

'21

Sustainability
Report

REPORTING PRACTICES



THE
NAVIGATOR
COMPANY



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PART I Reporting Approach

This Sustainability Report is designed as a response to The Navigator Company's Responsible Management Agenda (known as the "2030 Agenda"), announced in 2021. It provides information on the Company's performance in relation to its 2030 Agenda, addressing both the central focus, a Responsible Business, and the three strategic action areas - for Nature, for Climate and for Society. These action areas cover a total of 12 material topics, identified during the materiality review conducted in 2019 and 2020. This means they reflect the key issues as identified by stakeholders. At the same time, this report publishes, for the first time, the Company's performance on the 15 commitments made in the 2030 Roadmap, published in the 2020 Sustainability Report.

Navigator's experience of sustainability reporting has enabled it to make the transition to the new Global Reporting Initiative framework in this year's report, implementing GRI universal standards 1, 2 and 3, published in October 2021, one year ahead of the required adoption date. This report is therefore GRI compliant, conforming to all the principles and rules required by the Standard. The 2021 Sustainability Report also addresses the impact of Navigator's 2030 Agenda on the United Nations Sustainable Development Goals, aligning the Company's commitments with this framework. In line with the growing importance of stakeholders in the pathway to business sustainability, the indicators reported under the GRI standards have been aligned with the metrics presented in the framework published in 2020 by the World Economic Forum (WEF): *Measuring Stakeholder Capitalism Towards Common Metrics and Consistent Reporting of Sustainable Value Creation*. In another important development, Navigator has signed up to the Science Based Targets initiative and submitted its Scope 1, 2 and 3 emissions reduction targets, adding further to the reliability of its targets for

climate action. This step is consistent with Navigator's commitment to adopting best reporting practices, by increasing the rigour and transparency of disclosure of Sustainability information. Lastly, attention is drawn to our publication of European Taxonomy information, in relation to eligible activities under this regulation and the respective indicators.

In the course of 2022, The Navigator Company intends to integrate the TCDF - Task Force on Climate-Related Financial Disclosures - recommendations into corporate strategy and risk management processes, seizing the opportunity to assess the potential financial and strategic implications of climate change and to develop appropriate responses.

RECOGNITION OF ESG PERFORMANCE

Navigator is aware of the importance of being included in ratings that assess its ESG - Environmental, Social and Governance - performance, not only because this allows its activities to be analysed on these criteria, but also because it is possible to make comparisons with its peers. Even more importantly, this can identify areas for improvement.

Sustainalytics



Score: 14.3
Ranked 3rd out of 81 Paper & Forestry companies

CDP Climate and Forest



Score: A- for CDP Climate and B for CDP Forest
A- rating for CDP Climate (leadership level) and B rating (management level) in the first response to CDP Forest.

PERIOD, SCOPE AND LIMITS OF THIS REPORT

This Report refers to activities during 2021 (1 January to 31 December 2021). It includes the Group's activities that contribute to producing and selling pulp and paper and its dedicated energy production operations. All indicators are consolidated, except those for Mozambique, where activities are described over the course of the document, wherever applicable.

REVIEW OF INFORMATION

The information contained in this report has been verified by KPMG, which has drawn up an independent assurance report. The KPMG report may be consulted on [page 26](#).

OPINIONS AND CONTACT DETAILS

Your opinion is important to us. For any enquiries, please contact:

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PART II GRI Standards

A. Materiality & Specific GRI Standards

MATERIAL TOPICS ^{GRI 3.2}	GRI 3.3		SPECIFIC STANDARDS
	IDENTIFICATION OF IMPACTS (SECTION "OUR IMPACT")	MANAGEMENT OF IMPACTS (SECTION "KEY DEVELOPMENTS IN 2021")	
Creating Sustainable Value		<u>3.1. Creating Sustainable Value</u>	201
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			204
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Ethics, Transparency, and Inclusion		<u>3.2. Ethics, Transparency and Inclusion</u>	2-23
			2-26
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Risk Management and Business Continuity		<u>3.3. Risk Management and Business Continuity</u>	205
Stakeholder Engagement and Community Relations		<u>6.3. Stakeholder Engagement and Community Relations</u>	2-20
			2-29
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Talent Management and Developing Human Capital		<u>6.1. Talent Management and Developing Human Capital</u>	401
Health, Safety and Well-being		<u>6.2. Health, Safety and Well-being</u>	403
Responsible Use of Resources		<u>4.1. Responsible Use of Resources</u>	301
			302
			303
			305
Climate Change and CO ₂ Sequestration		<u>5.1. Climate Change and CO₂ Sequestration</u>	305
Sustainable Forestry Management and Conserving Biodiversity		<u>4.2. Sustainable Forestry Management and Conserving Biodiversity</u>	304
Circular Economy		<u>4.3. Circular Economy</u>	301
			303
			306
Innovation, Technology and R&D		<u>3.5. Innovation, Technology and R&D</u>	201
Bioproducts		<u>3.4. Bioproducts</u>	201





PART II GRI Standards

B. GRI Index 2021

UNIVERSAL CONTENT

STATEMENT OF USE

The Navigator Company has reported in accordance with the GRI Standards for the period from 1st January 2021 to 31st December 2021

USE OF GRI 1

GRI 1: Foundation 2021

APPLICABILITY OF GRI SECTOR STANDARDS

Not applicable

GRI 2: GENERAL DISCLOSURES 2021

LOCATION

As per standard published in 2021

THE ORGANISATION AND ITS REPORTING PRACTICES

2-1 Organisational Details

Name of the organisation

The Navigator Company S.A.

Location of headquarters

Península da Mitrena, Setúbal.

Nature of ownership and legal form

The Navigator Company, SA is a public limited company, with registered offices at Península da Mitrena, Freguesia do Sado, in Setúbal, registered with the Setúbal Companies Registry. The Navigator Company, S.A. is listed on the Lisbon Stock Exchange (Euronext Lisboa), and included in its market index, the PSI 20.

2-2 Entities included in the organisation's sustainability reporting

This Report refers to activities during 2021 (1st January to 31st December 2021), in alignment with the Annual Report and Accounts. It includes the Group's activities that contribute to producing and selling pulp and paper and its dedicated energy production operations. All indicators are consolidated, except those for Mozambique, where activities are described over the course of the document, wherever applicable.

2-3 Reporting period, frequency, and contact point

1.1 REPORTING APPROACH

[Page 11](#)

2-4 Restatements of information

7. OUR PERFORMANCE

Changes and restatements are highlighted in the methodological notes for each indicator.

[Pages 162-165](#)

2-5 External assurance

Yes.

INDEPENDENT LIMITED ASSURANCE REPORT

ACTINITIES AND WORKERS

2-6 Activities, value chains and other business relationships

1.5. OUR BUSINESS VENTURES

[Pages 23-27](#)

More information at:

Brands <http://en.thenavigatorcompany.com/Brands>

Markets served: <http://en.thenavigatorcompany.com/Institutional/The-Company-around-the-world>

2-7 Employees

7. OUR PERFORMANCE – Social Indicators

[Pages 162-165](#)

2-8 Workers who are not employees

Navigator has a significant external workforce, both at its industrial complexes and in its forestry operations. In addition to resident external workers, Navigator also counts casual workers, who provide support to the organisation in the form of varied services, particularly in maintenance, cleaning and work relating to annual shutdowns. In 2021, Navigator received the services of approximately 14,293 external workers.





GOVERNANCE

2-9 Governance structure and management

Description of governance structure

The Company's Articles of Association provide for a unitary management model, with a Board of Directors comprising executive and non-executive members and an Audit Board, in accordance with Article 278.1 a) of the Companies Code.

The General Meeting consists of all the shareholders (who wish to attend - there are no limits in the Company on exercise of voting rights by its shareholders. Under Navigator's Articles of Association, each share in the Company carries one vote).

An external auditor is appointed (at present, KPMG & Asociados).

The following internal committees exist in the Company:

A) Attached to the board of directors:

- (i) Executive Board
- (ii) Corporate Governance Committee
- (iii) Appointments and Assessment Committee

B) Not attached to the board of directors:

- (i) Remuneration Committee
- (ii) Sustainability Forum
- (iii) Pension Fund Monitoring Committee
- (iv) Property Risks Analysis and Monitoring Committee
- (v) Ethics Committee
- (vi) Environmental Council

List of Committees responsible for decision making on managing the organisation's impacts on the economy, the environment, and people:

The Board of Directors and the Executive Board, on matters delegated to it (i.e., the EC deals with routine matters and decisions of greater weight at taken by the BD).

The following powers are delegated to the Executive Board:

- a) To propose the company's policies, aims and strategies to the Board of Directors;
- b) To propose to the Board of Directors operating budgets and medium- and long-term investment and development plans, and to implement the same once approved;
- c) To approve budget alterations during the year, including transfers between cost centres not exceeding twenty million euros each year;
- d) To approve contracts for the acquisition of goods and services of a value each year no greater than twenty million euros;
- e) To approve financing contracts, to apply for bank guarantees, or to accept any other liabilities which represent increased indebtedness, totalling no more than twenty million euros each year;
- f) To acquire, dispose of or encumber the company's fixed assets of a value, in each individual case, of up to five per cent of the paid-up share capital;
- g) To lease or let any immovable property;
- h) To represent the Company in or out of court, as claimant or respondent, and to bring or follow up any judicial or arbitral actions, confess or desist, settle, or agree to arbitration;
- i) To acquire, dispose of or encumber holdings in other companies, of a value of no more than twenty million euros each year;
- j) To resolve on executing acquisition and disposal of own shares, when this has been resolved on by the general meeting, in keeping with the terms of such resolution;
- k) To manage holdings in other companies, in conjunction with the Chairman of the Board of Directors, namely by designating, with the latter's agreement, the representatives to sit on the respective company boards, and setting guidelines for the acts of these representatives;
- l) To enter into, amend and terminate employment contracts;
- m) To open, transact and close bank accounts;
- n) To appoint Company attorneys;
- o) In general, all powers which may lawfully be delegated, with any limitations deriving from the provisions of the preceding paragraphs. In conjunction with the Chairman of the Board of Directors, the Executive Board may also resolve on the matters indicated in sub-paragraphs c), d), e) and i) above when the respective values, calculated on the terms set out therein, are greater than twenty million euros but no greater than fifty million euros.

The Chairman of the Board of Directors has the powers assigned to him by Law and the Articles of Association. The powers to alter any terms of contracts previously concluded and covered by the provisions of c), d), e) and i) lie with the body or bodies who would have powers to enter into them.

The Executive Board may discuss all matters within the sphere of competence of the Board of Directors, notwithstanding that it may only resolve on matters delegated to it.

The Executive Board Regulations, approved by the Board of Directors, also establish rules on the actions of executive directors.

Decisions relating to definition of company strategy, and to the company's general policies and the corporate structure of the Navigator Group, are the matter of the Board of Directors, and the Executive Board has no delegated powers to this effect. The non-executive directors accordingly take part in designing strategy, central policies, and the business structure and in reaching decisions that are to be considered strategic by virtue of the sums or risks involved, and also in assessing execution of these decisions.

