

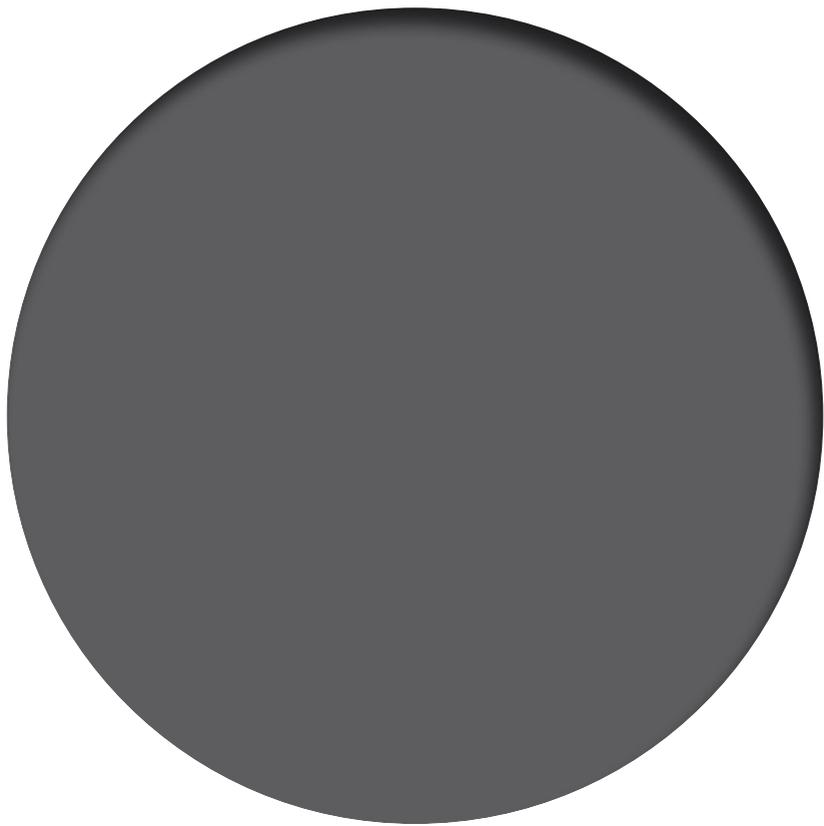
'21

Consolidated
Annual Report

A BIOINDUSTRY
**ON THE RIGHT SIDE
OF THE FUTURE**



THE
NAVIGATOR
COMPANY





Eucalyptus globulus

The best fiber in the world

The most used species in Portugal is *Eucalyptus globulus*, for its adaptability characteristics to edaphoclimatic conditions of the country. It is recognized as the best fiber in the world to make paper, providing excellent values of wood density and pulp yield.

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THE
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At The Navigator Company, everything begins and ends with nature, in a sustainable cycle that has eucalyptus as its core and innovation as its ally.

In a time and society in which countless transformational movements are shaping the way we live, progress redefines priorities, raises demands and calls for new ways of meeting needs.

The ability to think outside the box and find innovative and sustainable business opportunities is in our DNA. We face today's complex global challenges with the same nonconformity and will to that, in the 1950s, a group of pioneers looked to the *Eucalyptus Globulus* and envisaged the future.

This natural and renewable raw material, obtained from sustainably managed and duly certified forests, allows us today to lead an agenda "from fossil to forest", seeking, through technology and knowledge, to establish a true forest-based circular economy.

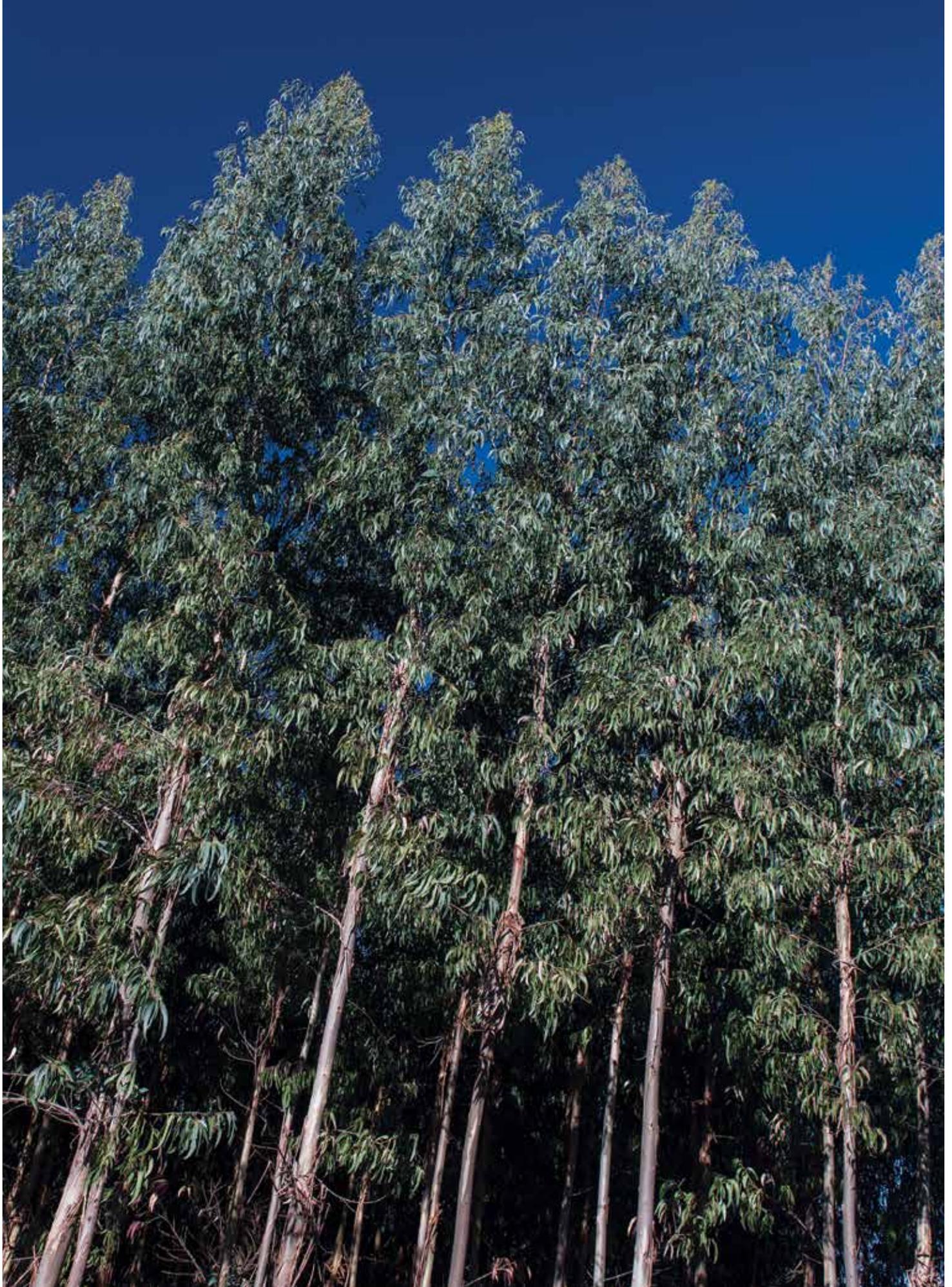
It is in this framework that we carry out research and create new bioproducts from trees, seeking to find more sustainable alternatives to fossil-based materials and leading the transition to a climate-neutral, nature-friendly bioeconomy.

Our vision for growth is based on a path of innovation and differentiation that allows us to explore new business opportunities and invest in the immense possibilities of forest-based raw materials.

But technology and innovation only make sense as a strategic pillar if they are used to create a better world, serving people. Those of today and those of future generations.

This is why we are a bioindustry on the right side of the future.





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Overview



▼ PURPOSE

People, their quality of life, and the planet's future are what inspire and move us.

We want to share with society not only our outcomes, but also our knowledge, experience and resources in the search for a better future.

This is why we are committed to creating sustainable value for our shareholders and for society at large, making a better planet to hand down to future generations through sustainable products and solutions that are natural, recyclable and biodegradable, and that contribute towards carbon sequestration, oxygen production, the protection of biodiversity, soil formation, and the fight against climate change.

▼ MISSION

Our mission is to be a global company with a reputation for innovation and sustainability in processing forestry materials into products and services that improve people's lives.

▼ VISION

To extend our leadership position in printing and writing paper to other business areas and add to Portugal's international stature.

▼ VALUES

TRUST

We believe in people, we welcome everyone's contribution, we respect their identity, promoting development, cooperation and communication.

INTEGRITY

We are guided by principles of transparency, ethics and respect in our dealings among ourselves and with others.

ENTREPRENEURSHIP

We are passionate about what we do, we like to get out of our comfort zone, we have the courage to make decisions and to accept risks in a responsible way.

INNOVATION

We seek to bring out everyone's skills and creative potential to achieve the impossible.

SUSTAINABILITY

Industrial, social and environmental sustainability is our business model.

EXCELLENCE

In our work we focus on quality, efficiency, safety and getting it right.





Message From the Chairman of the Board of Directors

The Navigator Company's 2021 results confirm the Company's stability and the merits of its strategy. But, above all, they are a testament to the perseverance, nonconformity and capacity for anticipation and innovation of all Navigator employees, much more than simply reaction, in a global context that is difficult and, above all, full of uncertainty and volatility.

The first signs of economic recovery were accompanied by unequivocal pressure factors, of which I would like to highlight the high prices of raw materials, as well as the logistics and energy components, to which Navigator was able to respond with a policy of controlling fixed costs, with the increase in printing and writing paper (UWF) volumes and with an adjusted strategy of increasing the prices of its products, in order to ensure the consolidation of profitability and the prospects for business development.

In a complex year, Navigator demonstrated its strength as a business project and its vitality as a pillar of

the Portuguese economy, where it represents around 1% of GDP and is responsible for around 3% of national exports of goods. The Company is the third largest exporter in the country and creates the greatest National Added Value as a result of high local incorporation.

The socio-economic impact is, moreover, decisive, since an overwhelming majority of its value chain comprises national suppliers. Navigator also generates more than 30,000 direct, indirect and induced jobs, many of them in rural regions, so often far from development opportunities in a country still dominated by flagrant territorial asymmetries.

In addition to the results themselves, the way in which they were achieved allows us to confidently look to the future and position The Navigator Company in a changing world, increasingly guided by the awareness of the urgency of new, more sustainable development models.

Even in a year full of challenges, the second consecutive year of marked disruption in the lives of people and companies, Navigator has not lost sight of the commitment, expressed in its corporate purpose, to the creation of sustainable value for its shareholders, and for employees, customers, suppliers and society as a whole, leaving future generations a better planet, through natural, recyclable and biodegradable sustainable products and solutions, which contribute to carbon sequestration, the production of oxygen, the protection of biodiversity, soil formation and combating climate change.

The launch of the new line of packaging papers in 2021, in addition to being a sign of business vitality in an adverse year, is a clear sign of the contribution to a more sustainable future, through the development of new forest-based products that substitute fossil products, within the framework of a socially just transition to a climate-neutral economy that is good for nature.





Called gKraft, this new brand is also a sign of Navigator's unwavering commitment to innovation and scientific and technological research, a feature that is always present in the Company's DNA.

Also for this reason, and as a result of this drive that endures and defines its identity, Navigator is a company that understands the times in which it lives. Understands and acts, as the Company intends to lead the new opportunities for forest-based products in the replacement of articles of fossil origin with others made from cellulose, thus contributing to the response to the challenges of climate change and the loss of biodiversity.

