar closed the year quoted at R\$ 1.87.

Santa Catarina Economy

Amidst a scenario of recovery from the effects of the 2008 crisis, Santa Catarina registered a slowdown in industry and trade in 2011, with figures below 2010 levels. During the year, exports totaled approximately US\$ 9 billion – a 19.3% increase over 2010. Imports also increased, from US\$ 11.9 billion in 2010 to US\$ 14.8 billion in 2011. As a result, Santa Catarina closed the year with a trade deficit of US\$ 5.8 billion.

Poultry continued to be state's largest export, while refined copper cathodes led the list of imports. In 2011, a majority of Santa Catarina's exports went to the United States, while China was the source of a majority of its imports.

**SANTA CATARINA ANNUAL TRADE BALANCE
YEARLY (US\$ MILLION FOB)**



Source: MERC/SECEX

TOP 10 SANTA CATARINA EXPORTS IN 2011

PRODUCTS	JAN-DEC 2011 US\$/FOB (A)	JAN-DEC 2010 US\$/FOB (B)	% (A/B)
Poultry (meat and offal)	2.226.094.432	1.737.636.504	28.11
Smoking	878.678.383	858.232.612	2.38
Motors, transformers and generators	591.226.656	452.231.018	30.74
Pork (meat, carcasses and offal)	478.494.512	313.947.902	52.41
Hermetic compressor	470.707.175	460.132.827	2.30
Cylinder blocks, cylinder heads, etc. for diesel motors	436.085.926	300.364.972	45.19
Poultry prepared foods and canned goods	255.363.846	282.166.683	-9.50
Soybeans, unbroken and broken	215.347.062	139.295.028	54.60
Wood furnishings	166.702.594	216.400.817	-22.97
By-products and other solid waste from the extraction of soybean oil	147.467.341	16.087.368	816.67

*Note: To select these products, a list of the top 150 exports was used and similar NCMs were combined

Source: MERC/SECEX

TOP DESTINATIONS FOR SANTA CATARINA EXPORTS - 2011

COUNTRIES	JAN-DEC 2011 US\$ FOB (A)
United States	992.440.733
Japan	684.397.537
Argentina	678.510.792
The Netherlands	640.723.314
China	410.297.165
United Kingdom	368.911.813
Germany	367.067.169
Russia	287.251.459
Hong Kong	280.591.212
Mexico	280.402.365

Source: MDIC/SECEX

TOP 10 IMPORTS TO SANTA CATARINA IN 2011

PRODUCTS	JAN-DEC 2011 US\$/FOB (A)	JAN-DEC 2010 US\$/FOB (B)	% (A/B)
Refined copper cathodes and their elements	1.577.610.147	1.423.060.142	10,86
Iron and steel laminates	488.409.328	702.140.634	-30,44
Polyethylene (no load and linear)	486.217.836	388.031.081	25,30
Polyester, artificial and acrylic yarns	361.363.650	297.662.360	21,40
New tires for buses, trucks and cars	286.938.692	239.788.979	19,66
Primary ethylene polymers	199.458.245	184.125.229	8,33
Textured yarn (polyesters and nylon)	186.515.610	197.097.985	-5,37
Polychloride vinyl	176.563.199	137.467.314	28,44
No load polypropylene, in primary form	176.508.597	115.475.444	52,85
Non-alloyed, unwrought aluminum	133.550.825	25.965.510	414,34

*Note: To select these products, a list of the top 150 exports was used and similar NCMs were combined

Source: MDIC/SECEX

MAIN SOURCES OF SANTA CATARINA IMPORTS - 2011

COUNTRIES	JAN-DEC 2011 US\$ FOB (A)
China	3.977.652.482
Chile	1.547.762.296
Argentina	1.258.056.449
United States	987.401.092
Germany	686.067.029
Peru	546.368.882
South Korea	446.623.379
India	407.694.047
Italy	387.455.777
Mexico	288.332.468

Source: MDIC/SECEX



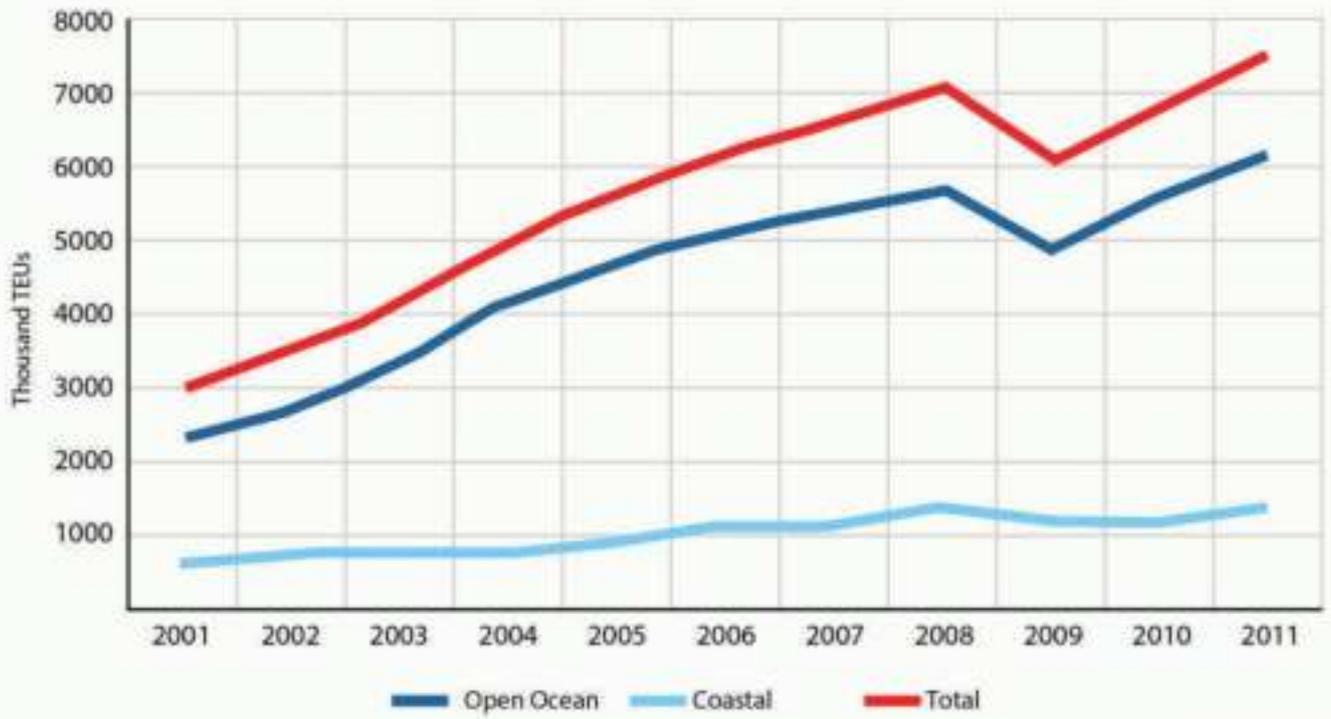
Bussines

The Brazilian Port Sector

The Brazilian port sector, which includes 37 sea and river ports, is responsible for handling close to 900 million tons per year, according to the Secretariat of Ports (SEP/PR). The country also has 42 private-use terminals.

The positive performance of the trade flow and the increased volume of cargo handled reflected a strong recovery in the port sector, which had been affected by the crisis of 2008. According to the Port Commission, an organization that brings together entities operating in the sector, Brazil handled 890 million tons of cargo in 2011 – a 6.7% increase over 2010. Public ports and their terminals accounted for approximately 35% of this volume, while the remaining 65% was handled by private terminals.

CONTAINER MOVEMENT IN BRAZIL - 2011



Source: DATAMAR and ABRATEC



Bussines

Business Performance

The relationship established between Portonave and its clients – ship owners, exporters and importers – represents the foundation of the Company's operational, economic and financial performance. Focused on providing total solutions, which offer quality, efficiency and sustainability, Portonave seeks to continually improve its services, in order to meet the specific demands of the agents of international trade.

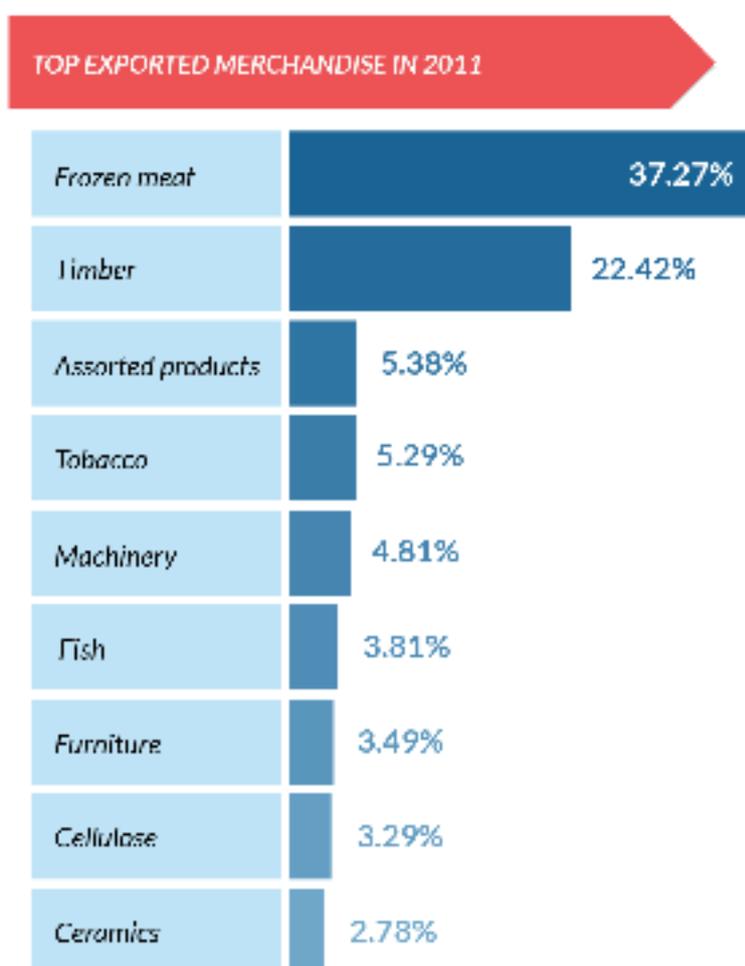
Ship Owners

Ship owners are responsible for carrying out the maritime transport of merchandise, connecting ports throughout the world. They are key partners for Portonave, which works together with shipping companies in order to attract cargo to the Terminal. In 2011, the Company served, regularly, 12 maritime services and maintained business relationships with 20 ship owners. Furthermore, Portonave operated an inland waterway line (cabotage).

Exporters

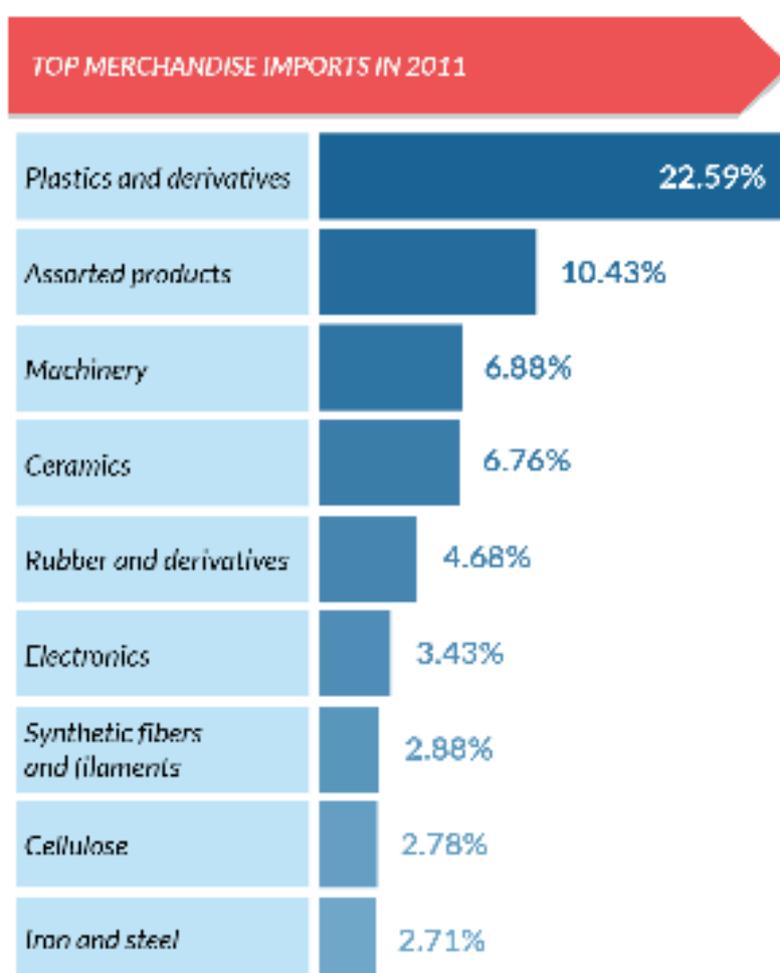
The Navegantes Port Terminal received merchandise from different regions throughout Brazil, particularly the South, destined for ports located around the world. In 2011, exports accounted for 47% of cargo handled at the

Terminal, particularly frozen meat and wood.