The management of the Company is centred on the relationship between the Board of Directors and the Executive Board. Membership is published and kept updated at <http://en.thenavigatorcompany.com/Investors/Governance>.





ACTINITIES AND WORKERS

2-10 Nominating and selecting the highest governance body

Process

The members of the Board of Directors are elected at the General Meeting and approved by a majority. The process includes submission of a motion for membership of the board, based on experience and in accordance with the diversity principles set out below and with the Company's Articles of Association (which state that the Board of Directors consists of three to seventeen members appointed for renewable four-year terms).

Appointment criteria

The Company has approved principles on Diversity and Gender Equality in the composition of its boards:

The Navigator Company recognises the benefits of diversity in its boards, particularly on the Board of Directors and the Audit Board, as a way of ensuring an improved balance in its composition, optimising the performance of each member and of each body as a whole, improving the quality of its decision-making process and contributing to its sustainable development.

In order to promote diversity within The Navigator Company, the Board of Directors has accepted and recognised the following Diversity Principles as appropriate to the composition of the Company bodies:

- Inclusion of members with different academic qualifications and professional experience in different areas, when appropriate and relevant to exercise of the office in question;
- Promotion of gender diversity;
- Inclusion of members of different ages, combining experience acquired from new perspectives, and
- Inclusion of members with life experiences in diverse geographical regions.

Further information in sections 16 and 17, in Annual Report 2021 | 7. Corporate Governance Report | Part I - Information on Shareholder Structure, Organisation and Corporate Governance | B. Statutory Bodies and Committees | II. Management and Supervision

[Pages 111 and 112](#)

2-11 Chair of the highest governance body

The chair of the Board of Directors is not a senior executive in the Company.

2-12 Role of highest governance body in overseeing the management of impacts

Powers to decide on Navigator's mission, strategy, policies, and targets (including as regards sustainable development) lie with the Board of Directors and are not delegated to the Executive Board. The Executive Board may oversee these issues from day to day, submitting proposals to the Board of Directors.

Strategic planning and investment policy (notwithstanding the field of responsibility in question) are naturally areas where non-executive directors are more active and where the Chairman of the Directors is significantly involved. The non-executive directors accordingly take part in designing strategy, central policies, and the business structure and in reaching decisions that are to be considered strategic by virtue of the sums or risks involved, and also in assessing execution of these decisions.

In the field of sustainability, the Sustainability Department works in conjunction with the other departments and the Sustainability Forum, setting up various working parties to address specific topics. The department's activities have been overseen by the Executive Board and involved all companies across the Group. Reflecting this activity, the Company draws up an annual Sustainability Report which, in line with legal requirements introduced by Decree-Law 89/2017, of 18th July, provides a consolidated and detailed analysis of the Company's approach and commitment to sustainability issues. By implementing and executing these strategic principles, as more fully described in the Sustainability Report, the Company is able to ensure long-term success, making a significant contribution to the wider community.

The Company's arrangements and organisational processes for identifying its impacts on the economy, the environment and people are overseen by the directors belonging to the Executive Board, who also review the effectiveness of organisational processes and the frequency of review, with support from Navigator staff, principally in the areas of risk management, internal audit, environment, and sustainability, and then report to the Board of Directors. As a non-executive body, the Board of Directors oversees the measures adopted, but is not actively involved in implementing them.

Further information in section 21, in Annual Report 2021 | 7. Corporate Governance Report | Part I - Information on Shareholder Structure, Organisation and Corporate Governance | B. Statutory Bodies and Committees | II. Management and Supervision

[Pages 117-121](#)





2-13 Responsibility for managing impacts

The following powers are delegated by the Board of Directors to the Executive Board:

- a) To propose the Company's policies, aims and strategies to the Board of Directors;
- b) To propose to the Board of Directors operating budgets and medium- and long-term investment and development plans, and to implement the same once approved;
- c) To approve budget alterations during the year, including transfers between cost centres not exceeding twenty million euros each year;
- d) To approve contracts for the acquisition of goods and services of a value each year no greater than twenty million euros;
- e) To approve financing contracts, to apply for bank guarantees, or to accept any other liabilities which represent increased indebtedness, totalling no more than twenty million euros each year;
- f) To acquire, dispose of or encumber the Company's fixed assets of a value, in each individual case, of up to five per cent of the paid up share capital;
- g) To lease or let any immovable property;
- h) To represent the Company in or out of court, as claimant or respondent, and to bring or follow up any judicial or arbitral actions, confess or desist, settle or agree to arbitration;
- i) To acquire, dispose of or encumber holdings in other companies, of a value of no more than twenty million euros each year;
- j) To resolve on executing acquisition and disposal of own shares, when this has been resolved on by the general meeting, in keeping with the terms of such resolution;
- k) To manage holdings in other companies, in conjunction with the Chairman of the Board of Directors, namely by designating, with the latter's agreement, the representatives to sit on the respective Company boards, and setting guidelines for the acts of these representatives;
- l) To enter into, amend and terminate employment contracts;
- m) To open, transact and close bank accounts;
- n) To appoint Company attorneys;
- o) In general, all powers which may lawfully be delegated, with any limitations deriving from the provisions of the preceding paragraphs. In conjunction with the Chairman of the Board of Directors, the Executive Board may also resolve on the matters indicated in subparagraphs c), d), e) and i) above when the respective values, calculated on the terms set out therein, are greater than twenty million euros but no greater than fifty million euros.

The Chairman of the Board of Directors has the powers assigned to him by Law and the Articles of Association. The powers to alter any terms of contracts previously concluded and covered by the provisions of c), d), e) and i) lie with the body or bodies who would have powers to enter into them.

The Executive Board may discuss all matters within the sphere of competence of the Board of Directors, notwithstanding that it may only resolve on matters delegated to it.

The Executive Board Regulations, approved by the Board of Directors, also establish rules on the actions of executive directors.

Decisions relating to definition of Company's strategy, and to the Company's general policies and the corporate structure of the Navigator Group, are the matter of the Board of Directors, and the Executive Board has no delegated powers to this effect. The non-executive directors accordingly take part in designing strategy, central policies, and the business structure and in reaching decisions that are to be considered strategic by virtue of the sums or risks involved, and also in assessing execution of these decisions.

The management of the Company is centred on the relationship between the Board of Directors and the Executive Board.

Further information in sections 15-18 and 21, in Annual Report 2021 | 7. Corporate Governance Report | Part I - Information on Shareholder Structure, Organisation and Corporate Governance | B. Statutory Bodies and Committees | II. Management and Supervision

[Pages 111-113](#)
and [Pages 117-121](#)

2-14 Role of highest governance body in sustainability reporting

Although some of the matters included in the Sustainability Report may fall within the powers of the Board of Directors, this report incorporates the non-financial and diversity reporting by large companies required under Articles 46 and 451 of the Companies Code, and which must be approved by shareholders at the general meeting.

These rules were introduced by Decree-Law 89/2017, of 28th July, which altered the Companies Code, transposing Directive 2014/95/EU of the EU of the European Parliament, and the Council of 22nd October 2014 ("NFR Directive"), which introduced the requirement for disclosure of non-financial information and information on diversity by certain large companies and business groups, in order to increase the relevance, consistency and comparability of information disclosed by those companies and groups.

The Board of Directors and Executive Board are therefore responsible for drawing up, approving, and signing the draft Sustainability Report to be submitted to shareholders each year at the general meeting, for approval by the same by a simple majority.





2-15 Conflicts of interest

Navigator's Board of Directors has approved Regulations on Conflicts of Interests and Related Party Transactions (CIRPT), containing rules on conflicts of interests and related party transactions, where Navigator is one of the parties. These regulations complement the internal arrangements in place in the Company for the purpose of compliance with the legal and regulatory rules applicable on this matter, without prejudice to the obligations of the Company and its managers regarding insider information, the legal rules on company transactions with directors, the internal Whistleblowing regulations, and other legislation applicable to conflicts of interests. The CIRPT regulations were reviewed in 2021.

Under these regulations, a conflict of interests is deemed to exist whenever a Manager is in a position which, viewed objectively, may compromise his or her independence and cause interests other than those of the Company to exert influence over his or her judgment, be those interests financial or otherwise, their own or those of others.

For conflicts of interests to be duly prevented, identified, and resolved, Managers are required to:

- a) Inform their hierarchical superior or, in the case of members of a collegiate body, the body in question, in accordance with the respective rules of procedure, of the existence of any conflict of interest, even if merely potential;
- b) Refrain from interfering or taking part if a conflict of interests arises and, in the case of a decision-making process, have this impediment stated in the minutes or other written document in which the decision is duly recorded, without prejudice to the duty to provide such information and clarifications as the body in question and its members may request.

These regulations also govern related party transactions.

Approval:

The following Transactions are approved by the Executive Board:

- a) Loans to the Company from its own corporate shareholders, of a value lesser than or equal to one hundred million euros;
 - b) Transactions falling under the rules on the taxation of groups of companies, of a value lesser than or equal to one hundred million euros;
 - c) Transactions with companies controlled by the Company and included in its consolidated accounts, of a value, on an individual or accrued annual basis, lesser than or equal to two per cent of the turnover of the controlled company, as determined in accordance with its latest approved annual accounts;
 - d) Loans to companies controlled by the Company and included in its consolidated accounts, and also subscription of their debt, (i) with a maturity of less than six months, (ii) of a value, on an individual or accrued annual basis, less than one fifth of the turnover of the respective controlled company, as determined in accordance with its last approved annual accounts, and (iii) provided the controlled company arranges credit facilities to repay the operation; and
 - e) Any other Transactions of a value, on an individual or accrued annual basis, lesser than or equal to one million euros.
2. Under the terms and for the purposes of application of items c) and e) of the preceding paragraph, the accrued annual values provided for therein are calculated with reference to the financial year.
3. Without prejudice to the exemption rule referred to in clause seven of these regulations, any Transactions which (i) do not fall within the scope of the items of paragraph one or (ii) fall within the scope of that paragraph but are not carried out in the ordinary course of Company's business, shall be approved by resolution of the Board of Directors, preceded by a favourable opinion from the Audit Board.
4. Transactions are only permitted when on an arm's length basis and in the Company's own interest, as duly justified.

Procedures:

1. The Board of Directors is informed every six months of resolutions relating to Transactions in which it has not participated.
2. The Audit Board is informed of Transactions that the Company carried out for the purposes of verification of compliance by the Transactions with the rules established in the previous clause and with the legislation and regulations applicable; the related parties may not participate in the relevant verification process.
3. The Company's managers involved in formalising Transactions must ensure that such Transactions are previously submitted to the rules and procedures established in these Regulations and in the applicable legislation and regulations.
4. The Executive Board shall exercise special oversight over the formalisation and execution of resolutions relating to Transactions.

Disclosure:

1. The Company shall disclose the Transactions which must be disclosed under the applicable legislation and regulations, namely because they do not meet any of the requirements established in law and in accordance with the value in question.
2. The disclosure referred to in the preceding paragraph shall be made under the terms and within the periods of times established in the applicable legislation and regulations.

Exemptions:

These regulations shall not apply to Transactions treated as exempt by the applicable legislation and regulations.