Navigator is therefore involved in promising research projects to generate a wide range of bioproducts from forest raw materials, in a process that brings together skills and entities, from RAIZ - Forest and Paper Research Institute to non-business organisations in research and innovation, such as universities, collaborative laboratories and other R&D institutions.

This model of systematic and coherent collaboration is an example of leadership and should serve as a reference for the country in the field of technology transfer, promoting the conversion of scientific knowledge into solutions for the market and, consequently, the sustainable

development of companies and the economy alike.

As a forest-based company with a technological and scientific vocation, The Navigator Company is already positioned today in this transition from the current linear model of development to a circular bioeconomy based on innovation.

The last two years have clearly and unquestionably demonstrated the extent to which companies, and organisations in general, are engines of change in a world undergoing profound transformation.

More than a challenge, Navigator takes it as an unavoidable part of the future.

Ricardo Pires

(Chairman of the Board of Directors)





Message From The CEO

In physics, the concept of “resilience” translates the ability of a material to absorb energy (for example, upon sudden impact) and to return to its original shape. In ecology, the term goes further, defining in ecosystems this capacity for regeneration, but also for growth after disturbances of greater or lesser severity. The nature of this process means it is commonly applied equally to people and companies. It is quite distinct from “resistance”, which essentially means a defensive attitude in the face of adversity.

The year 2021 at The Navigator Company was lavish in the way it highlighted the difference between one thing and another.

The work carried out in the previous year, in which the Company and its people collectively converged on an action of resistance in the face

of what was, at the time, an unknown health emergency on a global scale, would not be consequential, nor would it do it justice, if we did not have the ability, in 2021, to turn the page and look to the future with confidence and motivation. To demonstrate the resilience of Navigator and its teams.

That is why, despite the global uncertainties and the multiple challenges of the current context, we took on an investment position, giving impetus to existing businesses and intensifying an R&D&I programme that culminated in the launch of new products, including a range of globally pioneering packaging papers.

Called gKraft, the new range embodies the diversification and growth of the Group’s portfolio and represents an expression of the “From Fossil to Forest” strategy.

This, one of the most important launches in Navigator’s recent history, demonstrates how innovation is an unavoidable path when we seek lasting sustainability that is relevant to people’s lives and future. In this case, by offering an alternative to the use of materials of fossil origin, such as plastic, replacing them with renewable-based materials from the forest.

In 2021, the packaging sector represented sales in excess of €40 million, serving the bag, flexible packaging and corrugated board manufacturing industries. This performance was rooted in favourable conditions for demand, as well as in the effort to develop innovative products and the creation of a broad base of new customers, reaching 125 active packaging customers. This ambitious plan, which started in



Innovation is an unavoidable path when we seek lasting sustainability that is relevant to people’s lives and future.





2021, will continue in 2022, on a path that involves expanding the offer in grammages, as well as innovating and developing new sustainable packaging solutions.

During the year, there were also launches of differentiated and innovative products in the Tissue segment, such as Amoos® Naturally Soft, with high softness and without the use of bleaching chemicals, Amoos Aquactive™, which represents a new generation of tissue paper with soap and Amoos Air Sense™, with scent activated with each use.

During 2021, we also did not give up on our responsible management agenda for the next decade, including the implementation of the Decarbonisation Roadmap, the path towards carbon neutrality of industrial complexes that the Company voluntarily proposed to achieve in 2035. This was the first full year of the new biomass boiler at the Figueira da Foz plant, a 55-million-euro investment that represents a 57% reduction in emissions in this plant.

Symptomatic of the commitment of the Company and its teams was the fact that we mobilised ourselves to join the Science Based Targets Initiative (SBTi) and, above all, we submitted validation targets from the outset. Contrary to what has been done by most companies that adhere to the SBTi, Navigator decided to take on this challenge assertively, committing itself to short-term science-based goals consistent with the ambition to reduce GHG emissions to levels necessary to limit global warming to 1.5°C for scope 1 and 2, and well below 2°C for scope 3. By joining the SBTi, Navigator will foster significant reductions in emissions from its suppliers within scope 3.

It was also in 2021 that the Company was once again recognised for its efforts to reduce its environmental impact, increasing its ESG Risk Rating by Sustainalytics, an assessment according to ESG (Environmental, Social and Corporate Governance) criteria. Navigator ranks

3rd in this category out of a total of 81 global companies that are part of the Paper & Forestry industry cluster, and 3rd out of a subset of 60 global companies that make up the Paper & Pulp cluster, having been reclassified as a “Low ESG Risk Company” for investors.

Navigator thus reinforces its commitment and objectives for the next decade around one of the relevant themes identified within the scope of its 2030 Agenda for responsible business management – “Climate Change and CO₂ Sequestration” –, pursuing the ambition of contributing to Sustainable Development Goal 13 (Climate Action) and making a positive impact on people and the planet.

And because people are the most critical elements of the business, strengthening and differentiating it daily, 2021 was also a period during which we focused on strengthening the qualification and support for the Company’s human capital. The actions implemented in 2021 benefited 94% of employees and represented a total investment of 3.7 million euros. In an extremely demanding phase for everyone, due to the pandemic situation, the company also focused on improving benefits, including co-payments for education expenses, health and life insurance, in addition to expanding compensation for illness.

These are some of the milestones of a strategic path that returned robust results in 2021 and allowed us to assertively overcome a year full of challenges at the most varied levels.

The year was characterised by the general increase in the cost of raw materials; with an emphasis on the price of wood, energy, and logistics, especially during the second half of the year. Navigator offset this unfavourable trend in variable costs with an effort to contain fixed costs, as well as increasing the volume of UWF and implementing price increases across all businesses, which in UWF stood at almost 30%, an increase unparalleled in the history of the Group.

The resilience and agility of the business model allowed the Company, in this adverse context, to stand out positively by recording a strong inflow of orders, with historically high values in the third and fourth quarters, and by reaching, in particular in the case of UWF paper, the largest stock of orders ever in the final months of the year. At the same time, Navigator reduced inventories to their lowest levels ever.

Sales of printing and wrapping paper represented around 72% of turnover, compared with 68% in 2020, in a year that would eventually be characterised by the growth in demand for UWF, particularly in Europe, following a significant drop in global paper consumption as a result of the pandemic. Throughout 2021, successive price increases were carried out along with significant optimisation of sales mixes.

Portucel Moçambique began harvesting and exporting wood from pilot plantations set up in the Manica province some eight years ago, under responsible management and with controlled certification of origin. As part of this initiative, the company provided training and qualifications for local workers in the cutting and extraction of wood, along with the transport, loading, and shipping of the wood on the first three cargo vessels from the port of Beira to Portugal. This is a crucial step towards the creation of a new forestry-based industry cluster and towards positioning the company and Mozambique in the wider international forestry industry sector. This pioneering export operation in Mozambique enables us to test various stages of this value chain and hopefully to prepare the launch of the first stage of the industrial project, which includes the construction of a chip mill adding significant value on a national scale.

The 2021 results reflect and reinforce our strategic priorities, but also project the future of a Company whose corporate purpose advocates the commitment to “leaving a better planet to future generations, through natural, recyclable and biodegradable



sustainable products and solutions, which contribute to carbon sequestration, the production of oxygen, the protection of biodiversity, the formation of soil and the fight against climate change”.

Based on the robust results already achieved and on the competence of our human capital, we are confidently looking today at new opportunities for forest-based products and are engaged in promising scientific and technological-based projects to generate a wider range of bioproducts, some of them replacing products currently obtained by petrochemicals, reducing the fossil-based paradigm.

At the base of this development model are the more than 104,000 hectares of forest that Navigator sustainably manages, making production objectives compatible with the multiple ecosystem services that planted forests offer.

The *globulus* eucalyptus, which we plant in Portugal and which serves as an excellent raw material for world-renowned products, plays an especially effective role in one of these ecosystem services, CO₂ sequestration: annually,

and per hectare, this species sequesters around of 11.3 tonnes of CO₂, equivalent to the emissions of each Portuguese citizen for more than 22 months. These values represent the highest levels of annual sequestration of species present in the national forest.

Moreover, the National Energy and Climate Plan 2021-2030, of Dec 2019, points out that it is not enough to simply reduce emissions: Portugal's forests and woodland, which currently absorb 8.7 million tonnes of CO₂, will have to increase absorption levels to 12.7 million tonnes by 2030. This goal can only be achieved through a significant increase in fast-growing forests, which absorb at least 3 to 7 times more CO₂ than other species present in pinewoods and cork oak forests, as well as through sustainably managed forests, composed of mosaic species that are resilient to pests and disease, and which present a lower fire risk, as has been advocated and practised by the industry for decades.

The balance between natural forests and planted and well-managed forests, focusing on those with a shorter rotation, may contain one

of the fundamental keys to the future of the planet, enhancing the preservation of the former and recognising the substitutive role and carbon sink of the products derived from the latter. In 2020, CEPI, the European confederation of the paper sector, estimated that, in Europe, this “substitution effect” of forest-based industries was almost equal to the (net) sequestration in forests, that is, corresponding to 10% of annual fossil emissions on the continent.

And there is still a lot of room for progress!

The Navigator Company is today a bioindustry aware of its time and attentive to people's concerns, sharing with them the desire to find new models of development within the framework of the circular bioeconomy.

It is with this human dimension, and guided by it, that we innovate, cultivate excellence and rigour in implementation and create new solutions for a more sustainable future.

Because the real engine of resilience lies with people, not physics.

António Redondo
(Chief Executive Officer)





Board of Directors



RICARDO PIRES



ANTÓNIO REDONDO





AORIANO SILVEIRA



JOÃO PAULO OLNEIRA



JOÃO LÉ



FERNANDO ARAÚJO



MANUEL REGALADO



TERESA PRESAS



MARIANA MARQUES DOS SANTOS



NUNO SANTOS



SANDRA SANTOS



VÍTOR NOVAIS GONÇALVES



VÍTOR PARANHOS PEREIRA





Navigator in 2021

KEY INDICATORS 2021

Turnover

€1,596 million

3rd
Exporter

≈1%
of GDP

≈3%
of exported
goods

1st
in National
Added Value

EBITDA
€355 million

Net
profit
€171 million

CapEx
€80 million

Net Debt/EBITDA
1.68 times

EBITDA/
sales margin
22.2%

Free
Cash flow
€235 million

Dividends
paid
€150 million

ROE / ROCE
16.4% / 13.7%

3,150
No. of
employees

>30,000
jobs
(direct, indirect
and induced)

74%
of suppliers (7,172)
are Portuguese



VALUE GENERATED AND DISTRIBUTED

Revenues

€1,627 million

(vs. 1,424 million in 2020)

Supplier expenses

€1,382 million

(vs. 1,159 million in 2020)

Shareholders Payment of dividends

€150 million

(vs. 198 million in 2020)

Employees Salaries and benefits

€155 million

(vs. 132 million in 2020)

State Taxes borne

€90 million

(vs. 56 million in 2020)

Community investments

€1.65 million

(vs. 1.7 million in 2020)





OUR BUSINESS



I&D + i

Aveiro/Espirra

RAIZ - Forestry and Paper Research Institute

Largest private European institute, and one of the biggest in the world, dedicated to R&D for the eucalyptus forest and its products (pulp, paper, tissue, biomass by-products, etc.).