Importers

Through the Port Terminal, Navegantes receives merchandise produced all over the world. In 2011, China and the United States once again accounted for a majority of the cargo handled at Portonave's facilities. Plastic (polypropylene) and its derivatives were among the top imports.

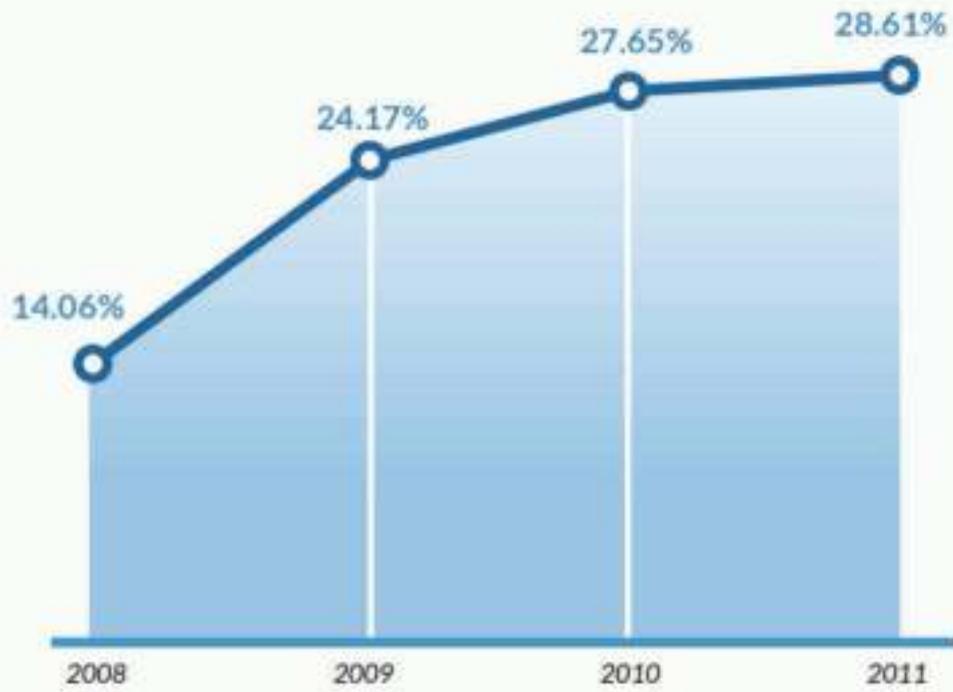


Market Share

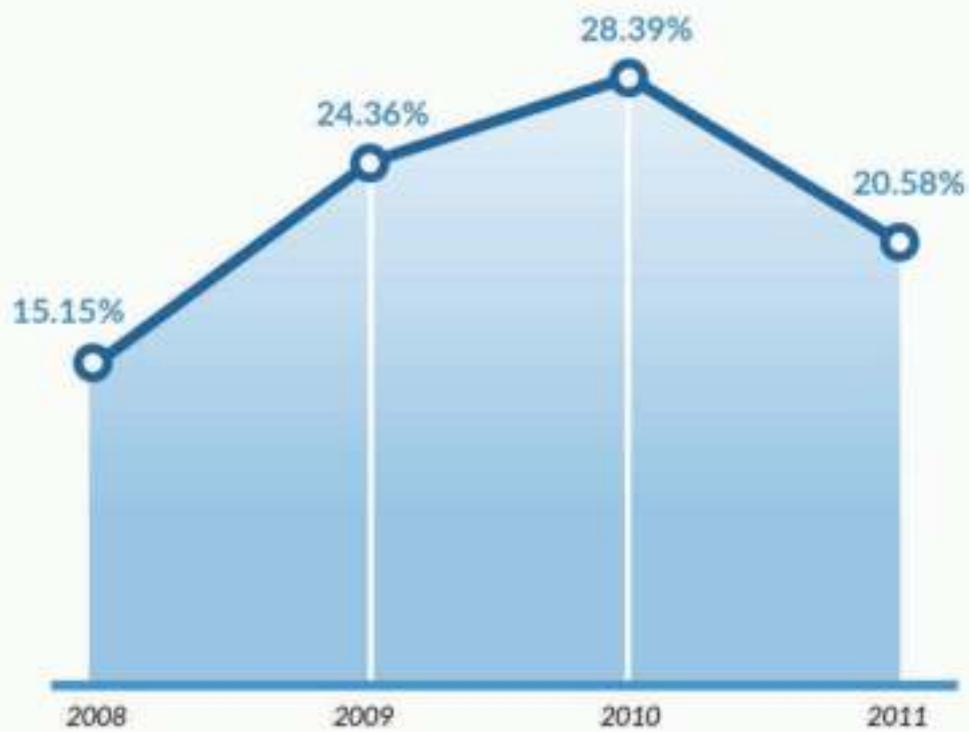
After four years of operations, Portonave has established itself among the major port terminals in Brazil. The comparison between the volume of containers handled by the Company with those of its competitors of the South of Brazil confirms Portonave's leadership in the regional market. According to informations from Data-mar, throughout the year, Portonave accounted for approximately 44% of all of the containerized cargo handled by the ports of Santa Catarina – the remaining 56% was divided among four terminals. As such, the Company accounted for 20% of all of the cargo imports and exports handled by the ports in the South of Brazil.



MARKET SHARE - DRY EXPORTS



MARKET SHARE - REEFER EXPORTS





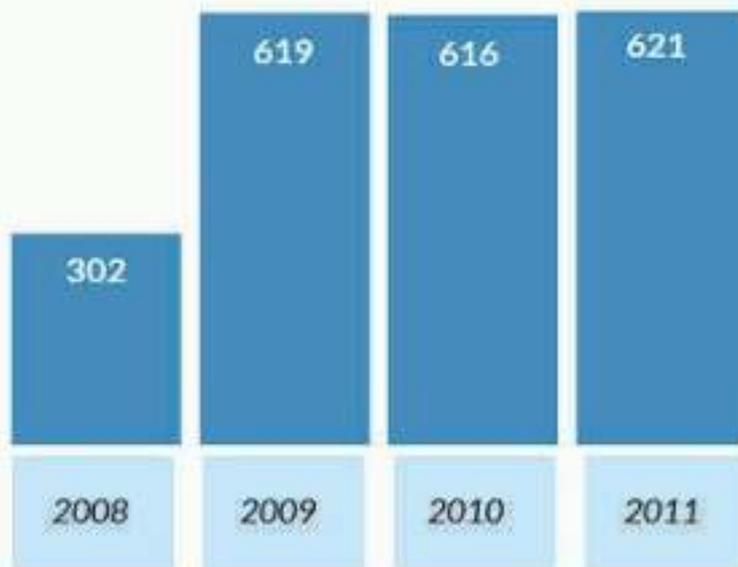
Bussines

Operational Performance

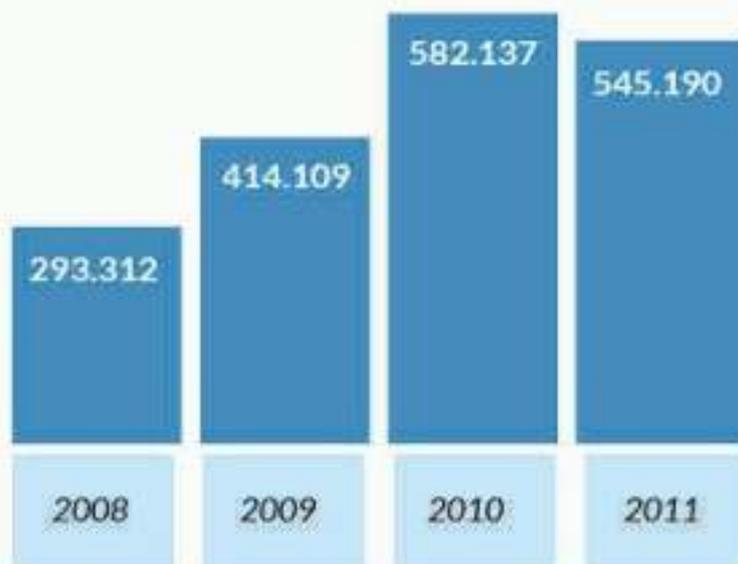
At the end of 2011, Portonave registered a total of 1,793,884 TEUs handled since the Terminal began operations, in 2007. Approximately 30.4% of this total – 545,190 TEUs – were handled in 2011. The performance is a result of the Company's expertise in the port sector, which includes skilled employees, modern facilities and sophisticated management systems.

In 2011, container movement was down 3.81% from 2010. A total of 348,920 containers were handled, versus 336,219 containers in 2010. A total of 621 ships docked at the terminal – five more than in 2010.