Additional information in the CIRPT Regulations: http://en.thenavigatorcompany.com/var/ezdemo_site/storage/original/application/826a6c63094b58a6ad42518e3cfc0eca.pdf

And also in section 10, in Annual Report 2021 | 7. Corporate Governance Report | Part I - Information on Shareholder Structure, Organisation and Corporate Governance | A. Shareholder Structure | II. Holdings of Shares and Bonds and in sections 89, 90 and 91 in Annual Report 2021 | 7. Corporate Governance Report | Part I - Information on Shareholder Structure, Organisation and Corporate Governance | E. Related Party Transactions and Conflicts of Interests | I. Control Mechanisms and Procedures

Pages 109 and
Pages 162 and 163

2-16 Communicating critical concerns

The number of critical concerns is communicated to the Board of Directors by the members of the Executive Board, in certain cases on the request of the Audit Board, KPMG (external auditor) and the Risk Management Department.





2-17 Collective knowledge of highest governance body

The members of the Board of Directors (BD) and the Executive Board (EB) have powers and are responsible for decision-making processes relating to all sustainability issues, and not merely the Sustainability Report. Internal departments report all matters relating to sustainability to the EB. In addition, the Environmental Board and the Sustainability Forum discuss issues included within this topic and report to the EB and the BD.

2-18 Evaluation the performance of the highest governance body

The Board of Directors conducts an annual self-evaluation and is also evaluated by the Remuneration Committee, which verifies whether and to what extent the members of the BD (and EB) have attained their specific targets. Alongside this, an assessment is being conducted of the BD by an external independent entity, Morrow Sodali; this started in 2021 and should be concluded in 2022, due to a delay resulting from the pandemic situation.

2-19 Remuneration policies

Detailed information in Remuneration Policy drawn up by Remuneration Committee and approved at the annual General Meeting in May 2021. This may be consulted at: http://en.thenavigatorcompany.com/var/ezdemo_site/storage/original/application/7eaed8c4e355e371ba5052d665ca9824.pdf

Particularly, section 70 of Annual Report 2021 | 7. Corporate Governance Report | Part I - Information on Shareholder Structure, Organisation and Corporate Governance | D. Remuneration and Remuneration Report | III. Remunerations Structure, which describes:

The way in which the remuneration of company officers was structured and the basis for the performance evaluation of the executive directors in 2021 was in line with the model and principles - duties performed, the economic situation of the company and market criteria - stated in the Remuneration Policy in force for Navigator's directors and auditors, especially in chapters III, IV and V, to which reference is made. Item 24 of the report cited describes the procedure and the bodies involved in assessing the performance of executive directors. The remuneration system in place at Navigator guarantees its business strategy and also the long-term alignment of directors' interests with those of the Company and its sustainability, in particular because this remuneration is designed to be fair and equitable under the principles stated and because it creates a link between directors and results through a variable remuneration component in which profits are the primary factor, whilst also taking into account the behavioural skills of each director, and their alignment with the Company's long term interests and sustainability.

[Pages 156 and 157](#)

2-20 Process to determine remuneration

The Remuneration Committee is a committee comprising independent members, who draw up the proposed remuneration policy. This policy is approved annually, at the general meeting, in accordance with the applicable law. The outcomes of all votes at the general meeting are published on the Company website, including those on the remuneration policy. The positions and votes of each shareholder are not disclosed.

At the 2021 General Meeting, the remuneration policy was approved by 527,490,107 votes in favour, corresponding to 92.51% of the quorum for holding the meeting, with 42,722,846 votes against, corresponding to 7.49% of the same quorum, with the abstention of shareholders present or represented holding 9,955 votes.

Further information in sections 66 and 67, in Annual Report 2021 | 7. Corporate Governance Report | Part I - Information on Shareholder Structure, Organisation and Corporate Governance | D. Remuneration and Remuneration Report | I. Powers to determine remuneration & II. Remuneration Committee

[Pages 155](#)

Remuneration Policy approved at GM:

<http://en.thenavigatorcompany.com/Investors/General-Meetings>

http://en.thenavigatorcompany.com/var/ezdemo_site/storage/original/application/fbf64f8411c416e8fb06f15acfa9cd06.pdf

Information published on Navigator website: http://en.thenavigatorcompany.com/var/ezdemo_site/storage/original/application/0c6fc64942cfea59bcd81e114be3a2a0.pdf

2-21 Annual total compensation ratio

The annual compensation ratio is 31.5, considering the base remuneration paid by the organisation.



STRATEGIES, POLICIES AND PRACTICES

2-22 Statement on sustainable development strategy
1.4. MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Page 19

2-23 Policy commitments

Navigator has defined its corporate purpose as follows: It is people, their quality of life and the future of the planet that inspire and motivate us. We want society to share not just in the wealth we create, but also in our knowledge, our experience, and our resources, all in the name of a better future. That is why we are committed to creating sustainable value for our shareholders, and for society as a whole, leaving a better planet for future generations, through natural products that are sustainable, recyclable and biodegradable, that help to sequester carbon and produce oxygen, that protect biodiversity, improve the soil and combat climate change.

Our Values are described on our website: <http://www.thenavigatorcompany.com/Institucional/Missao-Visao-e-Valores>.

The Organisation has declared a series of principles which are reflected in its various policies, codes, and internal regulations, designed to ensure the highest possible standard of business conduct. The Principles are established in the documents described below and include, among others: compliance with the law, transparency, integrity, confidentiality, courtesy, non-discrimination and non-coercion, training.

Navigator's Standards and Rules of Conduct are described in the following documents:

- Code of Ethics and Good Conduct;
- Code of Conduct for Suppliers;
- Code of Good Conduct for Preventing and Combating Workplace Harassment.
- Whistleblowing Regulations;
- Memorandum on prohibition of market abuse;
- Memorandum on managers' operations, in connection with the prohibition of market abuse.

Navigator has a management approach based on principles of ethics, integrity, and inclusion, as presented in chapter

3.2 ETHICS, TRANSPARENCY, AND INCLUSION. The same chapter outlines the Company's commitments and practices in relation to responsible business conduct, not merely in the field of human rights, but also regarding due diligence practices.

Management of the precautionary principle is integrated with risk management. Detailed information on risk management is available in the **Annual Report 2021 | 7. Corporate Governance Report | Part I - Information on Shareholder Structure, Organisation and Corporate Governance | C. Internal Organisation | III. Internal Control and Risk Management.**

SR 2021:
 Pages 72-77
 and
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2-24 Embedding policy commitments
3.2 ETHICS, TRANSPARENCY, AND INCLUSION

Pages 72-77

2-25 Processes to remediate negative impacts

These processes are described over the course of the 2021 Sustainability Report, in Navigator's response to each of the material topics. For each of the topics, Navigator describes the action and initiatives taken to manage and remediate the impacts resulting from its activities.

2-26 Mechanisms for seeking advice and raising concerns

The Code of Ethics and Conduct and the Whistleblowing Regulations are in force, together with the Code of Conduct for Suppliers and the Code of Good Conduct for prevention of workplace harassment.

There is an Ethics Committee which assesses breaches of these codes as reported to it, and there are separate procedures for assessing whistleblowing reports, as per the regulations available at http://en.thenavigatorcompany.com/var/ezdemo_site/storage/original/application/4f2f21bde26dce6239686d83f9c4bf20.pdf.

2-27 Compliance with laws and regulations
3.2 ETHICS, TRANSPARENCY, AND INCLUSION

Pages 72-77

No. of significant occurrences	No.
No. of significant instances of non-compliance with laws and/or regulations in reporting period	2 cases
No. of instances in which fines were incurred	2 cases
No. of instances in which non-monetary sanctions were incurred	0 cases
Fines paid for instances of non-compliance	
Total no. of fines for instances of non-compliance with laws and regulations paid during reporting period	2
Total monetary value of fines for instances of non-compliance with laws and regulations paid during reporting period (in euros)	21,000

Note: Navigator has not recorded significant fines or sanctions (greater than 3 thousand euros) in previous years, relating to either environmental or socio-economic matters. This information was available under the previous version of GRI standards 307 and 419, discontinued in the new version published in 2021.





2-28 Membership of associations

Name of Association	Holds position in governance bodies
AEM - Association of Portuguese Issuers of Listed Securities	Member of Management Board
AIFF - Association for the Competitiveness of Forest Based Industries	Associate Member
AIP-CCI - Portuguese Industrial Association - Chamber of Commerce and Industry	Associate Member
AlmaScience	Chair of General Meeting Member of Audit Board Instituto RAIZ - Member of Board of Directors Associate Founding Members
APA - Portuguese Environment Agency	Associate Member
APE - Portuguese Energy Association	Member of Management Board
APIGCEE - Association of Major Industrial Power Consumers	Secretary of General Meeting
APIGRAF - Portuguese Association of Printers and Paper Manufacturers	Associate Member
AISET - Setúbal Peninsula Industrial Association	Chair of General Meeting
APLOG - Portuguese Logistics Association	Associate Member
APQ - Portuguese Quality Association	Associate Member
APREN - Portuguese Renewable Energy Association	Member of Management Board
APPLSSA - Local Protected Landscape Association, Serras do Socorro e Archeira	Member of Advisory Board
Associação CECOLAB - Collaborative Laboratory Towards Circular Economy	Instituto RAIZ - Non-executive Director Founding Member
Minho-Lima Association for Forestry Certification	Member of Management Board
ASWP - Smart Waste Portugal	Associate Member
BCSD Portugal - Business Council for Sustainable Development	Chair of Management Board
Biobased Industries Consortium	Associate Member
BIOREF	Instituto RAIZ - Vice-Chair of Board of Directors Founding Associate Member
Portugal-Mozambique Chamber of Commerce	Associate Member
CBE - Biomass for Energy Centre	Chair of General Meeting
CELPA - Portuguese Paper Industry Association	Chair of Management Board Chair of Executive Board Chair of General Meeting Member of Management Board Member of Audit Board
Centro Habitat - Sustainable Habitat Cluster	Associate Member
CEPI - Confederation of European Paper Industries	Member of Energy and Environment Committees
CIP - Confederation of Portuguese Industry	Vice-chair of National Environmental Strategy Committee and member of National Energy Strategy Committee
Circular Bioeconomy Alliance	Associate Member
CPA - Aveiro Port Community	Member of Management Board
CPC - Portuguese Shippers' Council	Member of Management Board
CPFF - Figueira da Foz Port Community	Chair of General Meeting
CPS - Setúbal Port Community	Member of Audit Board
COGEN Portugal - Portuguese Association for Energy Efficiency and the Promotion of Cogeneration	Member of Management Board
COTEC Portugal - Business Association for Innovation	Member of General Board Member of Strategy Committee
EBN - European Business Network	Instituto RAIZ - Associate Member
EFI - European Forest Institute	Instituto RAIZ - Associate Member
EUROGRAPH - European Association of Graphic Paper Producers	Board Member Chair of the Environmental Working Group
FORESTIS - Portuguese Forestry Association	Member of the Higher Board
ForestWise	Instituto RAIZ - Member of Board of Directors Founding Member
FpC - Forum for Competitiveness	Member of the Management Board
FSC International	Associate Member
FSC Portugal - Forest Stewardship Council	Associate Member Instituto RAIZ - Alternate Member of Audit Board
ICNF - Forestry Conservation	Instituto RAIZ - Associate Member
Institut Européen de la Forêt Cultivée	Instituto RAIZ - Associate Member
Higher Technical Institute - University of Lisbon	Instituto RAIZ - Associate Member
ISQ - Welding and Quality Institute	Member of General and Supervisory Board
IUFRO - International Union of Forestry Research Organizations	Instituto RAIZ - Associate Member
Paper Profile - Environmental Product Declaration for Paper	Associate Member