93 employees

8 patents submitted in 2021



Forestry

104,673 ha*

of forest with certified management in 166 municipalities

12 million

plants/year at the nurseries in Espirra, Caniceira and Ferreiras

73% eucalyptus

11.8% conservation and Natura 2000 Network areas (4,075 ha of classified habitats)

16.3% other forest species (pine, cork oak, etc.)

245 species of fauna

>800 species of flora

5.9 milhões tCO₂ sequestered



Pulp

Setubal, Figueira da Foz and Aveiro

1.6 million tonnes**

1st European producer of bleached eucalyptus kraft pulp (BEKP) and **5th worldwide**



UWF paper

Setubal and Figueira da Foz

1.6 million tonnes**

1st European producer of printing and writing paper (UWF/Uncoated Woodfree Paper) and **6th worldwide**



Tissue Paper

Vila Velha de Rodao and Aveiro

130,000 tonnes**

of finished product

1st Portuguese producer and **3rd Iberian**



Energy

1.74 TWh electricity

77% of renewable energy

€135 million in sales

35% of the electricity produced from biomass, in the country



Project in development

Mozambique

USD \$125 million invested

More than **USD \$6 million** invested in social development project since 2015

13,600 ha planted

90,000 m³

of own wood harvested, in 2021, for export

1.7 million tonnes* of CO₂ captured

* 105,274 ha, including Galicia (Spain)

** Nominal capacity





NAVIGATOR GROUP IN THE WORLD



- EUROPE**
 Amsterdam
 Aveiro
 Cologne
 Figueira da Foz
 Lisbon
 London
 Madrid
 Paris
 Setubal
 Verona
 Vienna
 Vila Velha de Rodao
 Warsaw

- AMERICA**
 Mexico City
 Norwalk

- ASIA**
 Istanbul

- AFRICA**
 Cairo
 Casablanca
 Lagos
 Maputo

- R&D AND NURSERIES**
 Caniceira Nurseries
 Espirra Nurseries
 Ferreiras Nurseries
 Luá-Gurué
 RAIZ





➤ ECONOMIC AND FINANCIAL INDICATORS

Million euros

	2017	2018	2019	2020	2021
Total Sales	1,636.8	1,691.6	1,687.9	1,385.4	1,595.9
EBITDA ⁽¹⁾	403.8	455.2	372.1	285.5	354.7
Operating Profit (EBIT)	255.0	303.2	233.6	140.4	229.6
Financial Results	-7.7	-22.5	-18.9	-14.7	-17.8
Net Profit	207.8	225.1	168.3	109.2	171.4
Operating Cash Flow ⁽²⁾	356.6	377.2	306.8	254.3	296.6
Free cash flow	198.1	210.5	186.2	233.5	234.7
Investments	114.7	216.5	158.0	80.6	80.1
Net Interest-Bearing Debt ⁽³⁾	693	683	715	680	595
Net Assets	2,427.6	2,549.8	2,533.7	2,552.9	2,534.4
Liabilities	1,248.0	1,362.6	1,506.2	1,526.7	1,489.3
Equity	1,179.6	1,187.2	1,027.4	1,026.2	1,045.1
Gross Debt	818.1	763.8	877.1	982.4	833.9
Cash	125.3	80.9	161.9	302.4	239.2
Own shares (vs. market) ⁽⁴⁾	2.1	3.1	22.7	15.8	0.0
No. of own shares held on 31/12 (million)	0.5	0.9	6.3	6.3	0.0
EBITDA/Sales (%)	24.7%	26.9%	22.0%	20.6%	22.2%
ROS (%)	12.7%	13.3%	10.0%	7.9%	10.7%

⁽¹⁾ Operating profit + depreciation + provisions

⁽²⁾ Net profit + depreciation + provisions

⁽³⁾ Gross interest-bearing debt - cash

⁽⁴⁾ In 2021, 6.3 million treasury shares were extinguished due to capital reduction, followed by a capital increase through incorporation of reserves





Profile

The Navigator Company is an integrated producer of forest, pulp, paper, tissue, sustainable packaging solutions, and bioenergy, whose business is founded on state-of-the-art factories on a worldwide scale, with cutting-edge technology. It is recognised as a benchmark in quality in its sector throughout the world.

People, their quality of life and the planet's future are what inspire and guide The Navigator Company. The company is committed to creating sustainable value for its shareholders and for society at large, making a better planet to hand down to future generations through sustainable products and solutions that are natural, recyclable and biodegradable, and that contribute towards carbon sequestration, oxygen production, the protection of biodiversity, soil

formation, and the fight against climate change.

The Navigator Company produces pulp and paper using forests which are planted exclusively for this purpose. Each year, Navigator's nurseries give life to more than 12 million trees. These nurseries – the largest in Europe – produce 135 different species of plants and shrubs. Many of these, although not economically viable per se, are produced by the Company for the conservation of biodiversity and to guarantee the continuity of the species.

The forests managed by The Navigator Company in Portugal have a carbon stock, excluding carbon in the soil, equivalent to 5.9 million tonnes of CO₂, an amount that remains stable thanks to the sustainable management model followed by the Company.

The Group's forestry business is vertically integrated, with its own

Forestry Research Institute. The Group is responsible for planting a vast forested area in Portugal mainland (1.2% of the country's land area), 100% certified by FSC¹ and PEFC² systems. The company also boasts a production capacity of 1.6 million tonnes of paper, 1.6 million tonnes of pulp, 130,000 tonnes of tissue and 2.5 TWh of renewable energy per year. In 2021, 66% (vs. 60% in 2020) of energy produced by Navigator at its four industrial complexes came from biomass, giving it the leading role in the sector, with this ecological non-fossil fuel accounting for about 35% of the country's overall energy.

In November 2021, The Navigator Company launched a new line of packaging products, based on the new gKraft brand, with the aim of helping to accelerate the transition from the use of plastic to the use of natural, sustainable, recyclable and

¹ FSC – Forest Stewardship Council® (FSC® License no. – C010852)

² PEFC – Programme for the Endorsement of Forest Certification schemes (PEFC License no./13-23-001)





biodegradable fibres, thus affirming, once again, its commitment to sustainability and the preservation of the environment.

The Company is the third largest exporter in Portugal and the largest generator of National Added Value, representing approximately 1% of the national GDP, about 3% of national exports of goods, and more than 30,000 direct, indirect and induced jobs. In 2021, The Navigator Company had a turnover of €1.596 billion. More than 90% of the Group's products are sold outside Portugal and are shipped to approximately 130 countries.

The Navigator Company has taken on the formal commitment of achieving carbon neutrality at its industrial complexes by 2035, reaching the targets laid out by the European Union and Portugal 15 years early. It thus became the first Portuguese company, and one of the first worldwide, to set this ambitious goal, for which it allocated a total investment of €154 million, of which

€55 million had already been allocated by the end of 2021.

This commitment is the culmination of a responsible business management strategy that had already been distinguished by the CDP (formerly Carbon Disclosure Project, now Disclosure Insight Action), in 2019 and 2020, with the classification of global leader in the fight against climate change. The Navigator Company was recognised for its efforts to reduce emissions, reduce climate risks and develop a low-carbon economy.

At the end of 2021, The Navigator Company joined the Science Based Targets initiative (SBTi), having submitted its greenhouse gas (GHG) emission reduction targets based on the most current climate science at the time of joining, thus dispensing with the two-year grace period that companies have and typically use to do so. The Company has been developing a set of strategies to measure and reduce its total GHG footprint, as well as to promote

mitigation and adaptation to the risks generated by climate change. By joining SBTi, the Company advances in its alignment with scientific-based criteria and methodologies that deserve international recognition within the scope of the global climate agenda, affirming its leadership in sustainability.

In 2022, Navigator obtained a score of 14.3 in the Environmental Social and Governance Risk Rating for 2021 – the best rating obtained since being added to Sustainalytics assessments – once again positioning itself among the best companies in the world in terms of sustainability. With this classification, the Company remains in the “Low Risk” category, meaning that it presents a low risk for investors, and occupies third place, both in the ranking of companies in the “Paper and Forest” industry group – in a total of 81 global companies that are part of this cluster – and in the “Paper and Pulp” subgroup, in a total of 60 companies worldwide.



SBTi: a commitment to reducing GHG emissions

In 2021, The Navigator Company completed its greenhouse gas (GHG) inventory, a process that culminated in joining the Science Based Targets initiative (SBTi) at the end of the year. Contrary to common practice, the Company dispensed with the two-year period that companies have to submit their commitments, having immediately submitted their GHG emission reduction targets for validation, based on the most up-to-date climate science.

Science Based Targets, created in 2015, is an organisation that integrates the CDP, the United Nations Global Compact, the World Resources Institute and the World Wide Fund for Nature, with the aim of mobilising the private sector to assume a leadership role in urgent action on climate change.



Grow through innovation

After a 2020 dominated by the pandemic, in which the safety of people and business continuity were the driving force of the Company's activities, in 2021 The Navigator Company focused on increasing the contribution it can make to a fairer, more inclusive and more sustainable future.

Navigator's Responsible Business Management Strategy, reflected in the Responsible Management Agenda for the 2020-2030 decade, represents a new, even more ambitious and comprehensive level of a commitment that Navigator has been systematically making with sustainability.

Completed in 2020 and consolidated in 2021, the 2030 Agenda reflects the commitment to Creating Value with Responsibility, in line with global sustainability macro trends, such as the climate emergency and the loss of biodiversity, demographic

and social transformations and technological innovations.

The forest sector has a prominent position in the transition to a circular bioeconomy, not only for its own attributes, but for the efforts and leadership in terms of developing innovative solutions to achieve this goal – the forest is not only the largest terrestrial storage ecosystem and the main hub of biodiversity, it is also the biggest source of natural resources that are renewable and circular by nature when managed sustainably.

In addition to traditional applications, Navigator is involved in promising R&D projects to generate a wide range of bioproducts from trees, some of them replacing products currently obtained from petrochemicals.

2021 strengthened this vision of the Company's growth, based on a path of innovation and differentiation.

Historic year in packaging

The year 2021 stands out in the history of The Navigator Company's brands for the launch of the gKraft line of packaging papers, which complemented the Company's portfolio in a segment with rapid growth potential in the current context of replacing single-use plastics with alternatives of sustainable origin.

This product, in line with Navigator's commitment to contributing to the replacement of fossil-based products with others that are of forest origin, renewable, biodegradable, recyclable and carbon neutral, is the result of an intense programme carried out by RAIZ – Forest and Paper Research Institute, in close collaboration with the manufacturing departments of Aveiro and Setubal, and the Technical Product Department.

At its base is an innovative high-performance pulp, made from





virgin *Eucalyptus globulus* fibre, which has given the product several advantages, namely in terms of sustainability: cellulose is a material of natural, renewable, recyclable and biodegradable origin, which replaces plastic from a circular bioeconomy perspective, and the particular characteristics of *globulus* give it benefits also compared to other long cellulosic fibres, such as less wood consumption to produce the same paper (nordic pine consumes between 65% and 105% more), higher compostability (due to lower lignin content) and higher recyclability (60% to 150% more).

gKraft paper also has a strong argument in terms of food safety and hygiene: by using only virgin fibre, it is safer and more hygienic for contact with food, since, unlike recycled fibre, it avoids the danger of contamination.