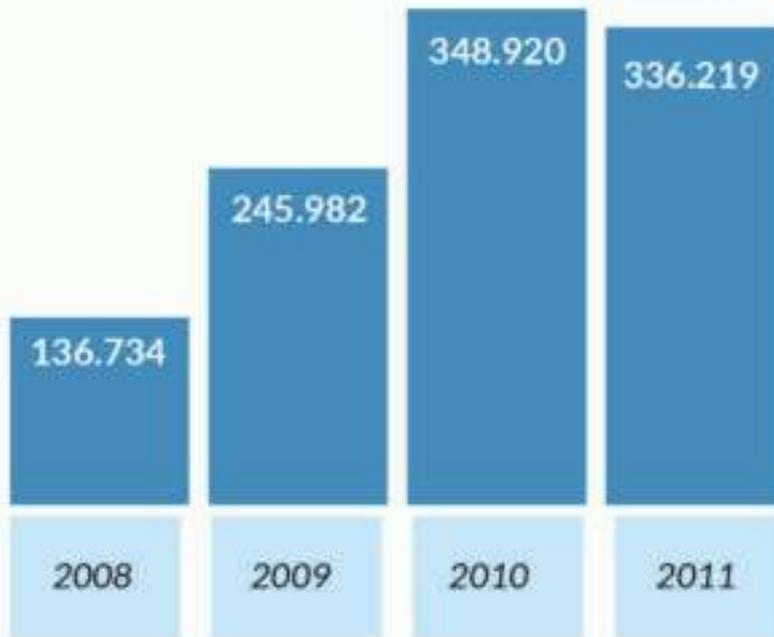
VESSELS RECEIVED - 2011



TEUS HANDLED - 2011



CONTAINERS HANDLED - 2011

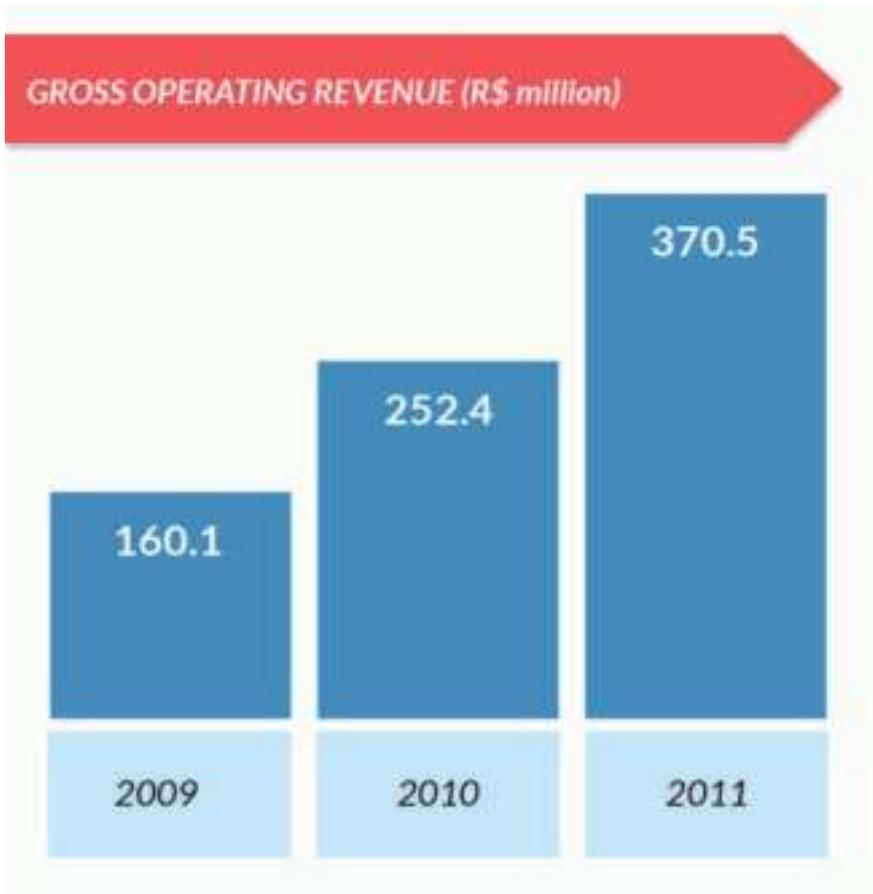




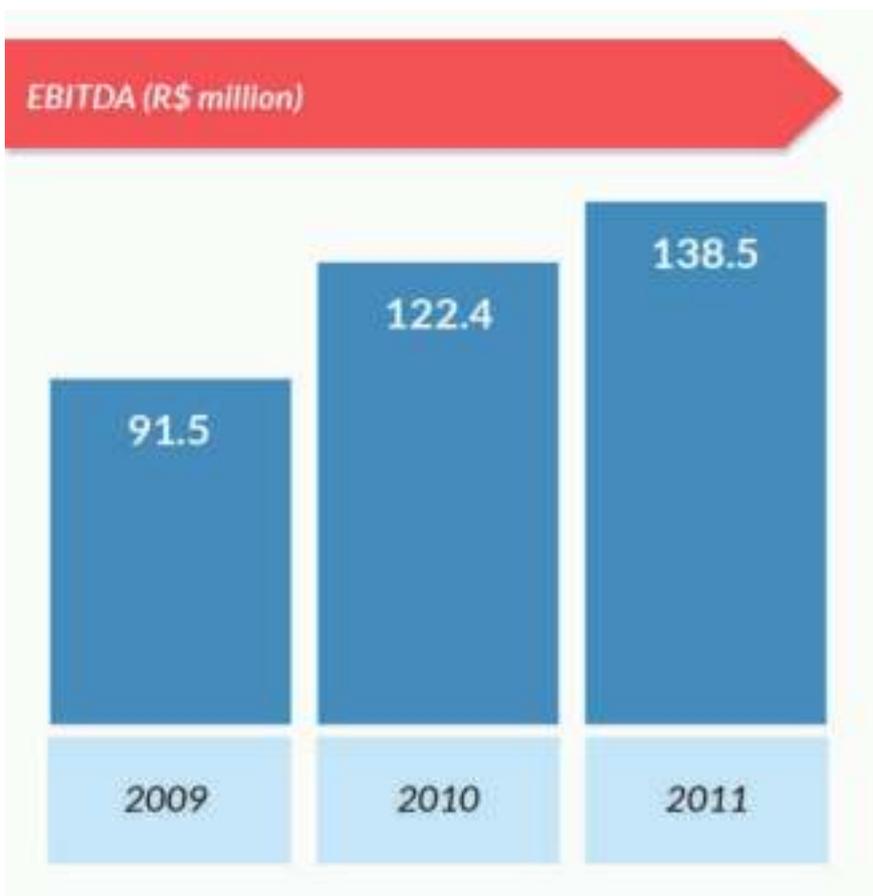
Bussines

Economic and Financial Performance

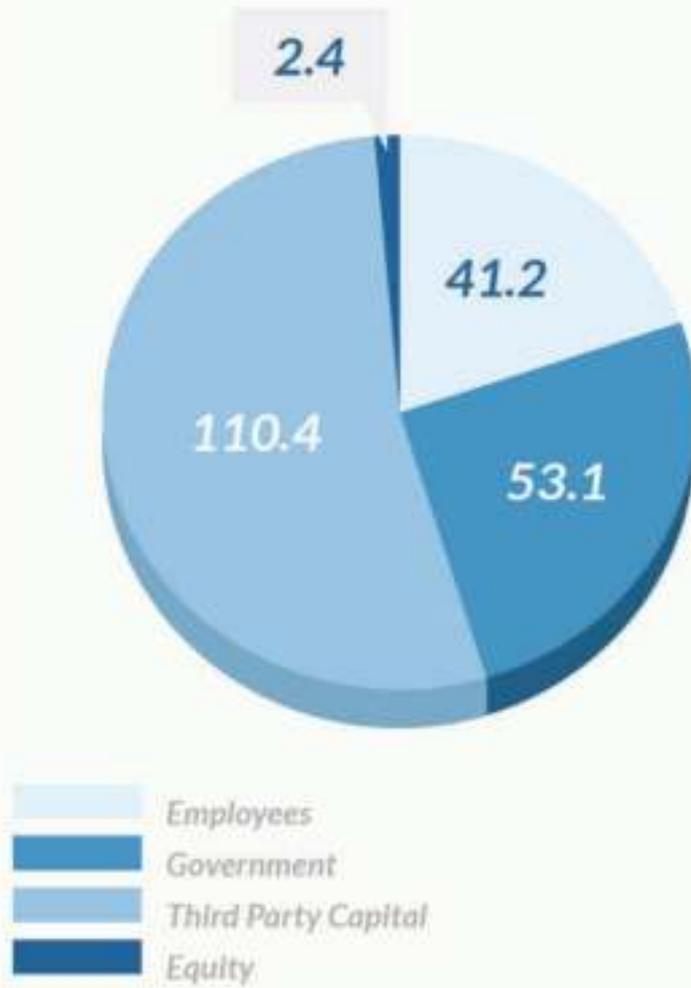
In 2011, Portonave recorded yet another year marked by a strong increase in revenue. The Company's Gross Operating Revenue totaled R\$ 370.5 million, up 46.7% over 2010. About 34% of this value corresponds to revenues generated by Iceport. The net value added to be distributed by the company totaled R\$ 207.1 million.



Earnings before interest, taxes, depreciation and amortization (EBITDA) totaled R\$ 138.5 million, up 13% over 2010, while the net income dividend distribution base was R\$ 80.6 million, a 16% improvement over the previous year.



DISTRIBUTION OF VALUE ADDED





Environmental dimension

Environmental Management System

Respect for the environment is one of the core values at Portonave, where conservation and the rational use of natural resources form the foundation of the activities carried out by the Port Terminal. Therefore, the guidelines of the Integrated Management System (IMS), which is used to manage the Company's administrative and operational processes, includes environmental aspects that are tracked and regularly monitored.

The guiding principles of this approach are part of the Company's Integrated Health, Safety and Environmental Policy, which in 2010 earned ISO 14001 environmental certification. Specific programs are carried out to monitor the quality of the air, water, soil, acoustic comfort and management of solid waste, among other aspects related to Portonave's activities.

In addition to the ISO 14001 guidelines, the Company operates in full compliance with environmental regulations. As a result, in 2011, as in previous years, it did not receive any fines or non-monetary citations for non-compliance with environmental laws and regulations.



Environmental dimension

Environmental Education

Environmental education, which is essential for preserving natural resources, is among the main tools that Portonave uses to promote sustainable development. In 2011, the Company not only consolidated the actions that it has been carrying out in previous years, but it also began new projects focused on raising awareness among its stakeholders.

In keeping with a tradition that began with the launch of operations at the Terminal, Portonave held its Environment Week, an event aimed at its employees and the community, on June 6-10, 2011. The Company distributed pamphlets with guidelines for preserving the environment to 11,000 grade school and high school students from municipal and state schools in Navegantes. The educational pamphlets cover topics such as the rational use of water and electricity, and feature tips on recycling and other issues. The initiative was carried out in conjunction with the other companies from the Triunfo Group and reached a total of approximately 40,000 students throughout Brazil.

Encouraging Selective Collection

Helping to make selective collection a reality in Navegantes is a goal for Portonave, which in 2011 invested in

the implementation of two Ecopoints in the city. Installed at the Municipal stockyard and the Gravatá beach plaza, the Ecopoints are locations prepared to receive different types of waste: recyclable, non-recyclable and hazardous.

The community can deposit paper and cardboard, glass, metal, plastic, batteries and cooking oil into the containers. In order to answer the questions of users, Portonave installed information panels next to the Ecopoints, which explain how to correctly separate waste in accordance with the current legislation.

In 2011, the Company also donated 105 recyclable waste containers to the Professora Rosa Maria Xavier de Araújo Municipal School, located in the Meia Praia neighborhood of Navegantes. With the installation of these recycling containers, it is possible to appropriately dispose of waste. As with the Ecopoints, information panels offer recycling tips, explaining how to use the containers, the decomposition time of the materials and recycling's benefits for the environment. In addition to this action, the Environmental Management team trained professors, employees and students at the school.

2011 also featured the Company premiere of the documentary "Montagem e desmontagem – a restinga como um caleidoscópio" ("Assembly and disassembly – the sandbanks as a kaleidoscope") at Portonave, which seeks to rescue and reinforce local perception of the sandbanks as part of the city's cultural heritage. The short film, which was directed by Patrícia Moreira, was made possible by the Municipal Cultural Incentive Law, with sponsorship from the Company. The project seeks to raise awareness among the population regarding the existing environmental problems of the sandbanks, such as waste from sewage and beachgoers. Approximately 70 people took part in the documentary's premiere.



Environmental dimension

Environmental Indicators

Atmospheric Emissions

In order to identify potential changes to the air quality resulting from its activities, Portonave developed a monitoring program aimed at identifying the atmospheric emissions that result, primarily, from the burning of fossil fuels, as well as the generation of particulate material (dust).

With the help of modern equipment, Portonave's Environmental Management team conducts periodic measurements of the levels of Carbon Monoxide (CO) and black smoke emitted by third party vehicles that access the Port Terminal. When these measurements indicate non-compliance with the legally established limits, the Company notifies the vehicle owners, advising them to carry out the corrective maintenance in order to reduce the level of emissions.

In 2011, 540 trucks underwent smoke analysis, with 31 cases above the legally established limits for gas emissions (CO and black smoke). The drivers of all of these vehicles were notified so that they could carry out the corrective maintenance.

In addition to third party vehicles, the Portonave fleet is also periodically analyzed. The levels of particulate material and black smoke generated by the movement of trucks and equipment circulating in the Port Terminal are evaluated using air samples. The results are recorded and the preventive and corrective actions are carried out whenever levels exceed the limits established by law.

GHG Emissions Inventory

In 2011, the Company began developing its first Greenhouse Gas (GHG) Emissions Inventory. Carried out by a specialized consulting company, the inventory follows the Brazilian GHG Protocol, a measurement tool used worldwide by companies and government to identify and manage their emissions.

Portonave's inventory includes the three scopes of the GHG Protocol methodology: (1) Direct GHG emissions, (2) Direct removals and indirect emissions associated with electricity and (3) Indirect GHG emissions. The result allows the Company to identify the origin and evolution of the emissions from its activities, helping create neutralization strategies.

Acoustic comfort

The acoustic comfort monitoring program is aimed at identifying noise generated by the port operations and minimizing its impact on the activities of the Company and the neighboring communities. The machines and equipment used at the port are evaluated on a weekly basis, in order to ensure that the noise levels do not exceed the limits allowed by law. In addition, each month the Environmental Management team carries out acoustic measurements around the Terminal's perimeter, in order to verify the acoustic quality of the surrounding region.

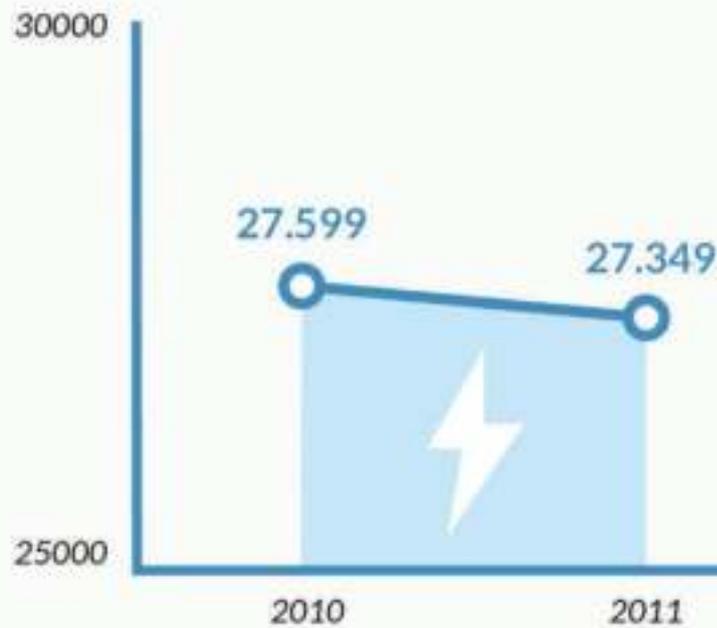
Energy

In 2011, Portonave consumed 27,349 KH/h of electricity, which came solely from the public utility company. Seeking to improve its energy efficiency, in 2011 the Company installed a capacitor bank in its electricity system, in order to reduce overall energy consumption.