PEFC Portugal – Council for the Portuguese Forestry Sector	Chair of Management Board Instituto RAIZ – Member of Audit Board
Print Power Portugal	Member of Marketing Group
PRODEQ – Association for the Development of Chemical Engineering	Instituto RAIZ – Associate Member
RELACRE – Portuguese Association of Accredited Laboratories	Instituto RAIZ – Associate Member
TECNICELPA – Portuguese Association of Cellulose and Paper Industry Technicians	Instituto RAIZ – Associate Member
TFD – The Forest Dialogue	Member of Steering Committee
WBCSD – World Business Council for Sustainable Development	Member of Executive Committee Member of Forest Solutions Group
WWF International – Forests Forward Program	Member of Program (continuity as a Founding Member of the New Generation Plantations Platform, NGP)

STAKEHOLDER ENGAGEMENT

2-29 Approach to stakeholder engagement

2.4. STAKEHOLDER RELATIONS

Pages 55 and 56

2-30 Collective bargaining agreements

No. of significant occurrences	2019	2020	2021
Total no. of workers covered by collective bargaining agreements	789	758	1,689
Total no. of workers	3,123	3,106	3,021
Percentage of workers covered by collective bargaining agreements (%)	25%	24%	56%

NB: Until 2020, the Employees considered corresponded to the unionised workforce. The methodology has been changed to include all Employees with collective bargaining agreements, and so the data for 2021 is not comparable with that reported in previous years.

GRI 3: MATERIAL TOPICS

LOCATION

As per standard published in 2021

3-1 Process to determine material topics

The process for determining material topics is detailed in the 2020 Sustainability Report, in chapter 2.1 THE MATERIALITY ANALYSIS PROCESS. SR 2020: In Portuguese:

Portuguese http://www.thenavigatorcompany.com/var/ezdemo_site/storage/original/application/79440565559ff21d47976efa9159d905.pdf

English http://en.thenavigatorcompany.com/var/ezdemo_site/storage/original/application/Odb4287d614684890f412961d087f669.pdf

SR 2020:
Pages 50-51

3-2 List of material topics

1.6 THE GLOBAL CONTEXT

Pages 28-45

3-3 Management of material topics

Parte II – GRI Standards. a) Materiality and specific GRI standards, in this document.

Pages 4-5

SPECIFIC CONTENTS

GRI 200: ECONOMIC PERFORMANCE

LOCATION

GRI 201: ECONOMIC PERFORMANCE

As per standard published in 2016



**201-1 Direct economic value generated and distributed****7. OUR PERFORMANCE – Economic Indicators****201-2 Financial implications and other risks and opportunities due to climate change****7. OUR PERFORMANCE – Economic Indicators**

Navigator drew up a decarbonisation plan in 2019. This was the Roadmap for Carbon Neutrality, which established the aim of achieving carbon neutrality by 2035 at its industrial complexes and is one of the Company's tools for mitigating and adapting to the impacts of climate change on business. This plan involves total investment of €154 million and will cut direct emissions from the complexes by 86%, enabling the Company in the long term to reduce the financial impact of acquiring emission licences. Alongside this, some of Navigator's funding arrangements are tied to its ESG performance, entailing financial consequences for the Company from the evolution of these indicators. One of the indicators considered is the reduction of direct (i.e., scope 1) carbon emissions. Further details in **3.1. CREATING SUSTAINABLE VALUE**.

201-3 Defined benefit plan obligations and other retirement plans**AR 2021: 7. Personnel – 7.2. Employee Benefits**[Pages 251 and 252](#)**201-4 Financial assistance received from government****7. OUR PERFORMANCE – Economic Indicators**[Page 160](#)**GRI 202: MARKET PRESENCE**

As per standard published in 2016

202-1 Ratios of standard entry level wage by gender compared to local minimum wage**7. OUR PERFORMANCE – Economic Indicators**[Page 160](#)**GRI 203: INDIRECT ECONOMIC IMPACTS**

As per standard published in 2016

203-1 Infrastructure investments and services supported

No. of significant occurrences	2019	2020	2021
Community Investment ('000 €)	1,781	1,714	1,648
Paper donations ('000 €)	26	21	28
Paper donations (t)	37	23	27

203-2 Significant indirect economic impacts

The Navigator Company's indirect economic impacts were the subject of an independent study conducted by the consultant KPMG in 2016. The findings of this study – "National and Regional Impact of The Navigator Company's Industrial Units" – were presented at a session of the Sustainability Forum in April 2016. For example, the report points to 29,103 jobs created by way of indirect and induced employment, and to a contribution of 1,809 million euros to Portuguese GDP.

For additional information on the impact of each industrial unit, please contact The Navigator Company.

KPMG conducted further research in 2018 into the potential impact of the tissue project at the Aveiro Complex on the socio-economic development of the region in 2020, and the findings were presented at the Sustainability Forum held in October 2018. The conclusions point to indirect and induced employment for 650 individuals and an impact of €50 million on GDP, on an indirect and induced basis, as well as increased orders to local suppliers.

In 2021, Navigator had a direct workforce of more than three thousand, to whom it paid salaries and benefits of approximately 140,070 thousand euros. In addition to its workforce, Navigator shared its purchasing between more than 7 thousand suppliers, 74% of which are Portuguese. These figures generate an indirect economic impact, not just through the income of Employee's families, but also in indirect job creation and income for companies and private suppliers. It may also be noted that, during the reporting period, Navigator managed 105.5 thousand hectares in mainland Portugal, the Azores and Galicia (Spain), in around 170 municipalities in Portugal, and a further two in Galicia, representing a significant indirect socio-economic impact for local communities, as a direct and indirect result of its operational activities.



GRI 204: PROCUREMENT PRACTICES

As per standard published in 2016

204-1 Proportion of spending on local suppliers

7. OUR PERFORMANCE – Economic Indicators

Page 160

GRI 205: ANTI-CORRUPTION

As per standard published in 2016

205-1 Operations assessed for risks related to corruption

No corruption risk assessments were conducted during the reporting period.

205-2 Communication and training about anti-corruption policies and procedures

3.2. ETHICS, TRANSPARENCY, AND INCLUSION

Pages 72-77

205-3 Confirmed incidents of corruption and actions taken

There were no incidents to report in 2021. In relation to the case reported in 2020, concerning the malpractice detected at the wood yard, the consequences determined by the Company for all the defendants involved consisted of termination of their employment.

GRI 206: ANTI-COMPETITIVE BEHAVIOUR

As per standard published in 2016

206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices

Administrative proceedings were brought at the US Department of Commerce, in relation to international trade law, concerning exports of paper from Portugal to the United States, although Navigator has not acted in breach of competition law.

Anti-dumping duties have been applied Portugal's exports to the United States of certain types of paper marketed by Navigator. For the last period for which it has been definitively set (2017-2018), this rate was put at 4.37%. In the course of 2020, the rate for the first review period (2015-2017) also became definitive and was set at 1.67%.

The definitive setting of these duties led, as previously stated, to the Company being reimbursed for amounts deposited in excess of the final rate. At the start of 2021, the preliminary rate for the third review period (2018-2019) was set at 6.75%. It is this rate that is being used for the deposits that the Company must make for each export consignment. These deposits are subject to subsequent adjustment, in line with new decisions issued and confirmed by the Department of Commerce.

GRI 207: TAX

As per standard published in 2019

207-1 Approach to Tax

The Navigator group's tax policy is aligned with the Group's business development strategy, meaning that the policy reflects the economic substance of its activities. For this reason, the Group's transactions are treated for tax purposes in keeping with its business activities, and the fiscal implications of those transactions are just one of many economic factors to be considered in management decisions at the Navigator group. This policy is assessed annually by the Executive Board and the Board of Directors. Compliance is guaranteed and monitored through regular meetings with the CFO (Chief Financial Officer) to look at implementation of the tax policy.

207-2 Tax governance, control, and risk management

Responsibility for compliance in tax policy is taken primarily by the CFO, acting jointly with the department responsible for identifying the Company's general risks and for regular monitoring in conjunction with the Tax Affairs Department. The CFO's office conducts a regular assessment, and the Board of Directors undertakes an annual review. Management is based on the preparation of memoranda for analysis of materially relevant transactions, and on internal review of periodic tax returns, in order to check compliance with the Company's tax policy. These procedures are reported to the CFO and to the Department responsible for internal auditing of the Company.

207-3 Stakeholder engagement and management of concerns related to tax

Navigator takes a pro-active stance in its dealings with the Tax Authority (TA), pursuing dialogue, mainly with staff in the Major Taxpayers Unit (in relation to inspections and to judicial proceedings). It applies to the authority for binding information on matters where the application of tax legislation is not clear.

Company Employees also take an active part in organisations such as the Major Taxpayers Forum, organised by the TA, and in a number of associations and the respective taxation sections (such as Business Roundtable Portugal, the Issuers Association [AEM] and the Portugal Fiscal Association), as well as in academic initiatives, as both speakers and participants (such as IDEFF, at the Lisbon Law Faculty, Católica Tax, at the Portuguese Catholic University, and, at international level, WU Wien). Closeness to these stakeholders makes it possible to debate and develop the Company's tax strategy.



**207-4 Country-by-country reporting**

Navigator's business model is based on production operations in Portugal and the sale of its products from Portugal. The Company has a network of sales subsidiaries in several countries, allowing it to provide customer assistance in a series of international markets. Navigator is a company of structural importance to Portugal's economy, meaning that this model entails it being subject to a variety of taxes, contributions, and levies in Portugal, with a significant impact at national level, to the benefit of the Portuguese State. The Navigator group's tax footprint is described in greater detail in **chapter 2.9. Contribution to the State's tax revenues in 2021, in AR 2021.**

Pages 50 and 51

GRI 300: ENVIRONMENTAL PERFORMANCE**LOCATION****GRI 301: MATERIALS**

As per standard published in 2016

301-1 Materials used by weight or volume**7. OUR PERFORMANCE – Environmental Indicators - Materials**

Page 160

301-2 Recycled input materials used**7. OUR PERFORMANCE – Environmental Indicators - Materials**

Page 160

GRI 302: ENERGY

As per standard published in 2016

302-1 Energy consumption within the organization**7. OUR PERFORMANCE – Environmental Indicators - Energy**

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302-2 Energy consumption outside of the organization**7. OUR PERFORMANCE – Environmental Indicators - Energy**

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302-3 Energy intensity**7. OUR PERFORMANCE – Environmental Indicators - Energy**

Page 160

302-4 Reduction of energy consumption**7. OUR PERFORMANCE – Environmental Indicators - Energy**

Page 160

GRI 303: WATER AND EFFLUENTS

As per standard published in 2018

303-1 Interactions with water as a shared resource

a) Navigator uses mostly surface water: Aveiro – River Vouga (RH4), Figueira da Foz - River Mondego (RH4) and Vila Velha de Ródão - River Tagus (RH5). The Setúbal site needs to abstract ground water (RH6).