Towards 2035

In 2021, Navigator carried out a project to complete its greenhouse gas (GHG) inventory, which culminated in joining the Science Based Targets initiative (SBTi) and submitting targets for validation, based on the most up-to-date climate science.

The Company's direct CO₂ emissions fell from 717,000 tonnes recorded in 2020 to 562,000 tonnes. The entry into operation, at the end of 2020, of the new biomass boiler at the Figueira da Foz industrial complex, financed at 50% of its cost by the European Investment Bank (EIB), was decisive for this sharp reduction, being responsible for the decrease in 57% of CO₂ emissions in this industrial complex.

Moreover, decarbonisation is one of the three axes of action in Navigator's 2030 Responsible

Management Agenda (the Climate axis, which aims to contribute to a circular and low-carbon economy), on the way to achieving carbon neutrality in its industrial complexes by 2035.

With the objective of creating sustainable value and long-term competitiveness, Navigator's 2030 Agenda, which guided the Company's responsible business strategy in 2021, includes a central focus – A Responsible Business – and three strategic axes of action. In addition to the Climate axis, the Nature axis aims to preserve and enhance natural capital, and the Society axis aims to develop its employees, create involvement with communities and share value with society in a fair and inclusive way.





Distinction in Sustainalytics rating

The Navigator Company is among the world's best companies in terms of sustainability, according to the ESG Risk Rating produced by specialised auditor Sustainalytics. In the review carried out at the end of 2021, the Company obtained a rating of 14.3, an improvement compared to the previous assessment. This ranking places Navigator in third place, both out of a total of 81 companies worldwide that are part of the Paper & Forestry cluster of industries, and in the subset of 60 companies that make up the Paper & Pulp cluster.

Investing in the forest

Navigator managed a total of 104,673 hectares of forest in mainland Portugal, representing a direct investment in the forestry value chain in mainland Portugal's 18 districts of 35.6 million euros (€32.4 M in 2020).

The low levels of rainfall in 2021 were not favourable to forestry operations, which reduced reforestation levels compared to the previous year, settling at 2,162 hectares.

The same weather conditions were, however, favourable for wood cutting operations, having been intensified in mature plantations, in order to overcome the great difficulty in supplying raw material from the factories, due to the lower availability of wood on the market.

Navigator continued to promote forest management certification, increasing the percentage of certified national wood it purchased (since the

wood it produces is 100% certified) to 63%. The percentage of certified wood purchased on the national market is one of the ESG indicators to which the financial conditions of a €100 million bond loan (Sustainability-linked bond 2021-2026) issued by Navigator are indexed.

In terms of biodiversity, the challenge for 2021 was to promote the quantification of the gains from the various actions and projects for the conservation and restoration of habitats carried out in the last ten years.

In a managed forest heritage that includes 12,364 hectares of Areas of Interest for Conservation (11.8% of the total, and 441 hectares more than in 2020) and in which 31% of the total is intersected by different types of Classified Areas, Navigator protects 245 species of fauna and over 800 species and subspecies of flora.

Mozambique starts harvesting and exporting

Portucel Moçambique, which currently has 250 direct and indirect employees, began harvesting and exporting wood from pilot plantations installed in the province of Manica in December 2020, 12 years after its creation, under responsible management and with certification of controlled origin – an important step towards the formation of a cluster of a forest-based industry in Mozambique and for the positioning of the Company and the country in the international market of exporters of products originating from planted forests.

As part of this operation, three ships left the port of Beira in 2021 with a load of 90,000 m³, destined for The Navigator Company's manufacturing centres.

The harvesting and exporting activity was also accompanied by an involvement with institutional stakeholders, including government entities at the central level, as well as provinces and districts in the project areas, with a view to exposing the benefits of the value chain of planting trees, for the economy, the surrounding communities and the environment. This operation has also been monitored by our know-how and capital partner, the IFC, given its experience with similar projects in other geographies.

The Social Development Programme, which aims to contribute to responding to the socio-economic priorities of communities, reinforced its areas of action in 2021, including the promotion of food security, the promotion of agricultural, livestock, beekeeping and fish farming and, in the area of improvement of well-being, health and education infrastructure, access to clean water and energy and access roads.





Value people

The Navigator Company placed particular emphasis on enhancing and managing careers in all sectors and business areas throughout 2021.

Of note is the creation of the Young Staff Plan, a New Career Plan for operational technicians in the tissue, paper and pulp areas, and a new salary scale with discrete pay scales, in which the progression stages are clearly defined. The signing of a new collective regulation instrument for tissue companies also deserves a mention.

With an execution period extended until the end of the first quarter of 2022, the 2021 training plan, which provided for 588 courses, ended up including 306 extra-plan courses,

reaching a total of 744 courses actually taught.

Within the scope of the Group's Human Resources Policy and under the ATIVAR Programme of the IEFP - Instituto do Emprego e Formação Profissional, The Navigator Company hired 89 interns, of which 33 had bachelor's/master's degrees and 56 were potential future employees. The Internship Programme reflects the role of dynamism in the training of future professionals, while reinforcing the Group's commitment to linking the worlds of academia and school to the reality of business.

With fewer effects of Covid-19 lockdowns, external training was resumed, although at a slower pace

than in the pre-pandemic period. At the same time, there was a reinforcement of the online training on offer available through the Learning Centre portal.

The continuation of the pandemic in 2021 meant that the implementation of the Covid-19 Contingency Plan, created the previous year, remained on the agenda. The measures taken made it possible to keep the spread of the disease under control, namely through the testing of all internal and external employees, carried out every 15 days, and it was only everyone's joint effort that made it possible for the factories to operate 24/7, despite absences due to Covid-19 and prophylactic isolations.



New circularity quantification tool

As part of Navigator's participation in the Circular Economy working group of BCSD Portugal, the Company carried out a pilot test of the Circular Transition Indicators (CTI tool), developed by the WBCSD and Circular IQ, to measure and quantify the circularity of products and processes in companies. Navigator was part of the pilot group that prepared the Portuguese version of CTI V2.0, moving ahead with a pilot test involving the areas of R&D, Environment and Sustainability. The experience confirmed the high circularity of the UWF paper produced at the Figueira da Foz mill and underlined the importance of involving the various actors in the value chain in circularity metrics.



An alliance for the circular bioeconomy

Navigator was one of the first companies to join the Circular Bioeconomy Alliance (CBA) in 2021, a platform established on the initiative of the Prince of Wales, as part of his Sustainable Markets Initiative, to accelerate the transition to a circular, climate-neutral bioeconomy that is inclusive and in harmony with nature. CBA has developed a conceptual framework for using renewable natural capital as a basis for managing and transforming land, food, industrial and health systems, and cities. In this context, the Company has been working with the European Forest Institute (EFI), which facilitates the platform.





A RESPONSIBLE BUSINESS

2021 saw the publication of Navigator's 2030 Responsible Management Agenda, which aims to increase the Company's positive contribution to the creation of value and sustainable growth in a changing world. The 2030 Agenda was prepared based on a process of strategic reflection that included the analysis of global macro trends and main challenges for the business, considering their importance, ESG (Environmental, Social & Governance) risks and opportunities, in addition to a broad listening exercise to more than 540 internal and external stakeholders.

This Agenda is a reflection of The Navigator Company's Responsible Management Strategy, which is based on Ethics, Responsibility and Transparency. The Company is responsible for forest-based products that contribute to sustainable development and the well-being of society, in line with the United Nations 2030 Agenda. Its strategy is based on a governance structure that aims to achieve economic success, in a fair and

responsible manner, taking into account the interests of stakeholders and encouraging cooperation with them.

Navigator's 2030 Agenda includes a central focus - A Responsible Business - and three strategic axes of action: for Nature, for Climate and for Society. The Nature axis aims to preserve and enhance Natural Capital; the Climate axis aims to contribute to a circular and low-carbon economy; and the Society axis aims to develop Company employees, create involvement with communities and share value with society in a fair and inclusive way.

The Company's experience in building its 2030 Agenda, through an extensive and effective process of involving stakeholders, was the subject of a case study published in the Case Study Library of BCSD Portugal (Business Council for Sustainable Development).

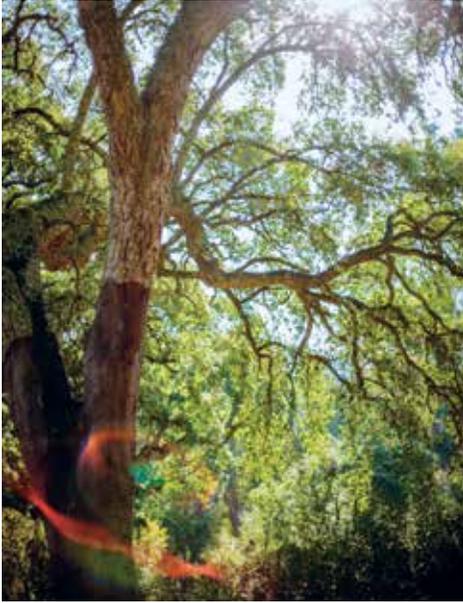
Involvement with stakeholders also resulted, during 2021, in the holding of two sessions of the Navigator Sustainability Forum:

an internal session, for presenting and reflecting on the results of the consultation process within the scope of the materiality analysis of the 2030 Agenda, and an external one dedicated to the theme of "Dynamic Protection of the Forest", which took place in Torres Vedras.

The Company's full commitment to sustainability has been recognised by independent external entities, and in 2021 it was possible to obtain a very positive assessment in the ESG Risk Rating by Sustainalytics. In the review carried out at the end of the year, Navigator achieved a rating of 14.3, which places it in third place among 81 companies in the Paper & Forestry industrial sector. The Company is thus among the best companies in the world in terms of sustainability, having been classified again as a "Low ESG Risk Company" for investors.

At the end of the year, the Company joined the Science Based Targets initiative (SBTi), submitting its greenhouse gas (GHG) emission reduction targets for validation based





“Acting for nature”

Navigator co-organised, sponsored and actively participated in one of the panels of BCSD Portugal – Business Council for Sustainable Development’s annual conference, focused on the theme “Sustainability: challenges of the 20-30 decade”, which took place after COP26 – United Nations Climate Change Conference. The panel, working under the theme “Acting for nature”, discussed the challenges of the loss of natural values and the role of governments and companies in the transition to a climate-neutral and environmentally positive economy. An opportunity for the Company to make known its positioning and the main activities carried out in the contribution to the conservation of nature and biodiversity through the sustainable management of forest spaces.

on the most up-to-date climate science, an aspect that reinforces its commitment to contributing to the fight against climate change.

This was also a year for deepening key sustainability issues, to improve alignment with initiatives on the international agenda and respond to the Company’s growing external scrutiny. In this regard, Navigator continued to actively participate in The Forests Dialogue initiative and in the Forests Forward programme of the WWF – World Wide Fund for Nature, multi-stakeholder platforms

that contribute to the debate of diverse themes connected with the forest.

As a member of the Forest Solutions Group of the WBCSD – World Business Council for Sustainable Development, one of the activities in which Navigator participated was the preparation of a video on the theme “Choose Sustainable Projects”, with the aim of raising awareness of the role of planted forests and forest products within the framework of the global sustainable development agenda. Recall that these forests are managed in balance

with their natural surroundings and that the trees are replaced after each harvest, continuing to remove carbon dioxide from the atmosphere, guaranteeing biodiversity, ecosystems, water quality and wildlife habitats, as well as livelihood conditions for local communities.