On another front, the Company installed motion detectors for its lights and photocell sensors for the outside lights. In addition, employees and contractors were given training to raise awareness about electricity use. All of the measures contributed to Portonave registering a slight reduction (0.9%) in its energy consumption in 2011, when compared to 2010, despite the increase in the number of employees and the resumption of Iceport's cold storage operations.

Throughout 2011, studies were conducted on the implementation of a solar energy matrix – yet another measure to be adopted by the Company in order to reduce energy consumption. A pilot plant, with eight photovoltaic panels, was installed in eight of the Terminal's bathrooms. The Company expects the complementary system to be totally installed in 2012.

ENERGY CONSUMPTION (KWH)



Fuel

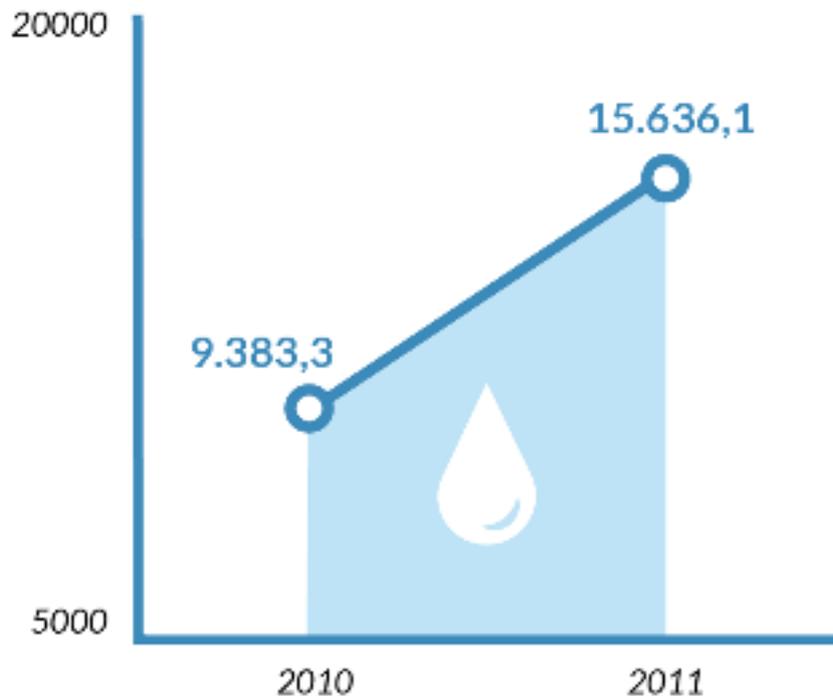
Employed to power the machines used in port operations, diesel is the most heavily consumed fuel at Portonave. In 2011, consumption reached an average of 146,000 liters per month. In order to minimize its environmental impacts, the Company has opted for a cleaner diesel fuel, which contains 5% biofuels and offers a 75% reduction in the sulfur content when compared to regular diesel fuel.

Water and Wastewater

Portonave adopted a series of measures to conserve water and monitor the quality of the water it uses and discards. In 2011, the Company implemented a new water recycling system used to wash machines and equipment. The system captures the dirty water from the washing, removes the oil and impurities and provides the water, which is now clean, to be reused in washing machines and mechanical parts. With the implementation of this system in 2011, the Terminal recycled approximately 40% of the water used for this purpose – an average of 220 cubic meters of water per month.

The Company's total water consumption in 2011 was 18,400 cubic meters, supplied by the public utility company.

WATER CONSUMPTION (m³)



The drinking water monitoring program complies with the current legislation, particularly the National Health Surveillance Agency (ANVISA). Each month, the water used for human consumption is analyzed by a laboratory to certify its potability. Every day, the Environmental Management team check the chlorine levels, which ensure the quality of the water and the health of those who drink it.

The monthly analysis of the groundwater is carried out by a specialized laboratory, which receives the material from piezometric wells. The monitoring is extremely important for ensuring the quality of the groundwater and certifying that the port activities do not impact this water resource.

The waters of the Itajaí-Açu River are also evaluated on a monthly basis, at six monitoring points. This process allows the Environmental Management team to analyze the water quality of the estuary. In 2011, there were no registered incidents involving spills of hydrocarbons or hydrocarbon derivatives in the Itajaí-Açu River.

Portonave has a drainage system that directs all of the rainwater to a single drainage channel into the Itajaí-Açu River. This channel is waterproof and has a gate that blocks the stored water from entering into contact with the river. In the event of a potential spill in the Terminal yard that could pose a pollution risk, it is possible to keep the gate closed until the emergency procedures are carried out to decontaminate the water that will be released into the estuary. The water from the drainage channel is analyzed on a daily basis by an Environmental Management specialist and it is only released into the river when a lack of pollutants has been verified.

The wastewater generated at Portonave is fully treated at the Wastewater Treatment Plant (ETE) and is returned to the Itajaí-Açu River in compliance with all of legally established environmental protection guidelines.

Solid Waste

Portonave has a selective collection system in place at all of its facilities (Port Terminal, Administrative building and Iceport). Through the use of specific containers, the Company separates and adequately disposes of all of the waste generated by its activities. Classified as recyclable, non-recyclable and hazardous, this waste is monitored and periodically reported to the Santa Catarina Foundation for the Environment (FATMA), through technical reports.

Hazardous waste, such as rags contaminated with oil, oil filters, fuel filters and batteries, is correctly sent to Class I industrial landfills, which are duly licensed for its disposal. Florescent lamps, which have sodium and mercury vapor, are decontaminated and the remaining glass is recycled.

The oil waste generated by Portonave is sent to licensed companies that carry out the re-refining process. Solid waste that can be reprocessed is sent to recycling companies; non-recyclables are sent to landfills; construction waste is reused by earthmoving companies; water emulsified with oil is treated at the Terminal's chemical treatment plant; sanitary wastewater is sent to the treatment plant of a third party company; and healthcare waste is sent to industrial landfills.

All of the suppliers meet the legal hiring requirements and issue vouchers verifying the appropriate disposal of the waste. In order to assess legal compliance and the fulfillment of agreed conditions, Portonave periodically audits its suppliers.

In 2011, the company generated approximately 2,000 tons of waste. Of this total, 640 kilograms were recycled.

Waste generation – 2011	
<i>Type of Waste</i>	<i>Quantity (kg)</i>
Recyclable	118.070
Non-recyclable	38.765
Hazardous	44.288
Construction (reusable)	434.670
Used Oil	39.900
Water Emulsified with Oil	743.818
Sanitary Wastewater	498.443
Chemical Wastewater	1.183
Ambulatory	9,85
Tires	45.180

Recycled Florescent Lights	1.728
Total	1.966.055

Conservation of Biodiversity

Portonave is carrying out an environmental rehabilitation program, focused on conserving biodiversity, which includes the rescue of animals found in on the Terminal's grounds. In 2011, a total of 21 birds, seven reptiles, one mammal and one amphibian were rescued. The animals were rescued by the Environmental Management team from high risk areas and sent to specialized rehabilitation centers.

Environmental Emergencies

In order to avoid or minimize the impacts of situations involving environmental risks, Portonave has a 24-hour environmental emergency management team on call, all year long. The company has an Environmental Emergency Base at the Port Terminal, located in front of the Itajaí-Açu River, supplied with the equipment and material necessary to respond to emergencies.



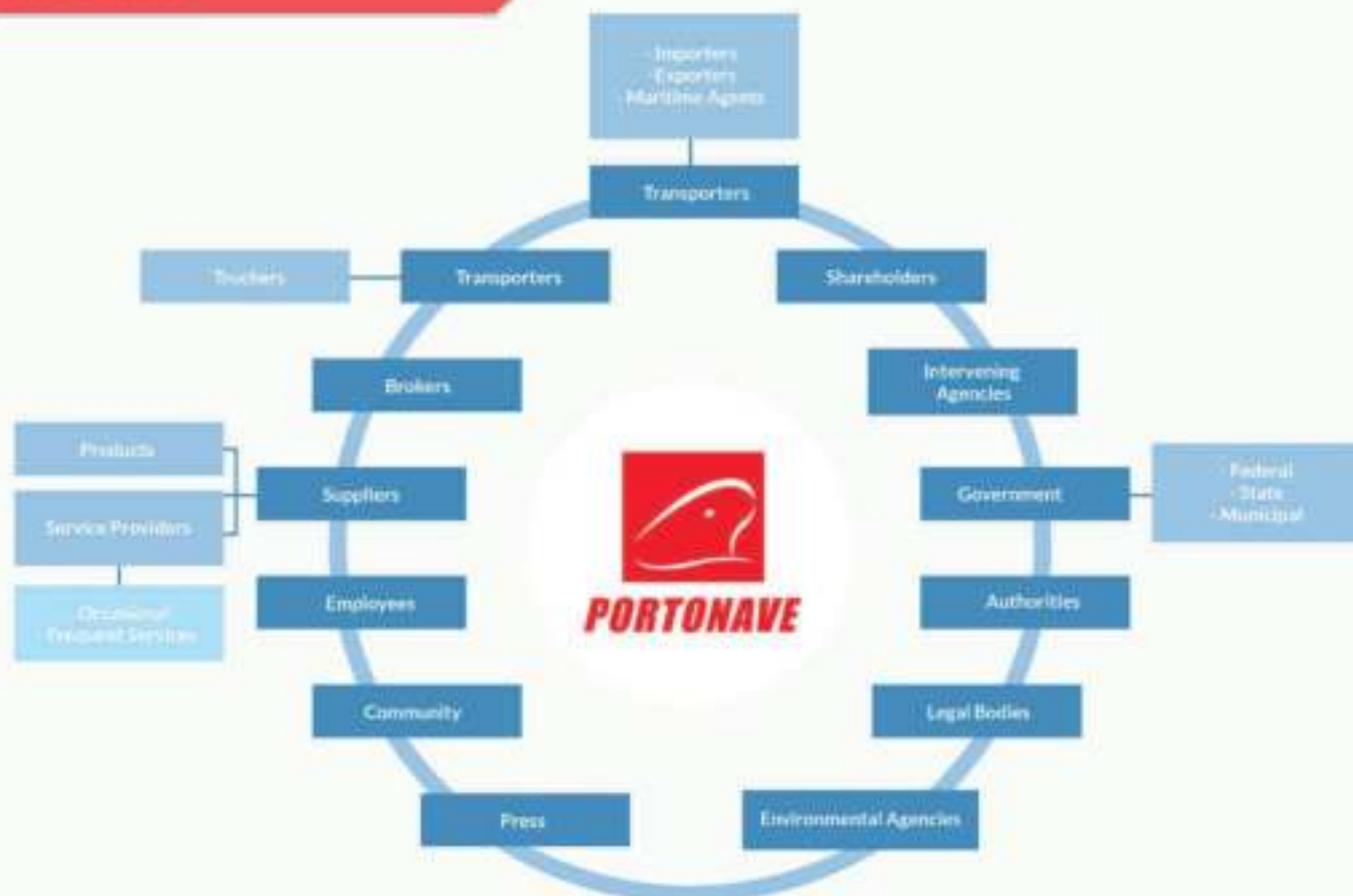
Social Management

Building Sustainable Development

Guided by mutual respect, the relationships between Portonave and the different audiences with which it interacts provide the foundation for the growth of the Company's business. These relationships providing a lasting quality to the Company's operations.

Aware of the importance of cultivating solid relationships with people and institutions, Portonave actively pursues socio-environmentally responsible practices, creating value for its various stakeholders. In 2011, the Company enhanced its dialogue with the group of stakeholders closest to Portonave, made up of employees, communities, clients, suppliers, transporters, customs brokers, intervening agencies, representative bodies, government authorities and media outlets.