The water intakes are licensed by the National Water Resources Authority, and water is withdrawn in strict compliance with the upper limits authorised.

It should be noted that in Setúbal the intake is managed from a network of 23 boreholes, operated with assistance from a specialist hydro-geology firm, in order to minimise pressure on this resource / the environmental impact of these intakes.

Water is used by Navigator in all its industrial processes, from production of steam to the transport of materials, cooling systems, etc..

Navigator operates an extensive system to monitor and control this resource at all phases of its production processes, to check its quality and systematically reassess whether to reuse water in its different processes. The water disposed of in each process undergoes treatment (primary, secondary and sludge treatment), minimising the potential impacts of discharge in the environment.

The Aveiro and Figueira da Foz mills discharge their treated effluents through outfalls in the Atlantic Ocean, at 3 and 2.5 km from the coast respectively, whilst Setúbal releases its effluents in the Sado estuary, in an area significantly influenced by tidal currents, ensuring that the effluent is duly dispersed in the water.

The Vila Velha de Ródão mill returns its treated effluent to the River Tagus. It should be noted that the only activity at this unit is the manufactures of tissue paper. In 2019, a major revamping project was carried out at the Wastewater Treatment Plant, which now releases treated effluent of a better quality than the water obtained from the River Tagus, upstream of the discharge point.

Note: the water used in production processes is drawn not just from intakes, but also from the raw and subsidiary materials, including wood and chemicals. The water used is returned to nature in the form of water vapour and treated effluent, but wastes, products and by-products also contain significant volumes of water.



b) Over the course of its history, Navigator has had a clear commitment to managing water resources, both in the scale of its water intake and in the quality of the water discharged.

Navigator has worked alongside the authorities in preparing the management plans for the hydrographic regions (PGRH) where its plants are located, through representation on the Hydrographic Region Councils. These councils advise the Portuguese Environment Agency/Hydrographic Region Authority, with powers to monitor and take part in designing management plans for drainage basin areas and specific water management plans, issuing preliminary reports prior to approval on matters deemed relevant to management of water resources in the context of the hydrographic region. In 2020, the document entitled Significant Water Management Issues (QSiGA) was published on the Participa.pt portal. This was a fundamental step in the process of reviewing the management plans, pointing to the issues and topics that would have to be included in each plan, in view of the characteristics of each hydrographic region, the pressures to which it is subject and the impacts on water masses, and an assessment of their state, with a view to achieving the aims of the Water Framework Directive (WFD).

The impacts of climate change on water are felt both on the supply side, and also on demand. As regards supply, climate change has brought alterations to rainfall patterns, leading to changes in the volume and availability over time of surface and ground water. On the demand side, there have been changes in volumes consumed by different activities, and changes to the distribution of this consumption over time.

A public consultation process is under way until June 2022 on a study that brings together the best available information and assesses availabilities now and, in the future, determining the scarcity index for each drainage basin and sub-basin.

c) The issue of water management is one of the key issues for the Community Liaison Committees that Navigator has established at each of its industrial units. The contributions of this important group of stakeholders are incorporated in the design of its water management plans and activities. We may point to the following examples:

- Project for monitoring and modelling the River Sado Estuary, in order to assess the impact on the receiving environment of discharges from the outfall pipe from the Setúbal Industrial Complex. The study started in May 2020 and was completed in October 2021, including a monitoring component carried out by the MAREFOZ Laboratory at the University of Coimbra and a mathematical modelling component entrusted to the MARETEC Centre at the Institute of the Sea (IMAR).
- Continued specialist technical support for management of the 23 water intakes at the Setúbal Industrial Complex, provided by Grandewater, a specialist consultancy firm. This partnership enables us to monitor the environmental impact of the intake pressure, and so to manage the different intakes to minimise effects on quality/quantity of the water body.
- The Water Use Reduction Programme (PRUA), which sets out to implement initiatives to reduce the quantity of water used at each plant, through management measures and/or new technological developments.

As a company certified under ISO 14001 and 9001, Navigator sets high standards for approval of its suppliers of raw materials and consumables. Qualification is followed by a performance assessment, seeking to encourage suppliers to adopt better performance on various environmental issues, including management / use of water resources. The selection criteria for suppliers include the best environmental performance in terms of both consumption and also emissions into the air and atmosphere. This enables Navigator to continue using the European Union Ecolabel for its UWF and tissue products.

Navigator also works to raise the environmental awareness of its stakeholders, including consumers, with a view to better use of resources, protecting the environment and mitigating adverse impacts, especially those associated with climate change.

d) Navigator has established commitments and targets for water use in its 2030 Roadmap.

In view of the specific features of each plant, an organisational structure has been set up which oversees, promotes and provides the human, technical and financial resources needed for:

- Identification of water reduction/reuse measures in each process and at each plant;
- Technical and financial assessment of the measures identified, prioritised on a value-for-money basis, weighing up the potential gains and the resources needed;
- Scheduling/planning of the measures for implementation at each plant, every year;
- Execution of measures and assessment of impact (real gain);
- Replanning/adjustments to plan as originally established, tailoring the reduction measures to the proposed goals.

Navigator monitors the availability of water resources on a systematic basis, in its intake areas; the situation currently inspiring the greatest concern is the occasional scarcity of water in the River Tagus. It should be noted that Navigator Tissue Ródão does not withdraw water directly, and water is instead supplied by Celtejo, S.A., an ALTRI group company. As well as supplying pulp for producing tissue paper, Celtejo withdraws and treats water from the River Tagus, supplying treated water to Navigator Tissue Ródão.

303-2 Management of water discharge-related impacts

At all The Navigator Company's industrial units, effluents undergo treatment at the facility's own treatment plant, leading to quality standards in the treated effluent compatible with the applicable emissions values under the BREF P&P (2015). Effluent discharges comply with the strict terms of industrial wastewater disposal licenses, which impose stringent monitoring obligations. In addition to an extensive programme of laboratory monitoring of effluent samples from WWTP inflows and outflows, the new licenses require continuous monitoring and reporting, connecting the Portuguese Environment Agency (APA) to the relevant data logger.

After a challenging project for installation and revamping of equipment, the industrial complexes in Figueira da Foz and Aveiro started continuous reporting to APA of the quantity and quality of effluent discharged, in September and October 2021 respectively. In terms of the minimum standards established, all the plants are subject to discharge standards regulated by a Water Resources Utilisation License for discharge of industrial effluent. As the mills' Effluent Discharge Licenses were renewed in 2019 and 2020, it was necessary, as a first step, to comply with very stringent rules, both on effluent quality, and on the level of monitoring required. In the last two years (2020 and 2021), steps have been taken to improve the Wastewater Plants in order to ensure they have the capacity to respond to the new requirements.

The quality of the receiving environment is guaranteed by monitoring coastal waters in areas potentially influenced by outfall discharges. The quality requirements established for effluent discharges are significantly disproportionate for the characteristics of the receiving environment, insofar as discharges from Navigator's large industrial units (Aveiro, Figueira and Setúbal) and made in the Atlantic Ocean or the Sado estuary, with strong tidal influence, where there is consequently great capacity for dispersion.

**303-3 Water Withdrawal****7. OUR PERFORMANCE – Environmental Indicators - Water**[Page 161](#)

There is no indication that the Drainage Basins (DB) from which Navigator withdraws water are under water stress. The Mondego, Vouga and Lis DB is not subject to excessive pressure of use, and is used in accordance with the Central Region Hydrographic Region (HR4) Management Plan. In the Sado and Mira drainage basin, groundwater is regularly monitored, in terms of quality and quantity, and there is no indication of water stress. Although groundwater is not subject to stress, the Company takes care to manage this important resource as well as possible.

303-4 Effluents**7. OUR PERFORMANCE – Environmental Indicators - Water**[Page 161](#)**303-5 Water Consumption****7. OUR PERFORMANCE – Environmental Indicators - Water**[Page 161](#)

In accordance with the methodology described in guidance for disclosure 303-5, the volume of water consumed corresponds to the differential between the volume of water withdrawn and the volume of water discharged. In Navigator's case, the volume of water consumed according to this methodology is 10,574 (1000 m³), corresponding to approximately 16% of the water withdrawn. It should be noted that this figure includes a portion, i.e. the water discharged as steam, which is not counted because, although this is not measurable, it is in fact returned to the environment.

GRI 304: BIODIVERSITY

As per standard published in 2016

304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas**7. OUR PERFORMANCE – Environmental Indicators - Biodiversity**[Page 161](#)**304-2 Significant impacts of activities, products, and services on biodiversity**

There is no record of any occurrences with significant impacts. The potential impacts on biodiversity, negative or positive, are duly identified and preventive and mitigation measures have been defined for the potential negative impacts. Measures have also been designed to help maintain or improve the biodiversity existing on our land holdings and the respective state of conservation. These measures are implemented in forestry projects and operations, from planning through to execution in the field.

304-3 Habitats protected or restored**7. OUR PERFORMANCE – Environmental Indicators - Biodiversity**[Page 161](#)**304-4 Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations**

	2019	2020	2021
Critically endangered	3	4	4
Endangered	13	13	13
Vulnerable	27	31	36
Near threatened	19	20	21
Least concern	168	180	182

In 2021, most of the increase was due to identification of more species belonging to the Portuguese Vascular Flora Red List.

GRI 305: EMISSIONS

As per standard published in 2016

305-1 Direct (Scope 1) GHG emissions**7. OUR PERFORMANCE – Environmental Indicators - Emissions**[Page 161](#)**305-2 Energy indirect (Scope 2) GHG emissions****7. OUR PERFORMANCE – Environmental Indicators - Emissions**[Page 161](#)**305-3 Other indirect (Scope 3) GHG emissions****7. OUR PERFORMANCE – Environmental Indicators - Emissions**[Page 161](#)**305-4 GHG emissions intensity****7. OUR PERFORMANCE – Environmental Indicators - Emissions**[Page 161](#)

305-5 Reduction of GHG emissions
7. OUR PERFORMANCE - Environmental Indicators - Emissions
[Page 161](#)
305-6 Emissions of ozone-depleting substances (ODS)

Zero ODS-depleting emissions.

305-7 Nitrogen oxides (NO_x), sulphur oxides (SO_x), and other significant air emissions
7. OUR PERFORMANCE - Environmental Indicators - Emissions
[Page 161](#)
GRI 306: WASTE

As per standard published in 2020

306-1 Waste generation and significant waste-related impacts

There is a series of materials in the inputs and outputs from Navigator's operations which may have impacts related to the waste generated. In terms of inputs, Navigator receives several materials needed for the production process, such as chemicals for the pulp cooking and bleaching process, packaging materials for products purchased, lubricants and gear oil, among others. In relation to outputs, some of the by-products / waste generated, which may cause an impact, include used oils, empty composite packaging, process waste, and also end products. The activities which may generate waste-related impacts are chemicals recovery activities (causticising and lime kiln), energy production activities, effluent treatment activities and maintenance activities.