For further details about the 2030 Agenda and The Navigator Company’s Responsible Business Management strategy on the whole, please see our 2020 Sustainability Report.



SUSTAINABILITY IN NUMBERS

BUSINESS

€12.1
million
investment
in I&D+I*

* Navigator's global expense, based on the amount eligible for SIFIDE (the amount shown is for 2020, as the final amount for 2021 will only be determined in June 2022)

FOR CLIMATE

30%
reduction
in direct CO₂
emissions
(base year: 2018)

77%
renewable
energy
consumed

5.9Mt
CO₂ retained
in managed
forests

FOR NATURE

90%
of raw materials
used are
renewable
in origin

88%
of waste
is recovered

84%
of water
is returned
to the
environment

104,673 ha
of managed
forest area

FOR SOCIETY

3,150
employees

136,118
hours
of training*

744
courses
held*

More than
7,000
families
supported in
Mozambique

€1.65
Million
invested in the
community

* Data in relation to total training given.





Business Performance

2.1 UWF Paper	2.5 Packaging	2.9 Contribution to State Tax Revenue in 2021
<u>37</u>	<u>46</u>	<u>50</u>
2.2 Bleached Eucalyptus Kraft Pulp (BEKP)	2.6 Financial Performance	2.10 Risk Management
<u>40</u>	<u>47</u>	<u>52</u>
2.3 Tissue	2.7 Debt Management	
<u>41</u>	<u>48</u>	
2.4 Energy	2.8 Capital Market Performance	
<u>44</u>	<u>49</u>	



➤ SUMMARY OF MAIN INDICATORS

	2021	2020	Million euros Variation ⁽⁷⁾ 2021 / 2020
Total Sales	1,595.9	1,385.4	15.2%
EBITDA ⁽¹⁾	354.7	285.5	24.2%
Operating Profit (EBIT)	229.6	140.4	63.5%
Financial Results	-17.8	-14.7	21.1%
Net Profit	171.4	109.2	57.0%
Operating Cash Flow	296.6	254.3	42.3
Free Cash Flow ⁽²⁾	234.7	233.5	1.2
Investments	80.1	80.6	- 0.5
Net Interest-Bearing Debt ⁽³⁾	594.8	680.0	- 85.2
EBITDA/Sales	22.2%	20.6%	1.6 pp
ROS	10.7%	7.9%	2.9 pp
ROCE ⁽⁴⁾	13.7%	8.1%	5.6 pp
ROE ⁽⁵⁾	16.4%	10.6%	5.8 pp
Financial Autonomy	41.2%	40.2%	1.0 pp
Net Interest-Bearing Debt/EBITDA ⁽⁶⁾⁽⁷⁾	1.68	2.38	-0.70

⁽¹⁾ Operating profit + depreciation + provisions;

⁽²⁾ Change in net debt + dividends + purchase of own shares

⁽³⁾ Interest-bearing liabilities - cash and cash equivalents (does not include the effect of IFRS 16)

⁽⁴⁾ ROCE = Annualised operating profit / Average capital employed (N+(N-1))/2

⁽⁵⁾ ROE = Annualised Net Profit / Average Equity (N+(N-1))/2

⁽⁶⁾ (Earning liabilities - cash) / EBITDA corresponding to the last 12 months; IFRS 16 Impact: Net Debt / EBITDA 2021 of 1.83; Net Debt / EBITDA 2020 of 2.58;

⁽⁷⁾ Variation of unrounded values





The economic recovery that boosted the recovery in paper consumption, combined with the improvement in the balance between supply and demand in the United States, Europe and the MENA region, following the exit of capacities and conversions already announced, and the reduction of imports in Europe, as a result of logistical constraints, allowed the industry - and Navigator in particular - to perform well in 2021. After 2020 was marked by the strong impact of the pandemic on demand and a sharp drop in prices, in 2021 the Group registered a strong inflow of orders, reaching historically high values in the 3rd quarter and again in the 4th quarter. On the other hand, Navigator

managed, with the increase in UWF volumes and the transversal increase in prices, to offset the strong increase in raw material and logistics costs, which was felt mainly in the second half of the year, demonstrating yet again the resilience and flexibility of its business model.

Navigator had a turnover of €1,596 million in 2021, with paper sales representing around 72% of turnover (vs. 68%), pulp sales representing 11% (vs. 11%), sales of tissue 9% (vs. 10%) and sales of energy 8% (vs. 10%). The year was marked by the growing demand for UWF, particularly in Europe, after a year of significant decline in global paper consumption as a result of the pandemic. On the other

hand, it was a year marked by a strong increase in raw material, energy and logistics costs, essentially in the 2nd half. Navigator managed to offset the strong increase in variable costs, continuing the effort started in 2020 to contain fixed costs, with the increase in UWF volume and the implementation of price increases across all businesses. Successive price increases were carried out throughout 2021, together with the significant optimisation of the sales mix, namely through the upgrade of the product mix. In the UWF business, the price increased by almost 30% between January and December, an increase unparalleled in the Group's history.



2.1. UWF paper

Market recovers in year of challenges

The printing and writing paper (UWF) market reached a turnover of €1,154 million in 2021 (€212 million more than in 2020), which translated into a sales volume growth of 198,000 tonnes compared to the previous year in a context in which, particularly in the 2nd half, there were supply restrictions and increased demand, which, in turn, led to a stock of orders that reached record maximum levels in the final months of the year, exceeding 80 days of production.

At the same time, we witnessed a large increase in the price of commodities, highlighting an increase in the price of pulp of more than 450 dollars per tonne between the beginning and the end of the year, reaching historic highs. At the end of the summer, there was also a significant increase in the cost of energy, chemicals, packaging materials, sea and land logistics, and Brent crude, as well as the lack of human resources to drive trucks, among other factors.

In fact, the challenges arose in different vectors. Commercial actions had to quickly reflect the market,

with rapid price increases, as a means of protecting the margin, and an adaptation of strategy throughout the year, which influenced, for example, the options for improving the product mix. Navigator started to concentrate the production of its machines in the segments with more satisfactory margins, such as Premium (52% of volume), to the detriment of cheaper products. It was also possible to increase the quantities sold to European and North American customers.

The entry into 2021, and the worsening of the pandemic crisis



Approaching Customers: Challenges and Opportunities

As part of the “Together for the Win” initiative, an incentive created at the beginning of the pandemic for distributors and their sales forces, one of the prizes in 2021 consisted of a visit to the factory, at a time when access to the public was restricted. The action had very positive feedback and is yet another example of how Navigator dealt with the constraints created by the lockdown in its relationship with customers, transforming challenges into opportunities. And even the fact that the meetings were no longer face-to-face made it possible to work more comprehensively. If, before going virtual, a meeting with a large customer took place in a more limited way at its facilities, in 2021, on the contrary, meetings in remote mode started to allow the discussion of topics and the sharing of experiences from different markets, in real time and simultaneously with all the Company’s offices.



Eco-efficient repositioning of the Discovery brand

In 2021, Discovery paper, which already had a sustainable DNA (product exclusively available in 70 g/m² and 75 g/m², using fewer resources and producing less waste), was repositioned, now focusing on its arguments in eco-efficiency, reinforcing the advantages of products originating from certified and renewable forests, which retain carbon dioxide. In addition, they are recyclable and biodegradable products, a perfect example of a circular bioeconomy.





Diversification of the Navigator paper range

In 2021, the Company launched two new products for niche industrial markets: the Navigator Premium Writing and Navigator Premium Books ranges. The first had been an ambition for some time and was developed with the notebooks and diaries market in mind, as it is more opaque and resistant to water-based media, which allows ink, even from a permanent pen or felt-tip pen, not to bleed through to the back of the sheet. Incidentally, this was the paper chosen by the well-known Portuguese brand Ambar for its sustainable collection #ClassroomMates. Navigator Premium Books, a natural offset with different weights, is dedicated, above all, to the production of books and is distinguished by its excellent smoothness, greater longevity and, thanks to its natural whiteness, for providing greater comfort during reading, regardless of ambient light. It has yet another advantage for printing paperback books: it enables the use of lower grammages while maintaining opacity. The latter was the paper used in the book collection “Ex-libris - Treasures of the Libraries of Portugal”, a partnership between Navigator and Público newspaper.

across Europe, with lockdowns and mandatory remote work in many markets, resulted in a reduction in the apparent consumption of paper, which, at the end of April, had decreased by 3% compared to the same period in 2020 and 11% compared to the same period in 2019. From May onwards, with the improvement of the pandemic situation, paper consumption gradually recovered, especially in Leaf and Reels, less affected than Office Paper, which suffered greater impact due to remote work.

The year ended up in European markets with an overall demand for paper around 7% higher than in 2020, although also around 7% lower than in 2019. Leaf and Reels consumption was close to 2019 levels and above 2020 levels, at 14% and 10% respectively, but in Cut Size still around 12% below 2019 and only 2% above 2020. Overall, Factory Brands represented 69% of the volume sold and Premium Products 52% (reaching 73% and 59%, respectively, in the last quarter of the year), in the latter case, the best result recorded in the last 10 years.

In total, Navigator sold 815,000 tonnes of paper in Europe, 9% more than in 2020 and around 5% less than in 2019, a performance above market consumption, with emphasis on sales of packaging paper, which exceeded the established objective.

In international markets outside Europe, 2021 was also a record year for sales, with a 25% growth in volume. Premium Products accounted for 43% of volume (5% above 2020) and Factory Brands accounted for 74% (up 1%). The results also translated into an increase in market share, due to the continued focus on growth in these markets. Navigator's presence in European exports grew by 6% to 57%, taking advantage of the fact that some companies had left the market or reduced their capacity.

In the US market, demand for paper grew by 3%, but was still significantly below 2019 and, in addition, there were supply restrictions through capacity closures/conversions (partly due to the pandemic situation). The market reacted quickly to the lack of paper, with a faster rise in prices, and the

year ended for Navigator with a sharp increase in sales.

Despite the atypical market situation, the Company also continued to invest in the development of its range of products, with the year being marked by the research, development and launch of several new products in segments as diverse as packaging paper (with characteristics of a substitute of plastic of fossil origin), Cut Size for office and domestic use, and papers for industrial processing, designed for areas such as editorial and notebooks.





Home Pack XS: new life, new ream

The launch of this new ream of paper reflected the needs arising from the change in work reality, with the substantial increase in remote working. Home Pack XS offers the renowned quality of Navigator brand printing paper but now with a lower number of sheets per ream, only 150, compared to the 250 of the original Home Pack version, which reduces weight, facilitates transport and home storage.



Universal Navigator with CO₂ Neutral seal

In 2021, The Navigator Company launched the Navigator Universal paper with the CO₂ Neutral seal, reflecting its commitment to the carbon neutrality of its industrial complexes by 2035 and the fight against climate change. During the month of October, the Company developed a pine reforestation programme, certified by the independent entity Ecoprogresso, which neutralises the carbon footprint of the production and distribution of all reams of this 80 g/m² paper.