KEY STAKEHOLDERS



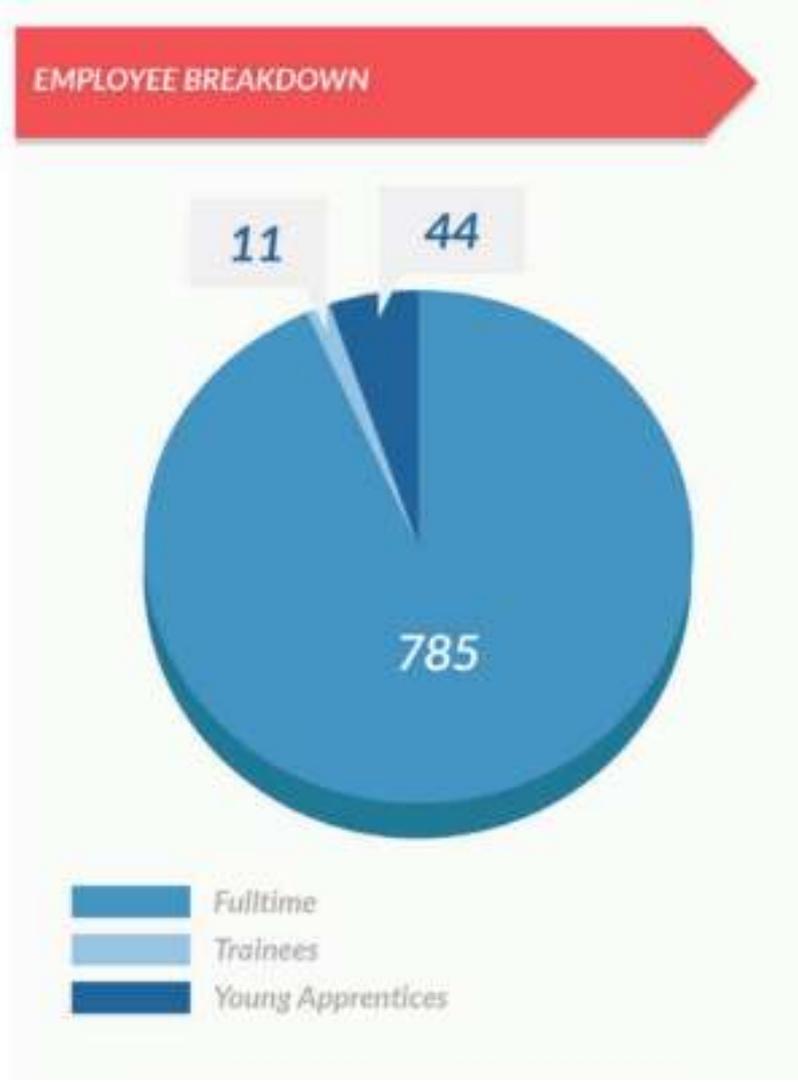


Social Management

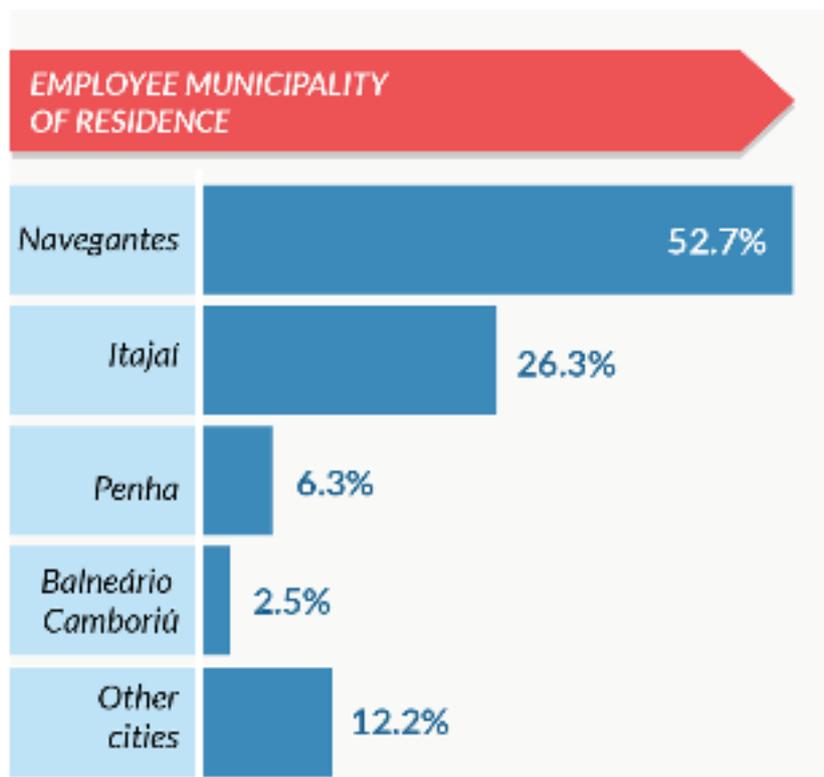
Talent Management

Portonave recognizes the importance of human capital for the sustainability of its business. As a result, it is continually working to strengthen its relationships with its employees, which it views as its primary intangible asset. Guided by ethics and transparency, this relationship adhered to the guidelines established by the Human Resources Policy.

At the close of 2011, the Company's workforce totaled 840, including wholly owned subsidiaries, divided into 11 departments.



Portonave’s hiring practices give priority to local labor, contributing to the development of the region in which it operates. At the close of 2011, the number of employees who lived in Navegantes and the neighboring municipalities accounted for 94% of the total.



Preserving rights

The Human Resources Policy is based on compliance with the guidelines of the Universal Declaration of Human Rights and the International Labor Organization (ILO), as well as the Brazilian Consolidation of Labor Laws (CLT). All Terminal employees are hired under this regime, except trainees, whose contracts are governed by specific legislation. The Company does not use child labor or forced labor – a policy that extends throughout its supply chain

The rights to freely organize, to collectively bargain and to be represented within the company are all respected. As a result, labor issues are discussed with the Union of Maritime, River and Land-based Laborers in Water Transport and Related Activities in the State of Santa Catarina (SIMETASC), as well as between Iceport and the Santa Catarina Federation of Merchandise Handling Laborers (FETRAMMASC), in order to reach collective agreements. These agreements cover all employees, including those who are not affiliated with a representative organization. The Union is responsible for communicating operational changes resulting from collective agreements.

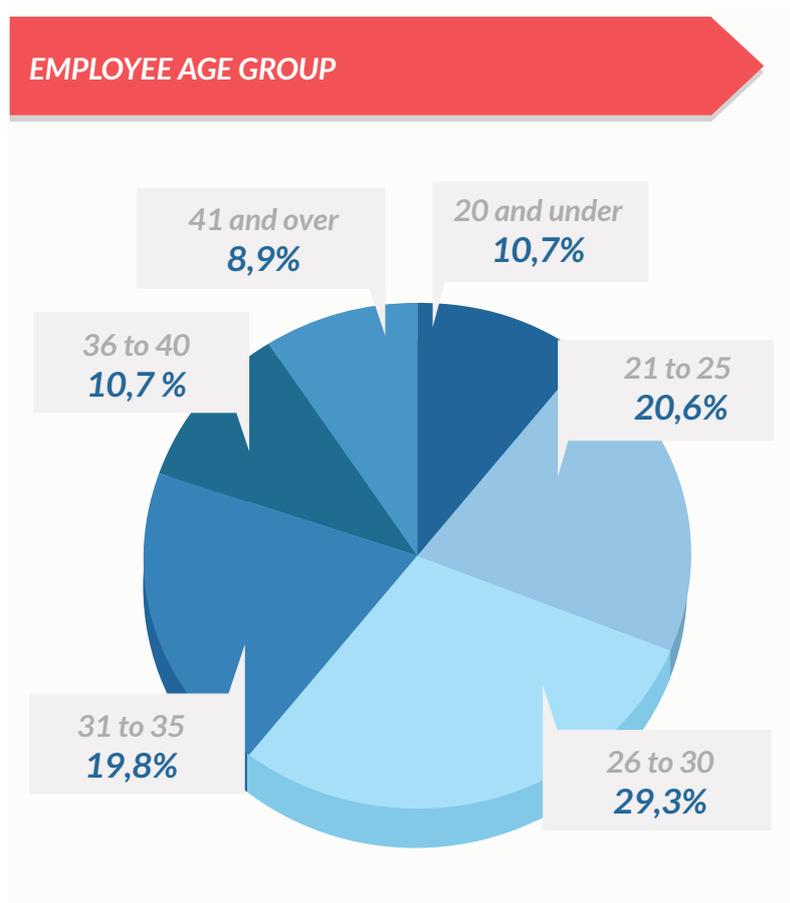
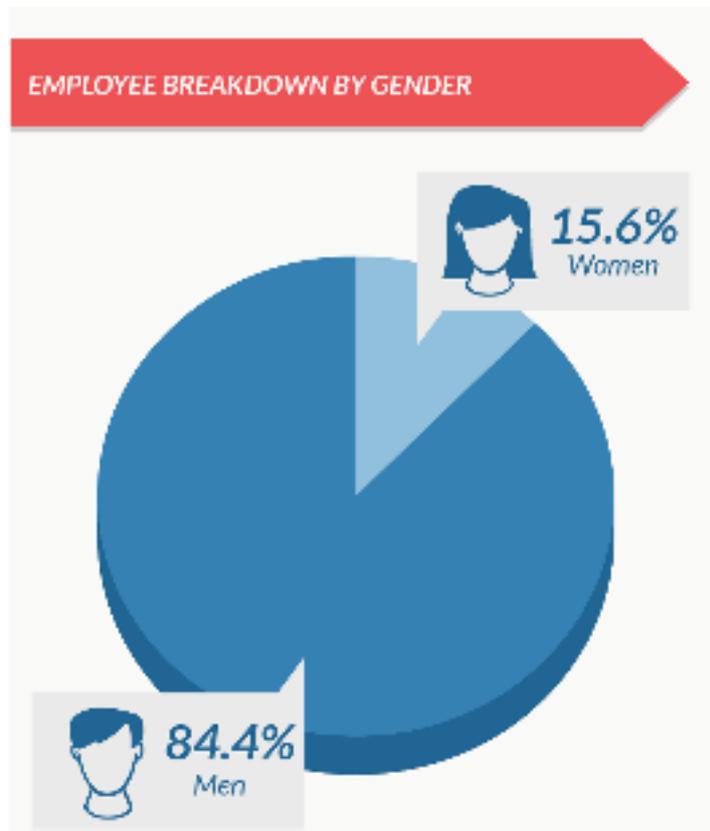
In 2011, Portonave did not identify any operations that impeded the rights of free association and collective bargaining.

Diversity

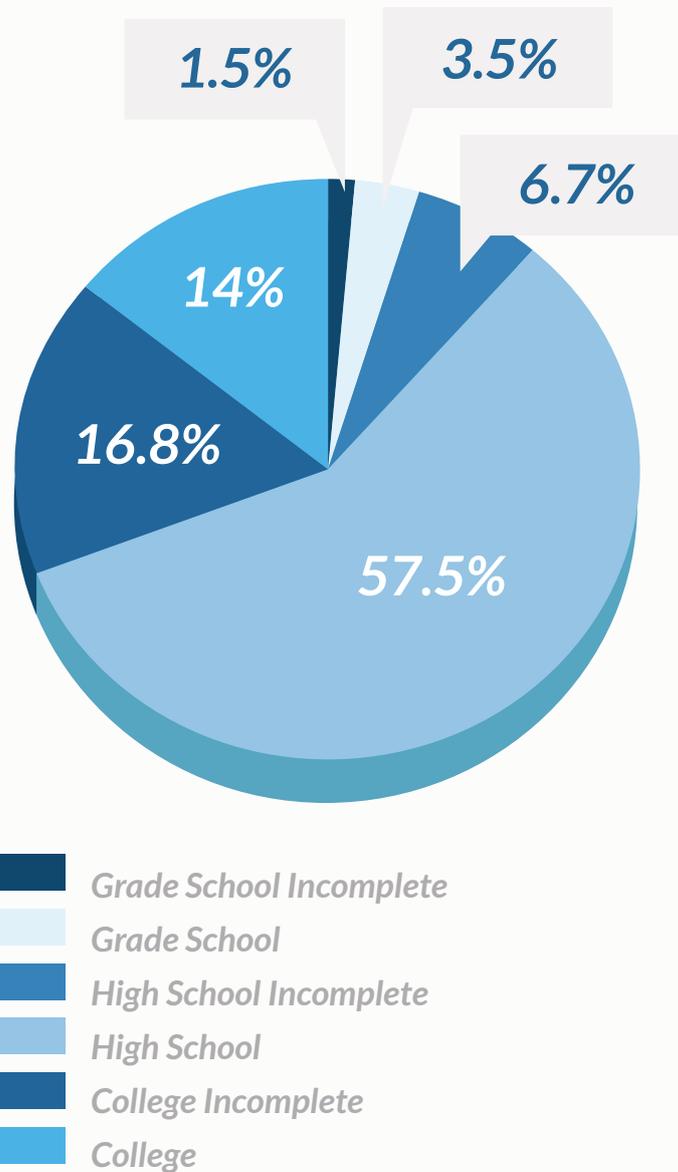
At Portonave, the principal of equality governs both the hiring and management of our personnel, such that all employees are guaranteed access to the same benefits and opportunities, regardless of ethnicity, age, gender or religion. A total of 4.72% of Portonave's executive officers, managers and supervisors are women, and 26.19%

are over the age of 40.

There is no difference in salary between women and men who perform the same functions. At the end of 2011, approximately 15% employees were women.