306-2 Management of impacts
4.3. CIRCULAR ECONOMY - Key Developments in 2021
[Pages 117-119](#)
306-3 Waste generated
7. OUR PERFORMANCE - Environmental Indicators - Waste
[Page 161](#)
306-4 Waste diverted from disposal

Here we present waste generated which is sent for recovery operations. This is considered onsite when within the physical boundaries or under the administrative control of the reporting organisation, and offsite when outside the physical boundaries or not under the administrative control of the reporting organisation. Whenever possible, waste is managed onsite. In the case of recycling, the type of operation is composting and soil treatment for the benefit of agriculture, whilst in recovery operations, Navigator sends the waste to be introduced in other value chains as secondary raw materials. This is the first year that Navigator responds to GRI 306 (2018), and so the information presented below refers only to 2021.

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	Recovery operations (t)	Hazardous Waste	Non-hazardous waste
Preparation for reuse	Onsite	0.0	0.0
	Offsite	45.5	0.0
	Total	45.5	0.0
Recycling	Onsite	0.0	0.0
	Offsite	15.6	160,218.1
	Total	15.6	160,218.1
Other recovery operations	Onsite	0.0	0.0
	Offsite	333.1	119,966.9
	Total	333.1	119,966.9
Total waste (t)	Onsite	0.0	0.0
	Offsite	394.2	280,185.0
	Total	394.2	280,185.0

306-5 Waste directed to disposal

Here we present waste generated which is sent for recovery operations. This is considered onsite when within the physical boundaries or under the administrative control of the reporting organisation, and offsite when outside the physical boundaries or not under the administrative control of the reporting organisation.

Waste stated under "Other disposal operations" is stored awaiting the most appropriate form of disposal.

In cases where a recovery destination cannot be found, Navigator disposes of these materials at a specific landfill site, duly monitored and licensed. Although reuse for energy is considered a disposal operation, it makes it possible to replace virgin raw materials and to reduce consumption of fossil fuels.

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	Disposal operations (t)	Hazardous Waste	Non-hazardous waste
Incineration with energy recovery	Onsite	0.0	70,056.1
	Offsite	0.0	1,232.0
	Total	0.0	71,288.2
Incineration without energy recovery	Onsite	0.0	0.0
	Offsite	0.003	0.0
	Total	0.003	0.0
Landfilling	Onsite		54,277.2
	Offsite	35.4	644.0
	Total	35.4	54,921.2
Other disposal operations	Onsite	0.0	0.0
	Offsite	133.1	107.0
	Total	133.1	107.0
Total hazardous waste (t)	Onsite	0.0	124,333.4
	Offsite	168.5	1,983.0
	Total	168.5	126,316.4

GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT

As per standard published in 2016

308-1 New suppliers that were screened using environmental criteria

Distribution of the Code of Conduct for Suppliers is an important issue with an impact on management of our suppliers. The content of the Code of Conduct is highly consistent with the rest of the contract documentation, highlighting concerns relating to the environment, safety, human rights, and fundamental employment rights, ensuring that these concerns are clearly conveyed to suppliers.

308-2 Negative environmental impacts in the supply chain and actions taken**3.3. RISK MANAGEMENT AND BUSINESS CONTINUITY - Supply chain resilience**[Pages 78-82](#)**SOCIAL PERFORMANCE****LOCATION****GRI 401: EMPLOYMENT**

As per standard published in 2016

401-1 New employee hires and employee turnover**7. OUR PERFORMANCE - Social Indicators - Human Resources**[Page 162](#)**401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees**

The Navigator Company group does not normally hire part-time staff, and there is consequently no specific policy or practice in place for benefits for workers employed on this basis.

Benefits provided to the Company's Employees include:

Life Insurance, Health Insurance, Pension Fund, Education Support - Books and Study Grants, Allowance for children with special needs and Childcare Allowance.

401-3 Parental leave

		2019	2020	2021
Return to work rate	Men	100%	100%	100%
	Women	100%	100%	100%
	Total	100%	100%	100%
Retention rate (12 months)	Men	122%	97%	98%
	Women	65%	77%	97%
	Total	112%	93%	98%



GRI 403: OCCUPATIONAL HEALTH AND SAFETY

As per standard published in 2018

403-1 Occupational health and safety management system

The Navigator Company presents an Occupational Health and Safety (OHS) Management System, in the form of ISO 45001. The management system applies to internal and external employees. External employees have been integrated into all OHS initiatives over the past four years, especially in the case of resident external employees.

403-2 Hazard identification, risk assessment, and incident investigation

Hazards are identified and risks assessed by the teams responsible for operations, in direct coordination with the Occupational Health and Safety (OHS) teams, with recourse whenever necessary to internal and external consultancy services. The results of these processes are assessed through internal and external audits, as well as inspections and checks, by official entities and by internal teams. Monitoring is conducted based on performance indicators, so that it is possible to follow up the results of processes. This assessment takes the form of risk evaluation matrices which are reviewed periodically (at least once a year) or else when incidents occur, when there are new raw materials, processes, or products, when there are changes in the legislation, and in other cases. The employees involved are informed of the changes (when they do not take a direct part in reviewing the matrix). In terms of reporting, all Employees are able to report any hazards, hazardous situations or safety incidents, anonymously if they so wish. Navigator has several procedures in place, such as PG28 - Reporting and Investigation of Incidents, as well as the Codes of Ethics and Conduct, which make it possible to protect Employees against any reprisals. Incidents at work are analysed in accordance with PG28, as well as the procedures for Hazard Identification and Risk Assessment. PG 28 determines how incidents should be classified and reported, the investigation team to be appointed, the root causes which led to the incident and the corrective measures to be implemented, the persons responsible and time limits. These reports are widely disseminated throughout the Company, so that the different industrial complexes, with similar operations/tasks, can assess and debate the possibility of similar situations occurring and adoption of the measures identified.

403-3 Health Services

Navigator has dedicated teams to support operations. In addition to risk assessments which are carried out periodically or following on from incidents or changes to facilities, products, conditions, standards, legislation and other changes, this team carries out regular inspections and audits. There is also a set of corporate initiatives designed to improve working practices, procedures, and conditions across the Company, in order to make operations healthier and safer. The link between Occupational Health and Safety teams and the Occupational Medicine teams ensures that all information - from risk assessments through to results from the monitoring of chemical, physical and biological agents and radiation - is comprehensively shared. This ensures that the medical teams are aware of the risks that each Employee faces, making it possible to monitor other complementary parameters at periodic check-ups. The medical teams make periodic visits to the industrial units, with the OHS teams, offering an opportunity for them to work together in the field to assess conditions and to validate the measures to be implemented.

403-4 Worker participation, consultation, and communication on occupational health and safety

The Company has consulted all Employees since 2020, using a survey available on the intranet. This survey is conducted twice a year and widely publicised within the Company; all employees are encouraged to take part. Various OHS issues are considered, including the level of hazards and risks, workplace conditions, reporting of monitoring results, awareness of procedures, training needs and the quality of personal protective equipment (PPE). The findings of this consultation process are published so that everyone has access to the information and is aware of the action taken, designed based on the responses obtained. Another channel used by Navigator is consultation of the Health and Safety Committees (where these exist) at the industrial complexes. All the complexes (except Vila Velha de Ródão and forestry operations) have Occupational Health and Safety Committees. The committees meet periodically, and at least once a year. They are able to discuss risk assessments, hazards and procedures, and also to convey employee concerns. The composition of these committees is established by Portuguese law, and the Company ensures the rules are correctly applied.



**403-5 Worker training on occupational health and safety**

Navigator has been working with its Training division to develop a skills matrix by job description, identifying the tasks assigned to each Employee, the obligatory training and respective validity. Work on this project will continue in 2022.

At present, the Company offers a series of training courses, attendance of which is mandatory, as established in Portuguese law.

Complementary training is sometimes provided, as for example in 2021 when managers, heads of sector, supervisors and other management personnel attended training in civil and criminal liability in connection with the sector.

Navigator's Learning Center provides Employees with a series of training courses addressing various Safety issues. Some of the online training modules offered by the Learning Center are to be classed as obligatory, and other modules are being developed using new technologies (augmented reality, for example), to motivate Employees to take up the training. When they attend training outside working hours, Employees receive additional pay.

The onboarding process for all new Employees includes an induction programme which addresses the various safety issues. Navigator frequently updates its safety training, and in 2022 the training plan in this area will be expanded, because the plans for 2020 and 2021 were affected by the limitations caused by the pandemic.

In more critical areas, where the risks are highest, additional awareness raising/training is provided by the local OHS team. Prior to accessing Navigator facilities, external Employees receive mandatory specific training, developed by CELPA (Paper Industry Association), known as PISC (Paper Industry Safety Card). In the case of special work/projects, training is developed to address the most relevant safety issues.

403-6 Promotion of worker health

Navigator has a team dedicated to Occupational Health (OH) and curative medicine, as well as round-the-clock nursing teams in the industrial and forestry sectors; all Employees have access to these services. The industrial units have a medical unit that all Employees can use, enabling them to present their needs to the health professionals.

In addition to occupational and curative medicine, Navigator has a round-the-clock nursing team (except in Vila Velha de Ródão, where nurses are available only during daytime) to provide permanent care for Employees.

The Company also has an OH team comprising a psychologist, a nutritionist, a social worker and five physiotherapists at each industrial unit. In partnership with the occupational and curative medicine staff, this team runs health and wellness programmes, as well as assessing and following up Employees needing support in any of the specialist areas.

This team is also resident and provides its services at the medical units. Importantly, the OH team also runs wider-ranging programmes aimed at the entire workforce, focusing on issues such as: workplace physical exercise, sleep analysis, nutrition for shift workers, welfare services, etc.. Every year, Navigator celebrates health month in October, when the OH team reaches out to the different operational sectors, always resulting in excellent feedback.

403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

The organisation has no specific approach to preventing or mitigating significant occupational health and safety impacts directly linked to its operations insofar as OHS is a function coordinated across the group at corporate level, despite each complex having a local team coordinating OHS issues.

403-8 Workers covered by an occupational health and safety management system

Navigator has an occupational health and safety management system (OHSMS) certified or audited by an external party, which covers:

	No.	%
Total number of employees	3,021	
Total number of other workers	14,293	
Employees covered by OHSMS	2,780	92%
Other workers covered by OHSMS	13,896	97%
Total (Employees and other workers) covered by OHSMS	16,676	96%

There are various activities in the organisation not covered by certified OHS systems, in particular Forest Management, Wood Supply and RAIZ, which are not encompassed by the certification. However, activities in these sectors are subject to the same principles and procedures.