#PioneerInspireHope against breast cancer

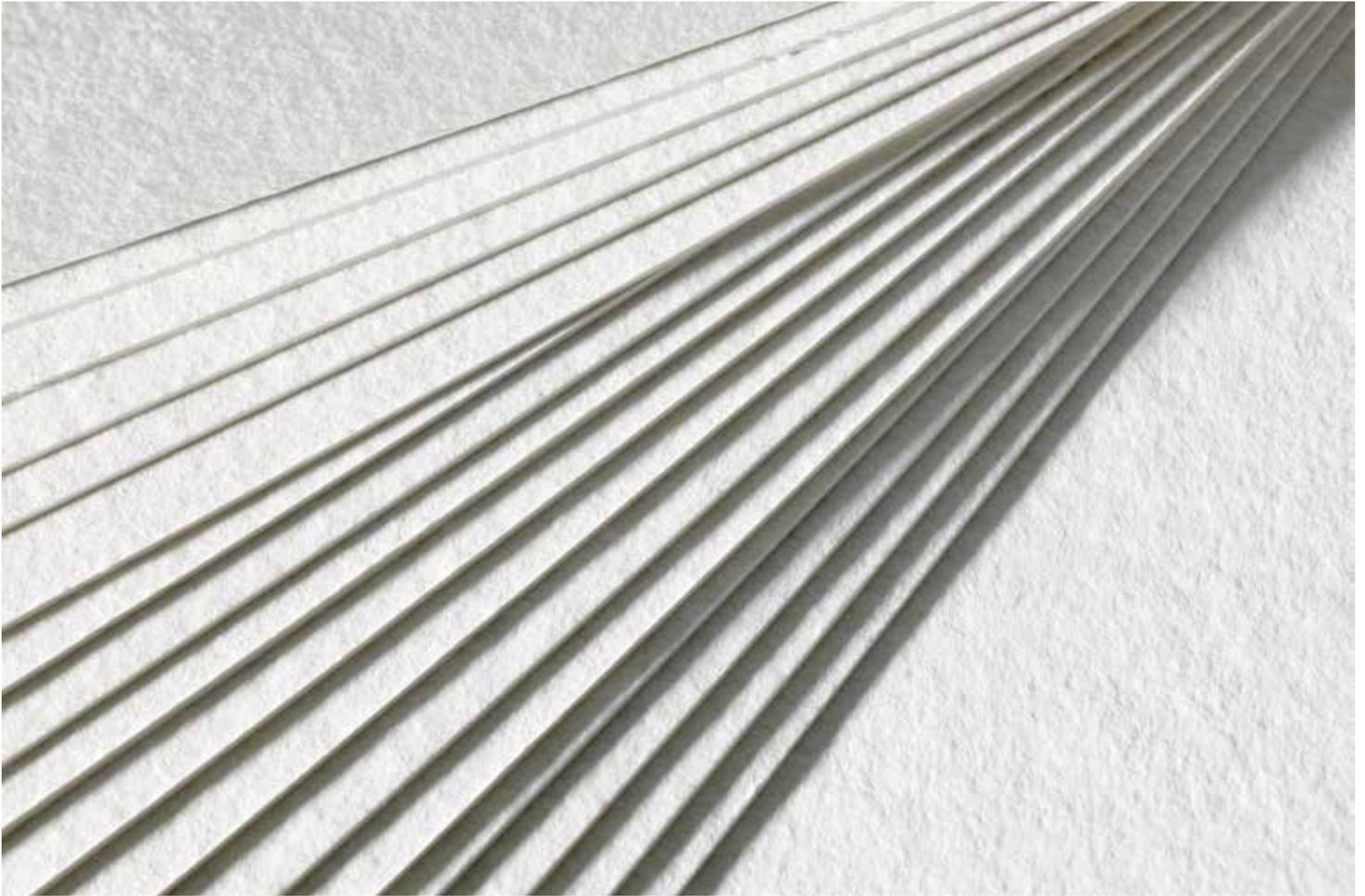
During October - International Breast Cancer Prevention Month - the paper brand Pioneer once again promoted its partnership with the IMM-Laço Fund, which supports research carried out by the Instituto de Medicina Molecular in the area of breast cancer. As part of the #PioneerInspireHope campaign, on the Pioneer website it was possible to send personalised messages and create an origami paper flower to offer and share hope. On World Breast Health Day, 15 October, The Navigator Company distributed 1,200 white paper flowers at its headquarters, Hospital de Santa Maria and IMM. Since 2005, Pioneer has supported the fight against this disease by funding the IMM-Laço-HUB project.



OPERATIONAL DATA

	2017	2018	2019	2020	2021
UWF PAPER					<i>Kton</i>
Figueira da Foz	771.3	744.1	718.9	649.2	729.0
Setubal	821.3	791.2	721.8	646.3	732.0
Total Paper Output	1,592.6	1,535.3	1,440.8	1,295.5	1,461.0
Total Paper Sales	1,578.1	1,512.9	1,447.0	1,276.1	1,474.4
FOEX - A4-Bcopy EUR/t	815	873	903	836	844





2.2. Bleached eucalyptus kraft pulp (BEKP)

Pulp price in Europe reached a record high of 1,140 USD/tonne

At the beginning of the year, while Europe was in lockdown, overseas markets were recording significant activity, with China working at full capacity and witnessing a consistent rise in the price of pulp, which reached 780 USD/tonne. However, with the reopening of the European market and the logistical crisis imposing difficulties in exporting paper from China to Europe and North Africa, prices in the Chinese market recorded successive drops, falling to 550 USD/tonne at the end of November. At the same time, South America, the world's largest pulp producer, was unable to make

the necessary logistical changes to significantly redirect operations from China to Europe.

The increase in the price of logistics (which, in terms of sea freight, approached 100%), energy and chemical products also had a negative impact on the pulp market, which felt greater pressure in terms of costs.

Environmental issues and international guidelines for a more sustainable economy have once again had a positive impact on the pulp market, in a trend that has shown increasing intensity in recent years. The gradual replacement of plastic by more environmentally responsible materials, and, in terms of the textile sector, the increasing demand for

materials based on wood fibre, have been benefiting pulp – a sustainable and 100% recyclable product, which plays a key role in the transition to a green economy.

All these factors together led to an increase in demand for pulp in Europe, which, at the same time, witnessed a growth in demand for graphic papers, accentuated during the second half of the year, with the consequent increase in pulp prices and the maintenance of low stocks. Although the rise in pulp value started later in Europe, it was consistent, with the price rising from USD 680/tonne in January to USD 1,140/tonne at the end of July, a price that remained until the end of the year.



During 2021, The Navigator Company recorded a 26% decrease in global pulp sales, which reached 292,000 tonnes. It should be noted that this drop was partly due to the greater integration in paper and the reduction in sales was solely in the overseas markets - with a drop of 72% -, since in Europe sales in volume grew by 20%. Due to market conditions, this was an overall favourable year for pulp,

with the rise in prices having a positive influence on the final result and sales reaching 161 million euros.

Throughout the year, and also as a reflection of the pandemic and successive lockdowns, the packaging segment was very strong, as well as the specialties segment (representing 70% of The Navigator Company's sales to Europe), which was joined by the graphic paper segment as of mid-year.

Taking into account the weight of the specialties area in the Group's sales, throughout 2021 the Company carried out several technical-commercial initiatives with the aim of reinforcing its presence in this segment in 2022. At the same time, benchmarking actions were carried out, which led to an increasing presence of Navigator's portfolio among its customers.



› OPERATIONAL DATA

	2017	2018	2019	2020	2021
BEKP PULP					
Aveiro	353.9	357.5	350.2	323.9	347.4
Figueira da Foz	593.1	575.1	585.5	572.7	582.9
Setubal	542.1	519.1	490.2	467.5	529.7
Total Pulp Output	1,489	1,452	1,426	1,364	1,460
Total Pulp Sales	310.9	253.4	313.8	394.1	292.2
FOEX - BHKP EUR/t	729	880	762	596	867
FOEX - BHKP USD/t	819	1,038	855	680	1,023

2.3. Tissue

Iberian Peninsula leverages sales growth

In 2021, the tissue market continued to feel the effects of the pandemic environment. Southern Europe has already recorded some recovery in demand, despite the delay in reopening economies and restrictions on mobility limiting the recovery of the Away from Home segment, which is essentially related to tourism and the Horeca channel. In the At Home segment, there was an effect of reducing stocks, especially when compared to the same period last year, translating into a normalisation of consumption

compared to the peak of demand recorded in 2020.

In 2020, the tissue business area recorded a diametrically opposite behaviour in the At Home and Away from Home segments, with the first showing great growth and the second suffering from the various lockdowns caused by the pandemic.

The growth in the Away from Home business in 2021 was largely due to sales made in Portugal and Spain. However, this segment has not returned to pre-pandemic levels overall, mainly due to the impact of international

markets, in particular North Africa, which have not yet recovered.

In the At Home segment, after the peak felt in 2020, it was possible to maintain growth, a trend that the Group wants to continue, by investing in organic growth, attracting more customers and strengthening current customers. Here too, sales in the Iberian Peninsula, which grew by around 11%, were decisive for the good result.

At the same time, the sharp rise throughout the year in energy, logistics and commodities costs, in particular pulp prices, put great pressure on tissue producers' margins, with a large





number of them announcing price increases. Consequently, Navigator raised prices twice during the year, in April and in December.

Tissue sales volume reached 105,000 tonnes, a reduction of close to 1% compared to 2020, with finished product sales exceeding 80,000 tonnes, 1% above 2020. The value of sales was driven by the rise in prices, thus delivering growth of around 3% in 2021.

Throughout 2021, The Navigator Company continued to invest in Research & Development, with the launch of more sustainable products adapted to the current reality, also focusing on disruptive innovation

and the development of value-added products. With this strategy – developed in partnership with universities and research centres – the Company is determined to gain market share among consumers.

In the At Home segment, the Naturally Soft range was launched, which uses unbleached virgin fibres, and two new ranges of products with additives – Amoos Aquactive™, with incorporated soap, and Amoos Air Sense™, with fragrance pearls. In the Away from Home segment, a super-absorption range was launched, with a differentiated technology that introduces air pockets between the two sheets, resulting in high-performance

products. The existing technology was enhanced, namely in the Cacia complex in Aveiro.

A development line was also created to bring to the Away from Home market some product novelties with added functionality. Given that this is a segment that is coming out of a deep crisis, a line of cost-competitive products was developed in order to respond to this market need.

The Group also continued to invest in working with customers, investing in knowledge sharing, both through training actions and through partnership work focused on the business and category management.



Innovation and sustainability



In 2021, The Navigator Company developed and launched the Naturally Soft range, a range of toilet paper and napkins with raw fibres – unbleached virgin fibre. This more sustainable product, produced without bleaching chemicals, was designed as a multidisciplinary project that was born at RAIZ – Forest and Paper Research Institute and involved the whole Company. Its implementation made use of existing technologies, but in a differentiating way, and required process changes, namely at

the pulp mill level. Currently, it is a technology used both in the Group's own brand and in customer brands, which are given access to innovation developed internally.

Also noteworthy were the launches of the Amoos Aquactive™ and Amoos Air Sense™ ranges, which represent a new generation of tissue products. Aquactive™ technology makes the paper foam when in contact with water, and Amoos Air Sense™ contains scented pearls activated with each use by the movement of the paper. These new ranges were also developed in a multidisciplinary project environment in deep collaboration with RAIZ – Forest and Paper Research Institute.