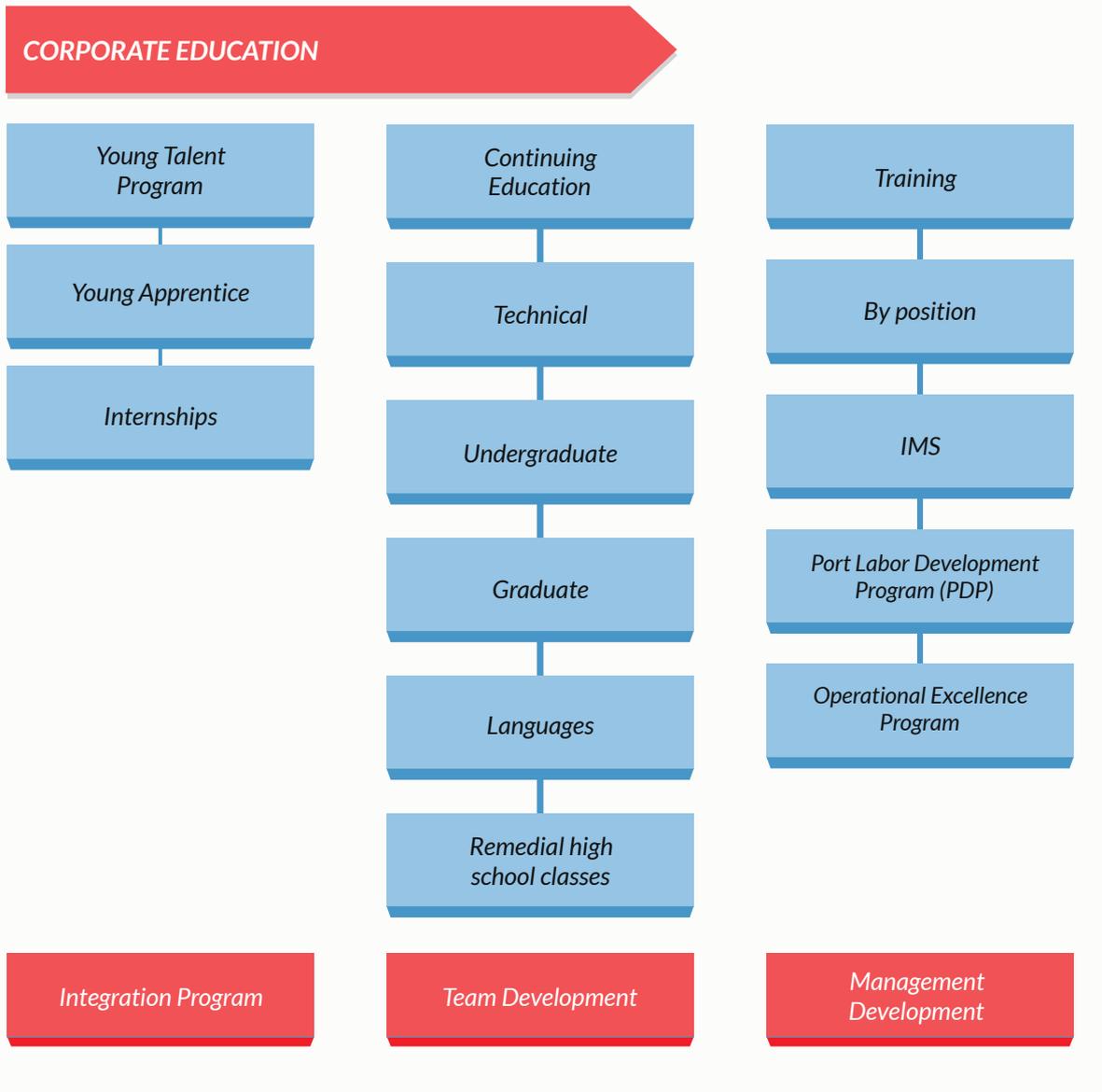
EMPLOYEE EDUCATION LEVELS



Managers and employees receive instruction regarding the Company's non-discrimination policy. In 2011, Portonave strengthened its oversight with the implementation of an Office of the Ombudsman, which did not receive complaints of discrimination during its first year.

Development of expertise

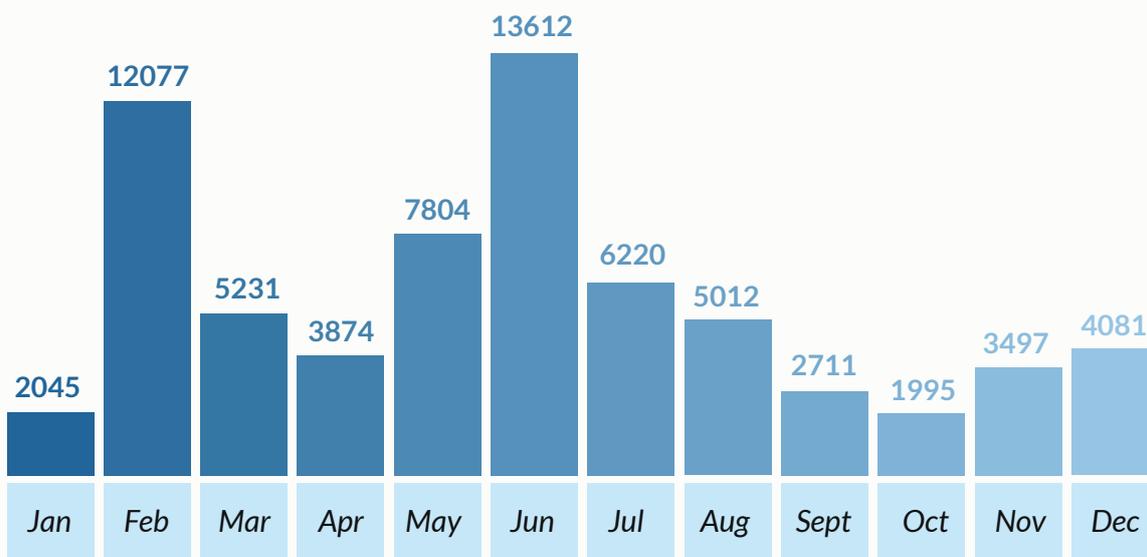
Portonave is carrying out a series of actions to enhance the skills of its employees, such as integration programs, subsidies for continuing education, training, talent identification, team development and managerial development.



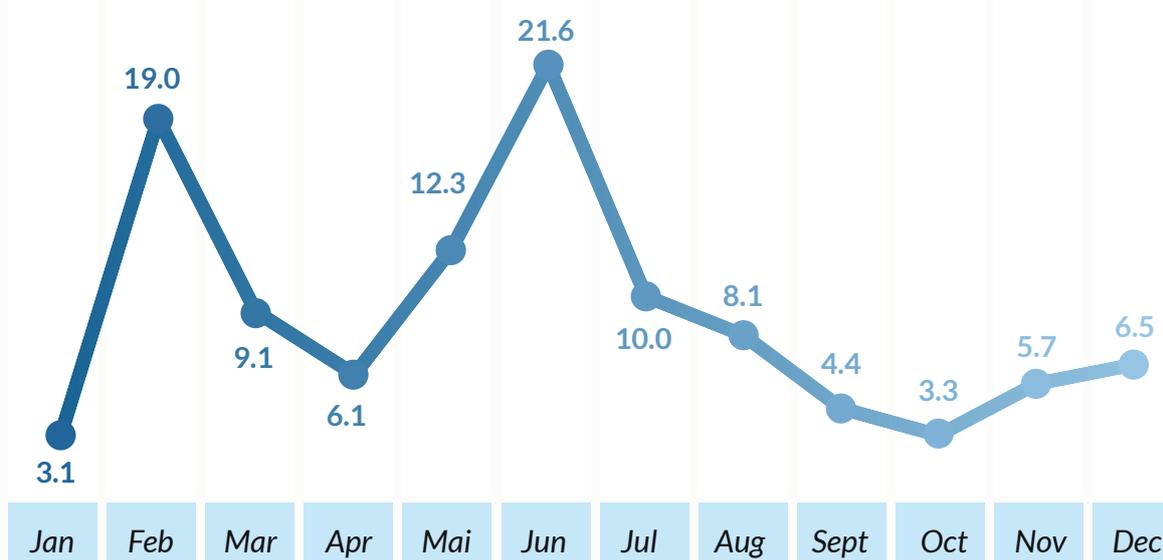
- Youth Talent Program: training through practical job experience, through the Teen Apprentice Program and the Trainee Program. In 2011, 43 young people participated in the Program.
- Integration Program: training offered to all employees, advising them about the mission, vision, values, policies and procedures of Portonave's Integrated Management System. A total of 236 new employees took part in the Program in 2011.
- Management Development Program: focused on the development of new skills and expertise needed by managers, aligning them with the organization's objectives and strategies.
- Team Development Program: aimed at teaching all employees the skills needed to exercise their functions at the Company.
- Continuing Education Program: incentivizes the self-development of employees, contributing to their acquisition of knowledge and allowing for their professional development through subsidies for undergraduate, graduate and foreign language courses. In 2011, 156 employees benefited from the Program – 58 for foreign language courses, 86 for undergraduate and graduate courses and 12 for Technical Education).

- Operational Excellence Program: developing the skills of the employees who work in the Terminal, in order to prepare them for equipment operation activities.
- Training and Workshops: aimed at training and updating employees to improve their performance in the activities they perform. In 2011, a total of 68,159 hours of professional development training were provided – an average of 107.85 hours per employee.

TRAINING HOURS - 2011



HOURS OF TRAINING PER EMPLOYEE



In addition to the on-the-job feedback provided to the employees, Portonave provides annual performance analyses and career development plans for all of its employees. These annual evaluations are composed of the employee's self-assessment combined with the evaluation of their superior.

Health and Safety

Portonave carries out a series of integrated actions to ensure the health and safety of its employees. In 2011, there were 13,137 hours of training devoted to the topic.

The Terminal's outpatient facilities carries out laboratory, pre-placement, periodic, returning worker and discharge exams, as well as consultations with an occupational physician. The Company also carries out prevention measures and vaccination campaigns for diseases such as yellow fever, rubella, hepatitis, tetanus and the flu, as well as prevention measures against sexually transmitted diseases.

Employees have medical and dental coverage (see more in Benefits) and make use of personal protective equipment (PPE) and collective protective equipment (CPE).

The Company has an Internal Commission for Accident Prevention (CIPA), which represents all employees, with six sitting members and six alternate members. In addition, the fire brigade is composed of 60 members, who receive training on a quarterly basis.

Indicators

The Health and Safety Indicators reported in 2011 show that preventive measures have been successful. Of the 42 accidents registered at Portonave in 2011, only 9.5% required more than 15 days of leave. The absenteeism rate in 2011 was 1.08, while the average annual frequency of workplace accidents and incidents was 18.1. There were no occupational illnesses or work-related deaths.

Benefits

All employees are entitled to a series of benefits guaranteed by Portonave. Among them is group life insurance – at no cost to the employee – which offers, in the event of an employee's death or disability, coverage for the indicated beneficiaries. Employees are also provided with a Complementary Pension Plan. Administered by BrasilPrev, it includes a 3% to 5% contribution from Portonave based on the basic contribution by the employee, which can range from 0% to 2%.

Dental and medical coverage is offered by Portonave, which pays 100% of the fees for its employees and 75% for their dependents. In 2011, 1,784 people were covered by health and dental plans.

Compensation

Portonave establishes the base salaries of its employees based upon the values prevailing in the region and market in which it operates. In 2011, the lowest salary paid to the workforce was 35% higher than the current national minimum wage.

In addition to the fixed salary, employees receive variable compensation through the Participation in Profits and Earnings (PLR) program, consolidated through collective agreement. The payment is made after the close of the fiscal year and takes into account the Company's overall performance. In 2011, R\$ 1,972,791.87 in PLR was distributed for the year 2010.

Ongoing Dialogue

In order to strengthen the transparency and closeness that characterize the relationship is has built with its employees, Portonave maintains permanent communication channels open to them. In addition to the Intranet system, which provides everyday information and guidance, the company publishes the monthly newsletter Express, distributed to all employees, which contains the most important Portonave news for the period. In addition, the Company uses visual communication tools in its external and internal environments, such as posters and banners hung in strategic locations throughout the Port Terminal. The Human Resources Department is responsible for assisting the employee, answering questions and recording their complaints and suggestions for improvements to the workplace relations and environment.



Social Management

Sustainable Partnerships

Clients

Portonave's clients include ship owners, importers and exporters. The Company continually seeks to identify their needs and expectations in order to develop personalized solutions and services. To accomplish this, the Company has a team that specializes in serving and assisting customers. In 2011, customer satisfaction surveys carried out revealed an average satisfaction level of 88.6%.

Suppliers

Determined to induce socio-environmental responsibility throughout its value chain, Portonave seeks to maintain a solid and transparent relationship with its suppliers of materials, equipment and services. Much as it does with employees, the Company prioritizes the contracts with local suppliers, in order to contribute to the development of Navegantes and the region.