403-9 Work-related injuries
7. OUR PERFORMANCE – Social Indicators - Health and Safety
[Page 162](#)
Methodological notes on the formulas used:
Single Report Formulas

- Frequency rate = (Number of accidents leading to sick leave / Number of hours worked) x 1,000,000
- Severity rate = (Number of days lost / Number of hours worked) x 1,000,000

GRI Formulas

- Rate of fatalities as a result of work-related injury = (no. fatalities as a result of work-related injury/no. hours worked) x 1,000,000
- Rate of high-consequence work-related injuries* (excluding fatalities) = (high-consequence work-related injuries (excluding fatalities) /no. of hours worked) x 1,000,000

*injury from which the worker takes more than 6 months to make a full recovery, or never recovers fully to pre-injury health status (e.g., amputation)

- Rate of work-related injuries = (work-related injuries/no. of hours worked) x 1,000,000

* All work-related injuries

403-10 Work-related ill health

		2019	2020	2021
Total number of	fatalities as a result of work-related ill health	0	0	0
	cases of work-related ill health reported and confirmed	8	11	1

Main types of work-related ill health recorded

The Navigator Company's industrial operations involves a series of risks which are constantly monitored; preventive measures are also adopted at the different industrial units. Attention is drawn to the risks of pulmonary diseases, dermatitis, musculoskeletal diseases, conjunctivitis, and deafness.

GRI 404: EDUCATION AND TRAINING

As per standard published in 2016

404-1 Average hours of training per year per employee
7. OUR PERFORMANCE – Social Indicators - Training and development
[Page 162](#)
404-2 Programs for upgrading employee skills and transition assistance programs

All The Navigator Company's staff are covered by the Training Plan and respective addenda, which are made from time to time as needs arise. They are accordingly involved in a process of continuous learning, designed to improve their skills, and adapt them to the Company's needs. The Learning Centre platform continues to be an important tool, and can be accessed by all Employees, offering a wide variety of online training courses. This platform also provides information on all training courses offered and the respective schedules, as well as onboarding for new Employees when they join the Company. For Employees approaching retirement age, The Navigator Company offers a compensation package under its Rejuvenation Programme for those wishing to take early retirement. This is intended to support them in the transition to a new phase in their lives in which they may face new personal and professional challenges.

404-3 Percentage of employees receiving regular performance and career development reviews
7. OUR PERFORMANCE – Social Indicators - Training and development
[Page 162](#)
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY

As per standard published in 2016

405-1 Diversity of governance bodies and employees
7. OUR PERFORMANCE – Social Indicators - Diversity
[Page 163](#)

Diversity by age group per employee category:

Category	Age range		
	<30	30 to 50	>50
Governance Bodies	0.0%	15.4%	84.6%
Top Management	0.0%	50.0%	50.0%
Senior Management	8.2%	64.5%	27.3%
Middle Management	5.7%	50.9%	43.4%
Operatives	11.1%	62.7%	26.2%



**405-2 Ratio of basic salary and remuneration of women to men****7. OUR PERFORMANCE – Social Indicators - Diversity**

Page 163

GRI 406: DISCRIMINATION

As per standard published in 2016

406-1 Incidents of discrimination and corrective actions taken

There were no incidents of discrimination.

GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

As per standard published in 2016

407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk

There were no incidents in which the right to freedom of association and collective bargaining might have been at risk.

GRI 408: CHILD LABOUR

As per standard published in 2016

408-1 Operations and suppliers at significant risk for incidents of child labour

There were no incidents presenting a risk of child labour.

GRI 409: FORCED OR COMPULSORY LABOUR

As per standard published in 2016

409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour

There were no incidents presenting a risk of forced or compulsory labour.

GRI 413: LOCAL COMMUNITIES

As per standard published in 2016

413-1 Operations with local community engagement, impact assessments, and development programs

Considering a total of five operations (four industrial complexes and forestry operations as a whole), 100% of Navigator's operations feature community engagement, impact assessment and/or local development programmes, in particular:

Types of programmes considered	
i. Social impact assessments, including gender impact assessments, based on participatory processes	No
ii. Environmental impact assessments and ongoing monitoring	Yes
iii. Public disclosure of results of environmental and social impact assessments	Yes
iv. Local community development programs based on local communities' needs	Yes
v. Stakeholder engagement plans based on stakeholder mapping	Yes
vi. Broad based local community consultation committees and processes that include vulnerable groups	Yes
vii. Works councils, occupational health and safety committees and other worker representation bodies to deal with impacts	Yes
viii. Formal local community grievance processes	Yes



413-2 Operations with significant actual and potential negative impacts on local communities

Navigator has identified operations with significant negative impacts (real and potential) on local communities, in Aveiro, Figueira da Foz and Setúbal.

The Navigator Company's paper and pulp production companies are classified as establishments with a high hazard level under Directive 2012/18/EU, of the European Parliament and of the Council, of 4th July 2012 (Seveso Directive III), transcribed by Decree-Law 150/2015 of 5th August.

The negative impacts have to do with the fact that the facilities store chemical substances which may affect the environment and human health in general.

The Navigator Company's mills with this classification implement methodologies and procedures to ensure that hazards are identified, to assess the associated risks and to analyse the impact of these risks to the surrounding area. These methodologies and procedures are assessed and validated by the national authority with powers in this area (Portuguese Environment Agency) and confirmed each year by an audit.

GRI 414: SUPPLIER SOCIAL ASSESSMENT

As per standard published in 2016

414-1 New suppliers that were screened using environmental criteria

Distribution of the Code of Conduct for Suppliers is an important issue with an impact on management of our suppliers. The content of the Code of Conduct is very consistent with the rest of the contract documentation, highlighting concerns relating to the environment, safety, human rights and fundamental employment rights, ensuring that these concerns are clearly conveyed to suppliers.

414-2 Negative environmental impacts in the supply chain and actions taken

Navigator has not identified any significant negative social impacts in its supplier's chain.

GRI 415: PUBLIC POLICY

As per standard published in 2016

415-1 Political contributions

Topic to which a reply is mandatory under Decree-Law 89/2017 for which The Navigator Company has no Management Approach, replying only to the associated GRI indicator. It may be noted that The Navigator Company makes no contributions to political parties.

GRI 417: MARKETING AND LABELLING

As per standard published in 2016

417-1 Requirements for product and service information and labelling

The Navigator Company complies with Regulation (EU) 453/2010, of 20th May, publishing a technical safety datasheet for each product detailing its main features, applications and recommendations for use and recycling. The organisation accordingly uses logos on all its products referring to certifications, such as Ecolabel, FSC, PEFC, and others.

417-2 Incidents of non-compliance concerning product and service information and labelling

No recorded instances of non-compliance.

417-3 Incidents of non-compliance concerning marketing communications

No recorded instances of non-compliance.



INDEPENDENT LIMITED ASSURANCE REPORT FOR THE NAVIGATOR COMPANY, S.A.

(Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail.)

Introduction

We were engaged by the Board of Directors of **The Navigator Company, S.A.** (the Entity) to provide limited assurance on whether nothing has come to our attention that causes us to believe that the sustainability information included in the Sustainability Report for the year ended 31 December 2021 has not been prepared, in all material respects, in accordance with the requirements of the GRI Standards and that the Entity has not applied, in the sustainability information included in the Sustainability Report for the year ended 31 December 2021, the GRI Standards.

Responsibilities of Management

Management is responsible for:

- For the preparation of the sustainability information, included in the 2021 Sustainability Report, in accordance with the Global Reporting Initiative Standards (Information);
- For the design, implementation and maintenance of an appropriate information and internal control system to enable the preparation of information that is free from material misstatement, whether due to errors or fraud;
- For the prevention and detection of fraud and errors and for the identification and ensuring that The Navigator Company, S.A. complies with laws and regulations applicable to its activities.
- Ensuring that Management and staff involved with the preparation of the Information are properly trained.

Our responsibilities

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed.

We conducted our engagement in accordance with International Standard on Assurance Engagements other than Audits or Reviews of Historical Financial Information – ISAE 3000 (Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and the other standards and technical guidance issued by the Portuguese Institute of Statutory Auditors (Ordem dos Revisores Oficiais de Contas). These Standards require that we plan and perform the engagement to obtain limited assurance about whether nothing has come to our attention that causes us to believe that the sustainability information included in the Sustainability Report for the year ended 31 December 2021 has not been prepared, in all material respects, in accordance with GRI Standards and



that the Entity has not applied, in the sustainability information included in the Sustainability Report for the year ended 31 December 2021, the GRI Standards.

We applied the International Standard on Quality Control 1 and accordingly we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Portuguese Institute of Statutory Auditors (including international independence standards), (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We conducted our engagement in accordance with International Standard on Assurance Engagements other than Audits or Reviews of Historical Financial Information – ISAE 3000 (Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and the other standards and technical guidance issued by the Portuguese Institute of Statutory Auditors (Ordem dos Revisores Oficiais de Contas). Our engagement was planned and performed with the purpose of obtaining limited assurance about whether nothing has come to our attention that causes us to believe that the sustainability information included in the Sustainability Report for the year ended 31 December 2021 has not been prepared, in all material respects, in accordance with GRI Standards and that the Entity has not applied, in the sustainability information included in the Sustainability Report for the year ended 31 December 2021, the GRI Standards.

A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of information presented in the 2021 Sustainability Report, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:

- Interviews with senior management and relevant staff at corporate and operational level concerning sustainability strategy and policies for material issues, and the implementation of these across the business;
- Interviews with relevant staff responsible for preparing the information of the sustainability information for the year ended 31 December 2021;
- Comparing the information presented in the Entity's Sustainability Report for the year ended 31 December 2021 to corresponding information in the relevant underlying sources to determine whether all the relevant information contained in such underlying sources has been included in the Report; and
- Reading the information presented in the Sustainability Report to determine whether it is in line with our overall knowledge of the Entity.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained has a reasonable assurance engagement been performed.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.



We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the sustainability information included in the Sustainability Report for the year ended 31 December 2021 has not been prepared, in all material respects, in accordance with the requirements of the GRI Standards and that the Entity has not applied, in the sustainability information included in the Sustainability Report for the year ended 31 December 2021, the GRI Standards.

Restriction on the use of our report

Our Limited Assurance Report is issued solely for the information and use of the Board of Directors of The Navigator Company, S.A. in connection with the release of the 2021 Sustainability Report and should not be used for any other purpose. We accept or assume no responsibility and deny any liability to any party other than the Entity for our work, for this independent limited assurance report, or for the conclusions we have reached.

28 March 2022

**KPMG & Associados -
Sociedade de Revisores Oficiais de Contas, S.A.
(no. 189 and registered at CMVM with no. 20161489)**
represented by
Rui Filipe Dias Lopes
(ROC no. 1715 and registered at CMVM with no. 20161325)



PART III Correspondence Table: Disclosure of Non-Financial Information (DNFI)

This table shows the correspondence between the content of Navigator's 2020 Sustainability Report and the information required in the report template for disclosure of non-financial information, recommended by CMVM (Portuguese Securities Exchange Commission). This template applies to issuers of securities admitted to trading on regulated markets and reflects the applicable legal rules.