> OPERATIONAL DATA

	2017	2018	2019	2020	2021
TISSUE					<i>Ktonne</i>
Reel Output	56.2	71.7	102.3	112.7	111.1
Finished Product Output	48.9	66.0	72.8	79.5	82.0
Reel Sales	7.3	1.9	21.1	25.9	24.5
Finished Product Sales	48.1	61.2	74.5	80.1	80,9
Total Tissue Sales	55.4	63.1	95.7	106.0	105.4





2.4. Energy

Self-consumption of renewable energy increases, in a year of severely reduced sales

Since the beginning of 2021, the natural gas combined cycle plant at the Setubal industrial complex started to operate on a self-consumption basis, supplying one of the paper machines, and selling only its surplus production to the network. This led to a decrease in the volume of energy sold, which went from a total of 1,655 GWh in 2020 to 1,439 GWh. This reduction, which also accompanied lower energy production, was reflected in sales figures, which fell from 144 million euros to 135 million euros.

With the entry into operation of the new photovoltaic solar power stations in Figueira da Foz and, at the end of the year, in Setubal, Navigator has a total of around 7 MW of installed power for self-consumption. This was another step taken by the Group in its energy sustainability policy, as it is energy generated locally, from a renewable source, and which allows for a reduction in energy purchases from the grid.

With 7,700 panels and an installed capacity of 2.6 MWp, the Figueira da Foz plant, installed on the roof of paper machine no. 2, has an annual production of approximately 3,500 MWh of renewable energy for self-consumption, which is channelled to the paper machine and pulp mill. Savings in the energy bill will be approximately 300,000 euros per year. This is also a project with an impact on Navigator's decarbonisation strategy, allowing it to avoid the emission of 1,296 tonnes of CO₂ per year.

In Setubal, the project suffered some delays, and the plant, with an installed capacity of 1.9 MWp, only started operating at the end of the year. Located on a plot of approximately 4,000 square metres, it has 4,086 solar panels and an estimated annual production of approximately 3,200 MWh. The normal operation of the new plant could represent an annual reduction in the electricity bill of more than 250,000 euros, and avoid emissions in the order of 1,187 tonnes of CO₂.

During 2021, Navigator evaluated another project in the area of photovoltaic solar energy, which, after the award scheduled for the beginning of 2022, will add more than 20 MW of installed power for self-consumption. This is a substantial leap, which makes it possible to immediately triple the capacity installed in recent years. With an estimated execution time of between 12 and 15 months, this project - which will be installed in several industrial units of the Group - will start operating in 2023.

The global investment already made by Navigator in photovoltaic solar energy amounts to around 4.7 million euros, of which 0.9 million were made in 2021.

Energy Efficiency Plans

AVEIRO

An investment of €170,000 made it possible to improve the efficiency of three screens in the raw pulp washing and screening equipment, which is responsible for the greater use of



energy at the Aveiro industrial unit. This improvement led to a reduction in consumption of 752 MWh/year, resulting in savings of €68,000/year.

FIGUEIRA DA FOZ

The area of indoor and outdoor lighting at the Figueira da Foz industrial complex has great potential for reducing consumption, and has already completed more than 20 LED lighting projects, with a cumulative investment of over €600,000. In 2021,

approximately €30,000 was invested in a new outdoor lighting project in one of the complex's car parks.

VILA VELHA DE RODAO

The investment of around €20,000 in the installation of a new heat exchanger in Boiler No. 2 of the Vila Velha de Rodao plant allows the use of heat from the exhaust gases to heat the combustion air. The operation's efficiency gains translate into a reduction in natural gas consumption.

SETUBAL

The installation of LEDs in the disintegration area of the No. 4 paper machine at the Setubal industrial complex allowed the energy bill for that space to be reduced by approximately €9,000 per year. This energy efficiency project, also equipped with sensors, involved an investment of around €25,000.

	2020	2021
Energy produced	1,802 GWh	1,744 GWh
Energy sold	€144 million	€135 million

€68,000



Annual savings achieved at the Aveiro unit, under the Energy Efficiency Plan.

1,296
tonnes
of CO₂
per year



Emission savings associated to the Figueira da Foz Photovoltaic Power Station.





2.5. Packaging

New gKraft brand boosts sales

The start of the sale of the new line of gKraft packaging paper, in 2021, complemented Navigator's portfolio in a segment with rapid growth potential in the current scenario of replacing single-use plastics with alternatives of sustainable origin. [See more about gKraft paper in the "Strategic Priorities" section]

E-commerce grew even more sharply during the pandemic and is referred to as one of the growth vectors of the packaging business.

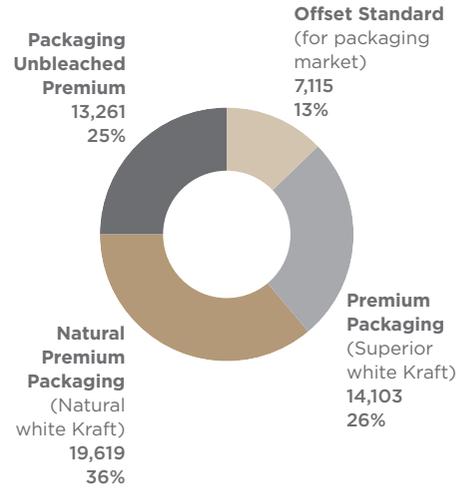
In terms of packaging, sales exceeded the established target of 53,000 tonnes of this type of paper, reaching 54,000 tonnes. Of these, around 47,000 tonnes were new gKraft paper.

Sales, although mainly focused on the Iberian Peninsula and Southern Europe, took place in 23 countries and reached more than 120 customers. In accordance with the defined strategy, sales in Europe accounted for 91% of the total volume, with the Iberian region representing around 36% and Italy around 31%.

With a Net Turnover of 42.4 million euros, Navigator's packaging paper accounted for 3.8% of UWF's turnover this year. In 2022, the objective will be to diversify into other attractive markets – such as Germany, the UK and North Africa – and create a customer base based on products and segments with the highest added value, with sales expected to double in the next two years, improving the attractiveness of the business.

SALES VOLUME OF THE PACKAGING PAPER RANGE

In tonnes



2.6. Financial performance

Transverse price increases and UWF volumes offset the increase in raw material costs and allow for an EBITDA of €355 million

Navigator achieved an EBITDA of €355 million and an EBITDA/sales of 22.2%, benefiting from the growth in paper volumes, improvement in the prices of paper, pulp and tissue.

Over the course of the year, there was an increase in production costs of around €20 million, penalised essentially by the increase in the cost of wood, due to a greater predominance of wood from outside the Iberian Peninsula, and also by the increase in the cost of external fibres, energy and chemicals.

There was also a significant increase in logistics costs, which increased by €35 million, particularly in the second half of the year, following the current logistical constraints that are affecting the economy in a transversal way. Despite the difficult moment we are going through, both in terms of prices and in terms of availability of resources, Navigator managed to maintain its activity at 100% and operate without any disruption of upstream and downstream supply.

In Energy, we highlight the increase in electricity and natural gas prices as a result of the volume exposed to the market. It should be noted that the effect of the increase in energy costs was mitigated by the risk coverage policy with fixed rate contracting for most of the 2021 purchases, as well as the reduction in natural gas consumption, due to the new biomass boiler in Figueira da Foz. It should also be noted that the aforementioned changeover of the natural gas combined cycle plant at the Setubal industrial complex to self-consumption, since the beginning of the year, supplying one of the complex's paper machines, made it possible to eliminate the purchase of electricity for paper machine no. 4.

The efforts to contain fixed costs started in 2020 continued, with a further reduction in operating costs of €3 million compared to 2020, with personnel and maintenance costs recording an opposite change, as anticipated, increasing by 18% and 5% respectively. In the case of maintenance costs, the increase is largely justified by the incomplete maintenance programmes in 2020, due to the difficulties created by the pandemic situation.

The increase in personnel costs accompanied the good performance of Navigator in 2021, which allowed the distribution of bonuses to employees and the resumption of the rejuvenation programme suspended in 2020. On the other hand, the amount of personnel expenses in 2021 compares with expenses in 2020 that were favourably impacted by the support measures in force in the context of the pandemic. On the other hand, exhaustive work was carried out during the year with the structures representing workers within the scope of labour negotiations in the different business areas of Navigator. Within the scope of the aforementioned negotiation process, the new career regulation for operational technicians stands out, which, in January 2022, allowed the career development of more than 1,235 employees, representing around 70% of the employees in the business areas. For the first time, a collective agreement was also signed for the tissue segment with conditions that reflect the current reality of this business.

Total fixed costs ended up being 7% above the fixed costs of the same period last year. This amount is essentially explained by the heading of personnel expenses.

In this context, efforts to contain costs, the transversal price increase and the increase in UWF volumes offset the strong increase in production factor prices and allowed EBITDA to reach €355 million in 2021, a value that

compares with €286 million from 2020 (+24%). The EBITDA/Sales margin was 22.2% and compares with a margin of 20.6% in 2020. The net negative impact of the exchange rate on EBITDA of around €10 million should be highlighted, with an average EUR/USD in 2021 of 1.18 vs. 1.14 in 2020.

Financial costs of €17.8 million

Financial results stood at €17.8 million (vs. €14.7 million), an increase of €3.1 million, essentially resulting from the negative variation of a set of financial income that, in 2020, was a very significant value, related to amounts still receivable from the sale of the pellets business in 2018, compensatory interest obtained and amounts associated with the anti-dumping case in the US (together - €3 million vs. 2020), as well as the cancellation of an interest rate swap associated with a bond loan repaid in December 2020 (€-1.5 million). On the other hand, the costs of financing operations dropped (€1.1 million) due to the decrease in the average debt compared to the same period of the previous year, despite a small increase in the average cost resulting from the lower weight of short-term debt, which became significant in 2020 due to the liquidity obtained to deal with the pandemic.

Pre-tax income totalled €211.8 million and the corporate tax charge for the year was €40.4 million, with a tax rate for the period of 19.1%, compared to 13.1% in the same period last year, which stems from the increase in the Group's results, which is offset by updates of liabilities with tax matters. Net income was €171.4 million vs. €109.2 million in 2020.





Strong free cash flow generation in 2021 of €235 million

In 2021, Navigator generated a very significant amount of free cash flow of around €235 million.

The generation of Free Cash Flow followed the improvement of the Group's operating performance, particularly with regard to sales and prices. The systematic focus on working

capital management continues to be a relevant complementary element to improve the regularity of financial flows.

Over the course of the year, the amount invested in working capital remained at low levels, in a context in which there is a moderate rise in the levels of some stocks, accompanying the progressive recovery in activity levels, especially in pulp which, despite

maintaining historically low volumes, increased, in 2021, by around 25,000 tonnes compared to the very low level reached at the end of 2020.

It is also worth mentioning the impact of our supplier management policy which, combined with the availability of solutions to support the liquidity of our Partners, actively contributed to the level of cash generation shown.

2.7. Debt management

In 2021, two important financing operations were carried out, namely due to their sustainable financing nature. In the first half of the year, €27.5 million was taken out of a loan contracted in 2020 with the EIB, financing directly linked to the new biomass boiler at the Figueira da Foz industrial complex, with a global investment equivalent to €55 million, which will allow the Company to reduce fossil carbon dioxide emissions. In the second half, a €100 million bond loan was issued, indexed to ESG objectives. With these financing operations, we ended 2021 with around 20% of the total debt issued with a sustainable nature.

It should be noted that this bond loan, valued at €100 million, with a maturity of five years, was issued against the early repayment of a loan in the same amount, which was due to mature in 2023. This operation – to which a fixed rate swap was

added – determined the extension of the average life of the Group's debt, as well as the reduction of the Company's financing cost, in addition to representing a commitment to alignment with sustainability objectives.