Drivers

Transport companies and truck drivers, who are responsible for transporting the cargoes that enter and exit the

Terminal, are an important public relations audience for Portonave. In order to strengthen this partnership, the Company carries out actions and projects focused on the development and satisfaction of transporters.

On July 25, 2011, the Company promoted, for the fourth consecutive year, Project Green Light, in commemoration of Driver's Day. The truck drivers who passed through the Terminal were offered health exams, safety information and exhibits of vehicles and accessories. Approximately 800 motorists took part in the event.

Approximately 500 preventive health procedures were carried out during the day, including blood glucose testing, blood pressure verification, abdominal circumference measurements and body weight evaluations. In partnership with the Navegantes Department of Health, vaccines were offered against hepatitis and yellow fever, as well as MMR and tetanus.

At the same time, agents from the Navegantes Transportation Department instructed motorists about safe driving in the municipality, while the Fire Department and Portonave's Mobile Rescue Service (MRS) spoke about rescues and first aid.

Another highlight for the year was the implementation of the Office of the Ombudsman, open to drivers in order to answer questions and evaluate suggestions and complaints.

Customs Brokers

Customs brokers are essential to the operations of the port sector. They are responsible for preparing the customs documentation for goods and merchandise, accompanying its progress with entities such as Brazil's Federal Revenue Service, the Ministry of Agriculture, Livestock and Food Supply (MAPA), and the National Health Surveillance Agency (ANVISA). In order to broaden the dialogue with these stakeholders, Portonave takes part in periodic meetings with the intervening agencies and representatives from the category.

Government

Guided by ethics and transparency, the Company maintains contact with the Executive, Legislative and Judicial branches at the federal, state and municipal levels. Because of the sector in which it operates, the Company has close relationships with the National Waterway Transport Agency (ANTAQ) and the Ministry of Ports. Portonave seeks to discuss issues of interest to the port sector, as well broader social issues, with these and other government entities.

Brazil's Federal Revenue Service, the Ministry of Agriculture, Livestock and Food Supply (MAPA), and the National Health Surveillance Agency (ANVISA) comprise the network of government agencies responsible for supervision and control over the port sector. In order to meet the requirements of these bodies, Portonave maintains a multidisciplinary inspection team and warehouse for the physical examination of cargo, as well as an HCVG scanner, which is used by the Revenue Service to identify possible contraband, drugs, arms or bombs in a procedure that takes only 30 seconds

Portonave participates in monthly meetings with these bodies, as well as with representatives of port termi-

nals, terminals and other members of the Itajaí-Açu River Port Complex, to discuss procedures in accordance with the prevailing legislation and promote improvements and standardization that speed up cargo clearance and reduce logistics times

Press

Aligned with the premise of transparency, Portonave interacts with the media through its Corporate Communications and Social Responsibility area, which is responsible for responding to journalists and releasing information. In 2011, there were 2,205 reports on the Company's activities featured in a variety of media, including radio, television, magazines, newspapers and the Internet.



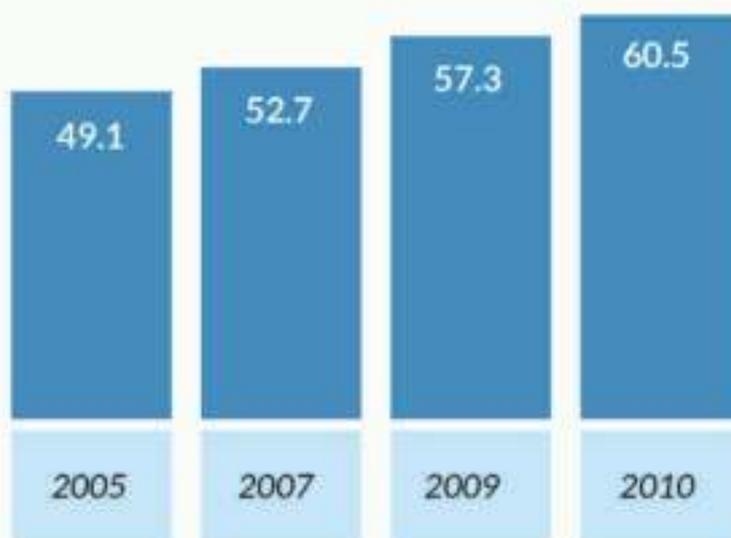
Social Management

Community Relations

Aware of its role in the sustainable development of the region in which it operates, Portonave acts in an integrated manner with the Navegantes community, engaging in the search of economic, social and environmental solutions that result in the common good. In addition to the direct results delivered to society, such as the generation of jobs and the payment of taxes, in recent years the Company's operations have driven an improvement in the quality of life of the population.

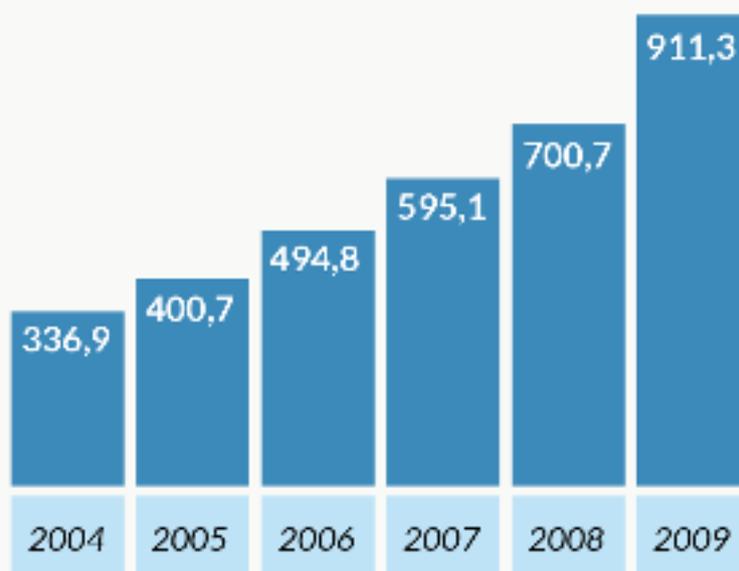
According to the Brazilian Institute of Geography and Statistics (IBGE), the population of Navegantes has grown by 54% from 2000 to 2010. Portonave, which launched its operations in 2007, contributed to this increase through the opportunities created since its inception. In addition to the Company itself, other businesses – both from the logistics chain, as well as a variety of service providers – began to settle in Navegantes. In this context, the generation of employment and income increased. Between 2004 and 2009, which is the most recent period for which the IBGE has released data, the per capita GDP in the municipality increased by 55,6% – in the same period, GDP per capita of Brazil grew 40.8%.

NAVEGANTES POPULATION (THOUSAND)



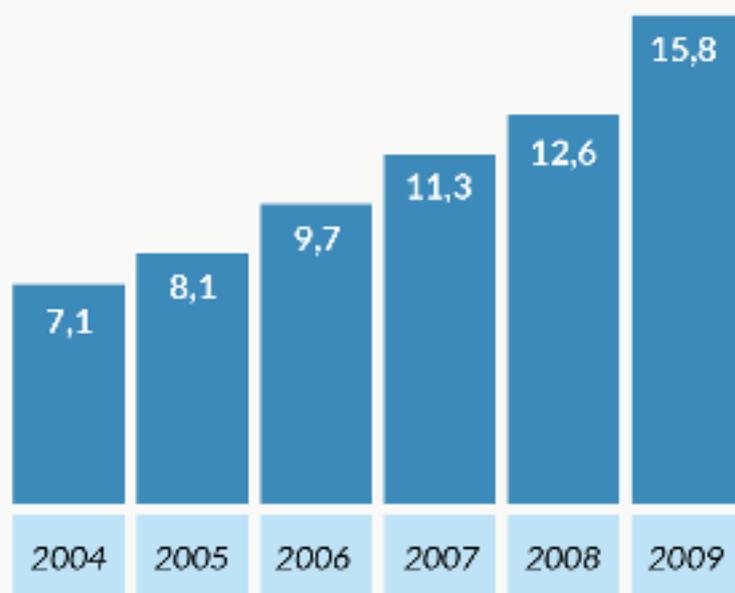
Source: IBGE

GDP (MILLION)

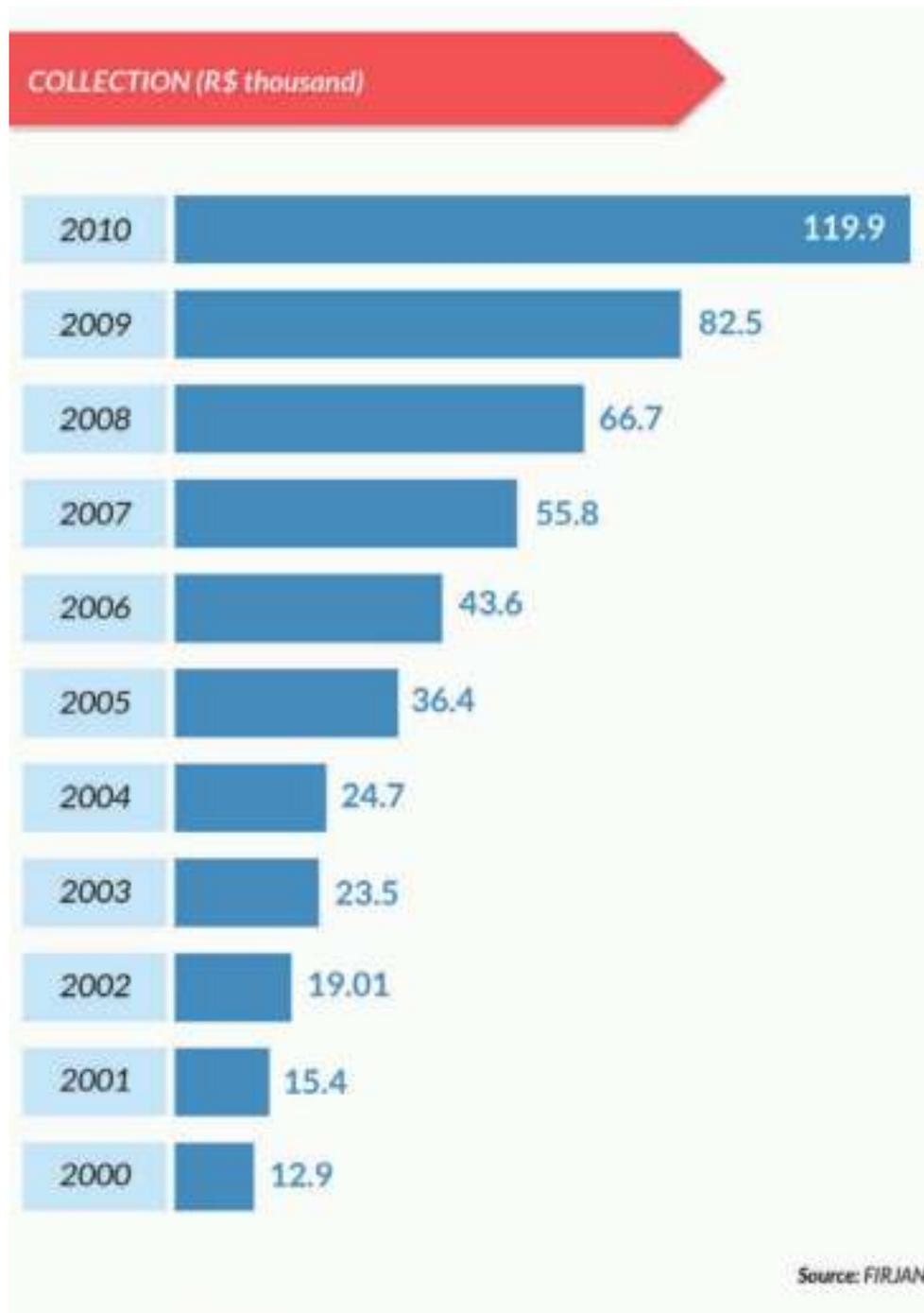


Fonte: IBGE

PER CAPITA GDP (R\$ thousand)



Fonte: IBGE



Social Responsibility

In 2011, approximately 17,000 people participated in the program Portonave de Todos: de Mãos Dadas pela Responsabilidade Social (“Portonave for All: Joining Hands for Social Responsibility”). Divided into four areas of action – culture; education and development; environmental preservation; health and sports – the program distributed approximately R\$ 441,000 in funds that were applied towards actions focused on employees and the community.

Among the actions carried out in the area of culture, education and development were project developed in partnership with regional artists, focused on art, cinema and theater. Through the Environmental Art Project, public school students were able to attend lectures and performances about sustainability. The 7th Neighborhood Art Program offered free movie screenings in schools and municipal associations, passing through eight neighborhoods in Navegantes and benefiting thousands of people. As sponsor, Portonave invested in the

realization of the two projects, with fiscal stimulus funds, in accordance with the Municipal Cultural Incentive Law.