A. Information on Policies Adopted

Chapters	Sub-chapters	Corresponding content	Location
A. INTRODUCTION	1. Description of the Company's general policy regarding sustainability issues, indicating any changes to previously approved policy.	SR 2021: Chap. 1.1; 2	Pages 11-12; 47-62
	2. Description of non-financial information reporting methodology and reasons for its adoption, including any changes in relation to previous years and reasons for them.	Report drawn up in accordance with the GRI standards, 2021 version. SR 2021: Chap. 1.1	Pages 11-12
B. BUSINESS MODEL	1. General description of the Company's/Group's business model and form of organisation, stating the main business areas and markets of operation (if possible, using organisational charts, graphs, or functional diagrams).	SR 2021: Chap. 1.5 AR 2021	Pages 23-26
C. MAIN RISK FACTORS	1. Identification of the main risks relating to the matters under report and arising from the Company's activities, products, services, or business relations, including, where applicable and possible, supply and subcontracting chains.		
	2. Indication of how the Company identifies and manages these risks.	GRI Index: 2-12 and 2-23	Pages 7-8
	3. Explanation of the functional division, including governing bodies, commissions, committees, or departments responsible for identification and management/monitoring of risks.	SR 2021: Chap. 3.3 AR 2021/ 7. Corporate Governance Report	Pages 78-82
	4. Express indication of any new risks identified by the Company in relation to those reported in previous years, and also of risks no longer identified.		
	5. Indication and brief description of the main opportunities identified by the Company regarding the matters subject to reporting.		
D. IMPLEMENTED POLICIES			
i. ENVIRONMENTAL POLICIES	1. Description of the Company's strategic objectives and key actions taken to achieve them.	SR 2021: Chap. 2	Pages 47-62
	2. Description of the established key performance indicators.	GRI Index: 301 to 305 SR 2021: Chap. 4; 5; 7	Pages 16-19 and Pages 95-131; 159-164
	3. Indication, on a year-over-year basis, of the degree to which these objectives were achieved, by reference to at least: <ul style="list-style-type: none"> i. Sustainable use of resources ii. Pollution and climate change iii. Circular economy and waste management. 	SR 2021: Chap. 2.5; 7	Pages 57-62; 131-159
ii. SOCIAL AND TAX POLICIES	1. Description of the Company's strategic objectives and key actions taken to achieve them.	SR 2021: Chap. 2, Chap. 3.1 and Chap. 6	Pages 47-71; 133-157
	2. Description of the established key performance indicators.	GRI Index: 201-1, 203-1, 204-1, 413, 414 SR 2021: Chap. 6.3	Pages 14-15; 24-25 Pages 148-157
	3. Indication, on a year-over-year basis, of the degree to which these objectives were achieved, by reference to at least: <ul style="list-style-type: none"> i. Company's commitment to the community 	GRI Index: 201-1 and 204-1 SR 2021: Chap. 6.3	Pages 14-15 Pages 148-157
	ii. Subcontracting and suppliers	GRI Index: 414	Page 25
	iii. Consumers	GRI Index: 417	Page 25
	iv. Responsible investment	GRI Index: 201-1 SR 2021: Chap.3.1 AR 2021	Page 14 Pages 67-71
	v. Stakeholders	GRI Index: 2-29 SR 2021: Chap. 2.4; 6.3	Page 13 Pages 55-56; 148-157
	vi. Tax information	GRI Index: 2-29; 207 AR 2021	Pages 13; 15-16





iii. EMPLOYEES AND GENDER EQUALITY AND NON-DISCRIMINATION	1. Description of the Company's strategic objectives and key actions taken to achieve them.	SR 2020: Chapter 2 and 3.2.2	Pages 46-61 and Pages 75-76
	2. Description of the established key performance indicators.	GRI Index: 2-7, 405	Pages 5; 23
	3. Indication, on a year-over-year basis, of the degree to which these objectives were achieved, by reference to at least:	GRI Index: 2-7, 2-20, 404-1, 405, 406 SR 2021: Chap. 2; 3.2 AR 2021	Pages 5; 10; 23; 24 Pages 47-62; 72-77
	i. Employment		Page 20
	ii. Organization of work	GRI Index: 401-3 SR 2021: Chap. 2; 6.1	Pages 47-62; 135-141
	iii. Health and safety	GRI Index: 403 SR 2021: Chap. 2; 6.2	Pages 21-23 Pages 19-21; 47-62
	iv. Social relations	GRI Index: 2-30	Page 13
v. Training	GRI Index: 205-2 and 404 SR 2021: Chap. 2; 6.1	Pages 15; 23 Pages 47-62; 135-141	
vi. Equality	GRI Index: 401-3, 405 SR 2021: Chap. 3.2	Pages 20; 23-24 Pages 72-77	
iv. HUMAN RIGHTS	1. Description of the Company's strategic objectives and key actions taken to achieve them.	SR 2021: Chap. 3.2	Pages 72-77
	2. Description of the established key performance indicators.	GRI Index: 2.23, 407, 408 SR 2021: Chap. 3.2	Pages 11; 24 Pages 72-77
	3. Indication, on a year-over-year basis, of the degree to which these objectives were achieved, by reference to at least:		
	i. Due diligence procedures		
	ii. Risk prevention measures		
	iii. Judicial proceedings		
v. ANTI-CORRUPTION AND ANTI-BRIBERY	1. Corruption prevention: measures and instruments adopted to prevent corruption and bribery; policies implemented to deter employees and suppliers from engaging in these practices; information on the compliance system, indicating the relevant functional managers, if any; indication of legal proceedings involving the Company, its directors or employees related to corruption or bribery; measures adopted in relation to public procurement, if relevant.	GRI Index: 2-23, 2-26, 205 SR 2021: Chap. 3.2 AR 2021/ 7. Corporate Governance Report	Pages 11; 15 Pages 72-77 Pages 51-57
	2. Prevention of money laundering (for issuers subject to these rules): information on measures to prevent and combat money laundering; indication of number of cases reported each year.	GRI Index: 2-23, 2-26, 205 SR 2021: Chap. 3.2 AR 2021/ 7. Corporate Governance Report	Pages 11; 15 Pages 72-77 Pages 51-57
	3. Codes of ethics: indication of any code of ethics to which the Company may have acceded or which it may have implemented; indication of the respective mechanisms for implementation and monitoring of compliance with the code, if applicable.	GRI Index: 2-23, 2-26, 205 SR 2021: Chap. 3.2 AR 2021/ 7. Corporate Governance Report	Pages 11; 15 Pages 72-77 Pages 51-57
	4. Management of conflicts of interest: measures to manage and monitor conflicts of interest, namely requiring managers and employees to sign declarations of interest, incompatibilities, and impediments.	GRI Index: 2-15 AR 2021/Corporate Governance Report	Page 9





B. Information on Standards / Guidelines Followed

1. IDENTIFICATION OF THE STANDARDS/ GUIDELINES FOLLOWED FOR REPORTING NON-FINANCIAL INFORMATION	<p>Identification of the standards / guidelines followed for preparation of non-financial information, including the respective options, and other principles considered in the Company's conduct, if applicable.</p> <p>If the Company refers to the United Nations 2030 Agenda Sustainable Development Goals (SDGs), include identification of those to which the Company is committed to contribute, indicating the measures taken each year to achieve the goals set for each of these SDGs. In other words, identify concrete actions, projects, or investments with a view to attaining these SDGs.</p>	<p>Report drawn up in accordance with the GRI standards, 2021 version. SR 2021: Reporting Practices</p>
2. IDENTIFICATION OF THE SCOPE AND METHODOLOGY FOR CALCULATING INDICATORS	<p>Description of the scope and calculation methodology (including the calculation formula) for the indicators presented, including any limitations on this reporting.</p> <p>Where possible, a table should be presented showing correspondence between the indicators presented and principles or objectives considered, indicating where the information is detailed (e.g., the page of the stand-alone report on non-financial information, the annual report, any other document, or the Company's website).</p>	<p>GRI Index SR 2021: Reporting Practices</p>
3. EXPLANATION OF NON-APPLICATION OF POLICIES	<p>If the Company does not apply policies with respect to one or more issues, the non-financial reporting provides an explanation of the reasons for this.</p>	<p>Not applicable</p>
4. OTHER INFORMATION	<p>Additional data or information that is not included above but is relevant to understanding and explaining non-financial information and the respective background, mainly regarding networks/groups of entities in the field of sustainability and responsibility to which it belongs, at national or international level, and sustainability commitments that the Company has made voluntarily, at local or global level.</p>	<p>AR 2021, Chap. 11. SR 2021: Response to Act4nature commitments</p>





PART IV Table Summarising World Economic Forum's Stakeholder Capitalism Core Metrics (WEF Framework)

The following table presents The Navigator Company's response to the WEF framework ("core metrics"), through alignment between the metrics established by WEF and the GRI metrics (on which the new framework is based). For some of these metrics there is no corresponding GRI metric, but the Company responds indirectly through the content concerning the topics in question, presented over the course of the 2021 Sustainability Report.

Pillar	Topic	Metrics	Alignment with GRI
Governance	Governance Purpose	Setting purpose	GRI 2-12
	Quality of Governing Body	Governance Body Composition	GRI 2-9 GRI 405-1
	Stakeholder Engagement	Material issues impacting stakeholders	GRI 2-12 GRI 2-29 GRI 3-2
	Ethical behaviour	Anti-corruption	GRI 205-2 GRI 205-3
	Ethical behaviour	Advice mechanisms	GRI 2-26
	Risks and Opportunities	Integration of risks and opportunities	No associated GRI
Planet	Climate Change	Greenhouse Gas Emissions (GHG)	GRI 305-1, 2 and 3
		TCFD Implementation	No associated GRI
	Biodiversity loss	Land use and ecological protection focused on protected areas or key biodiversity areas	GRI 304-1
	Fresh water availability	Water consumption and withdrawal in water-stressed areas	GRI 303-3 and 4
People	Dignity and equality	Diversity and inclusion: % of employees per employee category, per age group, gender, and other indicators of diversity	GRI 405-1 and 405-2
		Pay ratio between men and women, ethnic minorities and majorities, and other groups.	
		Ratio (%) of entry-level wage compared to national minimum wage, by gender.	GRI 202-1
		Ratio (%) of CEO's total annual compensation to median total annual compensation of all employees (excluding the CEO)	GRI 2-21
	Health and well-being	Risk for incidents of child, forced or compulsory labour	GRI 408-1 and 409-1
		Health and safety (%)	GRI: 403-9
		Number and rate of work-related injuries, high-consequence injuries, and fatalities	
		An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services and the scope of access provided.	GRI 403-6
Skills for the future	Training hours (no.) per employee	GRI 404-1	
	Training investment (€) per employee	No associated GRI	
Prosperity	Employment and wealth generation	Rate of employee turnover (%), by age group, gender, or other indicators of diversity	GRI 401-1
		Economic contribution: Direct economic value generated and distributed (EVG&D) by revenue; operating costs; employee wages and benefits, payments to providers of capital, payments to government (by country) and community investment.	GRI 201-1
		Financial assistance received from government: tax benefits and credits; subsidies; grants for investment, research and development and other relevant types of assistance, among others.	GRI 201-4
	Innovation in better products and services	Financial investment contribution Total capital expenditures (CapEx) - Depreciation supported by narrative to describe the company's investment strategy.	No associated GRI
		Share buybacks + Dividend payments supported by narrative to describe the company's strategy for returns of capital to shareholders.	No associated GRI
	Community and social vitality	R&D expenditure	No associated GRI
		Total costs relating to development	No associated GRI
	Taxes: The total global tax borne by the company, including corporate income taxes, property taxes, non-creditable VAT and other sales taxes, employer-paid payroll taxes and other taxes that constitute costs to the company, by category of taxes.	GRI 201-1 and 207-4	



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