Also in partnership with the Navegantes Cultural Foundation and the Caracol Institute (a nonprofit organization) Portonave held two poetry competitions in 2011, one at the state level and another focused on municipal public schools. In order to encourage reading and promote the discovery of new literary talents, the Portonave State Poetry Contest and the 1st Portonave School Poetry Contest received 95 entries – 35 in the State contest and 60 in the School contest. The winner of the State Contest was Leonardo Gazzoni, from the city of Irani (located in the Midwest of Santa Catarina). Five poems per category were selected in the School Contest, for a total of 15 texts. Portonave invested approximately R\$ 12,100 in the contests, including the organization and awards, as well as the publication of a book of poetry by the winner of the State Contest.

The contests paid tribute to the Santa Catarina poet Vicente Cechelero, born in Ascurra, who won the Olavo Bilac award from the Brazilian Academy of Letters in 1993 and passed away in 2000. Cechelero's life and work were also the topic of four lectures hosted by Portonave in 2011, through the Embarque no Saber project, which is aimed at providing the community with information on a variety of topics of interest. Among the other topics addressed were the history of naval construction in Navegantes, sandbar pollution and running. The Embarque no Saber lectures brought together 250 people in 2011.

Sports and health

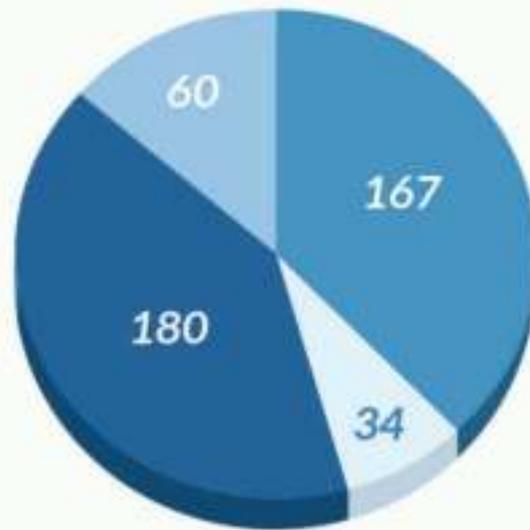
In the area of sports and health, on February 13, the Company promoted the third edition of the Portonave Iceport of Navegantes Rustic Beach Run. Approximately 200 athletes participated in the competition, which is open to the public and challenges entrants to run a distance of 10 kilometers.

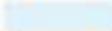
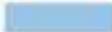
In September, Portonave supported the Navegantes School Games (JEN), an initiative by the Municipal Sports Foundation. Participating in the competition were 23 school units from the municipal, state and private educational networks, bringing together 800 students, who competed for medals in different sports such as athletics, basketball, indoor soccer, volleyball, handball, beach volleyball, table tennis and chess.

Running Team

One of Portonave's main actions in the realm of sports is to support a racing team composed of company employees. Founded in 2010 with Company encouragement, the team had 25 athletes in 2011, who are trained and guided by a professional trainer and sponsored to compete in a variety of competitions.

**PORTONAVE FOR ALL PROGRAM -
INVESTMENT DISTRIBUTION (in R\$ thousand)**



-  Culture, education and development
-  Health
-  Sports
-  Environmental preservation



Iceport

Iceport: Profile and Performance

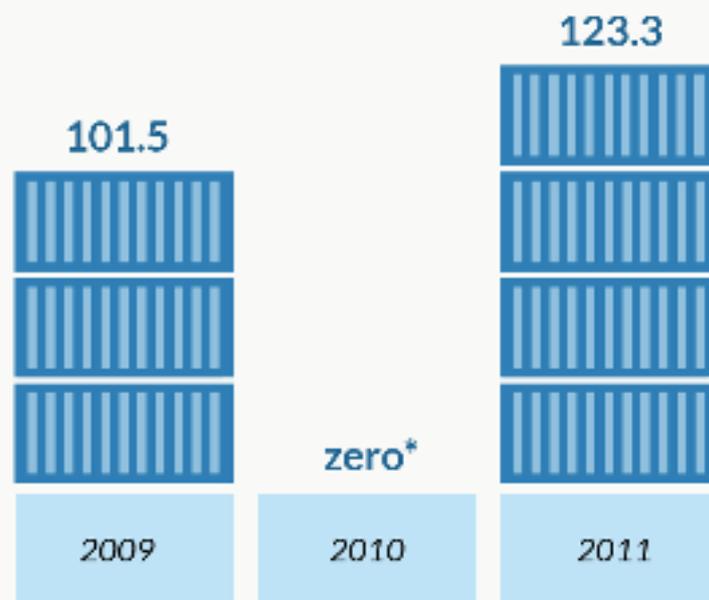
In 2009, Iceport – Terminal Frigorífico de Navegantes S/A opened a fully automated cold storage unit, next to the Port Terminal, with a static storage capacity of approximately 16,000 pallet positions. The unit is used for storing, handling and dispatching frozen goods, mostly poultry, pork and beef.

After 15 months of renovations, due to the fire in 2009, the cold storage unit resumed normal operations in February 2011, with improved safety systems. Iceport also replaced the internal coating material, made of polyisocyanurate styrofoam, which is less susceptible to combustion. It altered the positioning of the ammonia pipelines – a gas used for cooling – now located outside of the unit and therefore easier to see. The cold storage unit also received a fixed emergency stairway, smoke detectors with temperature gradients – which allow the measurement of the heat progression speed – and firefighting pumps, with higher pressure.

The cold storage unit is divided into the antechamber, the conventional chamber and a vertical storage chamber. The antechamber is used to receive and dispatch cargo. The conventional chamber stores approximately 1,500 pallet positions with four different levels, while the automated chamber hold approximately 14,500 pallets, in six corridors with 11 different levels, using cranes to move cargo. In addition to these two chambers, Iceport has three cooling tunnels that operate at -35°C .

As of February 2011 and gradually resuming its operations, the cold store unit's operations increased throughout the year, reaching volume of more than 120,000 tons.

**ICEPORT - VOLUME OF CARGO
HANDLED (In thousand of tons)**



*Unit under reconstruction, not operating

Trading Company

Among the main competitive advantages of Iceport are its total control of international trade operations, given that a trading company acquires the products marketed both on the domestic and international markets, becoming the cargo owner. As a result, importers and exporters have more safety and security in offering and acquiring products on the market, negotiating terms, payments and other contractual conditions directly with Iceport.

Focused on partnering with suppliers, attracting new clients and expanding its range of imported and exported products, the business strategy guaranteed impressive results for Iceport in 2011. The sale of cargo through the trading company increased by 170.6% over 2010, generating approximately R\$122 million in revenue.



In addition to food, Iceport sought out new export niches, such as reforested lumber. The variety of imported products was even greater, including ceramic tiles, industrial machinery, pneumatic and textile products and motorcycles, among others. The strong results reflect the work done by Iceport in creating new business opportunities and the strong expansion in the markets abroad. One of the strategies to establish itself in the market, including direct contact with clients and suppliers, as well as the constant participation at industry events – in 2011, the trading company took part in international fairs held in Asia and Europe.

Management

Aligned with the strategic guidelines of its parent company, Iceport adopted the same management model, whi-

ch uses the Integrated Management System (IMS) as its main tool. Iceport's executive officers work in harmony with Portonave's Management, in order to conduct business in an integrated manner.

<i>Position</i>	<i>Name</i>	<i>Experience</i>
Executive Officer	Antônio Bersaneti	Holds a degree in Engineering from Universidade Paulista and an MBA from Universidade Federal de São Paulo, he served as an executive officer at Cargill and JBS. He has been a member of the Iceport Executive Board since 2009.
Administrative Officer	Pedro Parigot	Holds a degree in Economics from Universidade Vale do Itajaí (UNIVALI), served as a manager in the retail sector, was the administrative and financial officer of Móveis Pinheiro, the administrative and financial officer at Portonave from 2005 and 2009, and subsequently he took on the role of Administrative Officer at Iceport.
Operating Officer	Alfredo Pacheco	Holds a degree in Electrical Engineering from Universidade São Judas Tadeu, in São Paulo, and worked with organizations such as Natura, SSI Shaefer and Sadia. Joined Iceport as a manager in 2008 and became the Operating Officer in 2009.

About the report

Report Guidelines

The main objective of this report is to present Portonave's operating, economic, environmental and social performance to society. As such, it represents an important instrument between the Company and its stakeholders.

For the third consecutive year, the guidelines of the Global Reporting Initiative (GRI) were used in preparing this Report. GRI is an international organization that publishes a reference guide for the communication of sustainability performance, guaranteeing comparability between companies of different sizes and industries.

As such, the 2011 Sustainability Report represents an important source of information on Portonave's activities, with complete and transparent information, registered throughout the year by the Company's different departments and areas. The accounting information disclosed in this publication was previously audited in the Financial Statements.

GRI applies three levels of classification to Sustainability Reports, depending on their application of the guidelines, in increasing order: C, B e A. After two reports classified at level C, Portonave has made progress and in this edition has provided the indicators required for level B (self declared), an important step forward. The GRI indicators are presented in the GRI Remissive Index, according to the dimensions they cover: economic (EC), environmental (EN), social (SO), labor (LA), human rights (HR) and product/service responsibility (PR).

Publication

The 2011 Sustainability Report is published in full on the Company's website, at sustentabilidade.portonave.com.br/relatorio2011. Specific versions were printed and sent to clients, employees and the community, Portonave's largest stakeholder groups.

Limit

The information provided in this report covers Portonave S/A – Terminais Portuários de Navegantes and its wholly owned subsidiaries Iceport – Terminal Frigorífico de Navegantes S/A and Teconnave – Terminais de Con-têineres de Navegantes S/A. It is published in Portuguese and English, it covers 2011 and it is published on an annual basis.



About the report

Stakeholder Engagement

Identified by the Global Reporting Initiative (GRI) as essential to the quality of the performance report, the stakeholder engagement process was enhanced by Portonave for the production of the 2011 Sustainability Report.

In addition to the consultation via online form, sent to representatives of all of its stakeholder groups, the Company, for the first time, held a panel discussion regarding the issues to be included in the Report. The event, entitled the First Portonave Dialogue Panel, was held on January 26, 2012 and was moderated by the company Relata Editorial, which is responsible for producing this report.

A total of 39 people participated in the Panel, including employees, suppliers and members of the Navegantes community and surrounding region. For close to three hours, these stakeholders dedicated themselves to analyzing Portonave's 2010 Sustainability Report, identifying areas for improvement in terms of language, content, approach and presentation.

The Panel's feedback was coupled with the online forms in order to identify the degree of importance and interest in each issue for the different stakeholders, in order to increase the representation of the information in this Report. Thus, the engagement process identified the following priority topics, on which detailed informa-

tion is provided throughout this publication:

- Portonave Profile: Operating structure and competitive advantages.
- Company Performance: Operational and commercial results.
- Corporate governance: Risk management practices, auditing and ethical conduct.
- Environmental Management: Environmental management policies and programs; report on environmental indicators (water, energy, emissions and waste).
- Social Management: Portonave's contribution to regional development; Company's relationship with the community and its employees.

Most of the suggestions related to the presentation, language and content of the Report were already taken into account by Portonave in the preparation of this publication. All other suggestions, which require adaptations to the collection and disclosure of information, will be gradually addressed by the Company, in future editions.

About the report

Credits

Credits

2011 Sustainability Report

Coordination: Portonave Corporate Communications and Social Responsibility
(comunicacao@portonave.com.br)

Production: Relata Editorial (relata@relataeditorial.com)

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Revision: Camila Augusto / Vanessa Colla

Web Project: Clintstudio

Translation: MZ Corporation

Photos by Marcos Porto / Portonave's Image Bank

About the report

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Legal Publications

Diário Oficial de Santa Catarina
Diário Catarinense
Jornal de Santa Catarina
Notícias do Dia – Florianópolis

Board of Directors

Carlo Alberto Bottarelli
Luiz Fernando Wolf de Carvalho
Antônio José Monteiro da Fonseca de Queiroz Vikram Sharma
Roberto Brazão Gomes

Executive Board

Chief Administrative Officer: Osmari de Castilho Ribas
Chief Operating Officer: Renê Duarte e Silva Júnior

Portonave Management

Commercial Manager: Juliano Perin
Finance Manager: Paulo Roberto Deschamps
Maintenance Manager: Marcelo Diniz
Operational Manager: Durval Velloso Júnior
Human Resources Manager: Alessandra Guilherme dos Santos
Security Manager: Cid Pereira Santos
Technical Manager: Edson Braun
IT Manager: Jardel Fischer

Iceport

Executive Officer: Antônio Bersaneti
Administrative Officer: Pedro Viriato Parigot de Souza Filho
Operating Officer: Alfredo Pacheco