The loan conditions are indexed to two ESG indicators already present in the Company's Sustainability Agenda and, in turn, aligned with the United Nations Sustainable Development Goals. The first indicator defines CO₂ emission reduction targets and is part of the Company's Carbon Neutrality Roadmap, in which the Company undertakes to be carbon neutral in its industrial complexes by the year 2035. The second indicator sets targets for increasing the percentage of certified wood purchased on the national market. Wood certification is one of the factors most directly and specifically associated with sustainability objectives in our business area and is the best guarantee of the adoption of processes

conductive to sustainable forest management.

After having distributed dividends for 2020 of €100 million in the first half, in December the Group anticipated the distribution of profits for 2021 in the amount of €50 million, maintaining a cash position of €239 million at the end of the year.

Net debt recorded a relevant reduction compared to the end of 2020 of €85 million, supported by the improvement in operational performance. The Net Debt/EBITDA ratio of 1.68x shows a downward trend, which consolidates the profile of financial strength displayed by the Group over the last few years and fulfils a structural objective assumed within the scope of the Group's financing policy.





2.8. Capital market performance

After 2020 was marked by high volatility, largely resulting from the pandemic, 2021 proved to be very positive for world stock markets. Although during 2021 there were still several periods of lockdown and new Covid-19 outbreaks, with mandatory remote working and learning, there was, especially during the second half of the year, a progressive reopening of economies, with the normalisation of academic activities and a return to in-person work. Positive economic projections and the advance of vaccination plans led most indices to close the year with gains between 8% and 29%, with the exception of the Brazilian index, which fell nearly 12%.

From the second half of the year onwards, there was also an upward trend in raw materials, as a result of the economic recovery and the constraints felt on the supply and logistics sides, in particular oil, natural gas and carbon, which reached historic peaks.

In this context, the shareholding performance of most companies in the pulp and paper sector was positive, in a period marked by an increase in demand and production and by a significant rise in prices, in order to combat the successive increases in the cost of raw materials and logistics.

The Navigator share led the sector's gains, with shares up about 34% during the year. It also followed the trend of the PSI-20, which recorded a mixed performance, although most companies ended the year positively.

Since the beginning of the year, Navigator share prices have been moving upward, having traded at a low of €2.45 on 27 January. The high for the year was €3.40, on 29 October, the day Navigator announced to the market the launch of the new packaging brand "gKraft". The share price at the end of the year stood at €3.35. As for liquidity, in 2021 the shares registered an average daily volume of 840,194, which

compares with an average daily volume of more than 1 million shares during the previous year.

The Navigator Company held a general meeting on 11 May 2021 and, on 25 May, distributed dividends in the amount of €99.6 million, equivalent to a gross value of €0.1400/share. At the end of the year, the Company announced an advance on profits for 2021 to shareholders. The sum amounted to around €50 million, equivalent to €0.0703/share and payment was made as of 28 December.





2.9. Contribution to State tax revenue in 2021

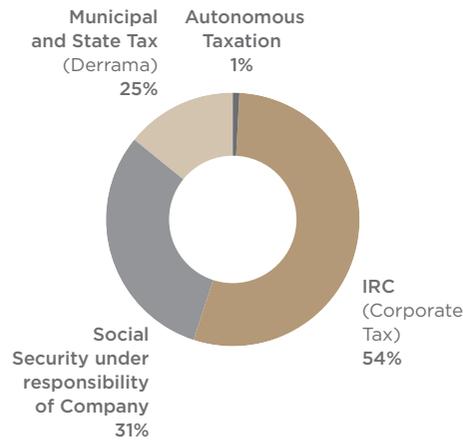
Within the scope of the activity carried out by companies that make up the Navigator Group, such companies incur a multitude of taxes, fees and contributions, making the Group an important contributor to government revenue in Portugal, and thus to the achievement of social objectives and national development. Fiscal policy has a significant impact on the business community, affecting the Group's entire value chain.

For this reason, the Navigator Group has a tax policy in line with the Group's business development strategy, defined in accordance with the economic substance of its activity, aiming to ensure that the entities that make up the Group are fully compliant with their tax obligations in all jurisdictions in which they carry out their activity, seeking to maintain full compliance with the spirit and letter of the applicable legislation.

Aware of the role that it represents in the Portuguese business community, and as required from a transparency perspective by its stakeholders, Navigator in recent years has sought to determine its tax footprint, identifying the level of taxes it incurs economically and the values of tax that it collects and administers on behalf of the State or third parties, thereby contributing in this dual aspect to the State's tax revenue.

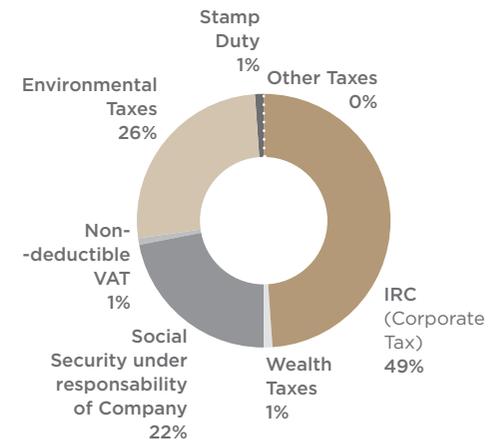
As shown in the graph "Taxes borne", in 2020, in terms of taxes paid - which includes more than 20 different taxes, contributions and fees - the Group paid a total of €90 million (2020: €56.4 million), equivalent to an effective tax burden of 42.51% in 2021 (2020: 44.82%), calculated on pre-tax profit. Such tax burden pertained primarily to the amount paid for Corporate Income Tax (IRC), including "derrama" surcharges (municipal and state), Autonomous Taxation (TA) and Social Security contributions, the latter two totalling €44 million (€23 million in 2020) and €20 million (€18 million in 2020), respectively.

➤ MAIN TAXES BORNE



The taxes borne include significant environmental taxes, totalling 23.5 million euros - including Tax on Petroleum Products, Water Resources Tax, Maritime Public Domain Fee, Water Public Domain Fee, Waste Management Fee, Special Consumption Tax (IEC) on electricity, Extraordinary Contribution on the Energy Sector (CESE), Single Circulation Tax (IUC) and CO₂ -, with a notable increase, to almost double (80%), compared to the previous year (2021: 23.5 million euros versus 2020: 13 million), which also demonstrates the tax contribution to the pursuit of sustainability objectives in line with the Group's policy and its relevant investment in forest resources in Portugal. The amounts borne by the Group demonstrate its high sectoral contribution, even today, which, in the future, with the creation of new rates or financial contributions, will certainly imply double taxation and a negative tax burden on the Group, the consequence of which will be to limit the Navigator's ability to invest in new, more sustainable projects, as it has been doing.

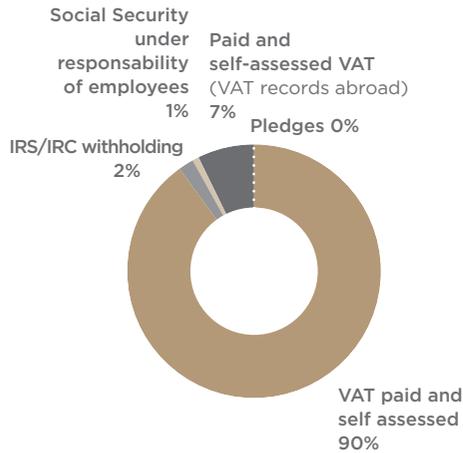
➤ TOTAL TAXES BORNE



With regard to taxes collected in favour of the State, in 2021 Navigator concentrated an amount of 1,004 million euros (2020: €798 million), once again, VAT contributed the most to this amount (2021: 904 million versus 2020: 720 million), which highlights the Group's collaboration in collecting tax revenue for the Portuguese State. It should be noted that Navigator is not remunerated by the State for the collection of these taxes, unlike in other jurisdictions and, even among us, other economic operators are remunerated by the Tax Authority (e.g. pledges made at the request of the Tax Authority), which means that Navigator internalises and fully bears the costs inherent to collecting these taxes in favour of the State.



› TAXES COLLECTED



It is also important to mention the VAT assessed and self-assessed by Navigator in other jurisdictions where it is registered for VAT purposes outside Portugal, where it collected an additional total of almost €66 million of VAT for the respective states.

› VAT COLLECTED FOR OTHER STATES

COUNTRY	TOTAL
Netherlands	15.1
Poland	15.4
United Kingdom	14.1
Germany	17.6
Spain	2.1
France	1.1
Switzerland	0.3
Italy	0.2
TOTAL	65.9

million euros

The Group also collects €9.4 million of Social Security contributions owed to employees (2020: €9.3 million) and €22.7 million of withholding income tax (2020: €21.5 million), essentially on salaries paid to its employees. The “labour tax rate” in 2021 was 24.7% (2020: 38.47%), with the variation essentially due to the improvement in the Group’s consolidated results. This indicator is calculated through the ratio between tax on labour resources (Social Security contributions by both the company and employees and Personal Income Tax [IRS] withholdings



on revenue from employed work) and pre-tax profit.

As for the geographic distribution in Portugal of taxes levied on a territorial basis (“derrama municipal” [municipal surcharge], IMI [municipal property tax], IMT [municipal real estate transfer tax] and other municipal taxes), the Group has the greatest presence in the regions of Setubal, Figueira da Foz, Vila Velha de Rodao and Aveiro, with taxes of €2 million, €1 million, €0.49 million and €0.21 million, respectively.

In the context of complying with the country-by-country tax reporting obligations presented by the Group, it is evident that, in 2020, the Group paid in Portugal 80.92% of the global IRC borne (2019: 95.95%, 2018: 92.93%, 2017: 93.78%, with the 2020 amount impacted by refunds of gains in tax

litigation relating to previous years) in the 16 jurisdictions (2019: 16, 2018: 18, 2017: 17) where it is located represented by corporations, with 2.32% in Europe, 1.74% in Africa & Middle East and 15.01% in America with 15.01% of the global total corporate income tax.

The Tax Footprint report is particularly important for the Group in an effort to digitise the tax function, the reliability of tax information in order to comply with reporting and tax obligations, also insofar as it aggregates the compilation and analysis of the key indicators concerning the multiplicity of taxes borne and collected in favour of the State and the Group’s significant contribution to public revenue in Portugal.





2.10. Risk management

The Company regards risk management as a core process in its business activities. A permanent risk management monitoring system is therefore in place in The Navigator Company Group, involving all organisational units, the Risk Management Division (DGR) and the Supervisory Board.

This system is based on a systematic and explicit assessment of business risks by all organisational divisions in The Navigator Company

Group and identification of the main controls in place in all business processes. This basis allows the Company to continually evaluate the adequacy of its internal control system for the risks perceived to be the most critical at each moment.

As part of this periodic assessment, an annual internal audit programme has been instituted, to be implemented by DGR in conjunction with each division involved, to monitor and evaluate the appropriateness of the internal control

system to the perceived risks and to help the organisation to implement programmes to improve this system.

This risk governance system is headed by the Supervisory Board and the Board of Directors.

The Navigator Company Group has therefore identified a variety of economic, financial and legal risks to which it is exposed in the course of its business, and a selection of these risks is shown below:



RISK

(Non-exhaustive selection)

SUMMARY DESCRIPTION

Industrial accidents at work	Risk of the occurrence of accidents at work potentially resulting in injuries, disability or fatalities.
Increase in transport costs	Risk of increase in pulp, paper or tissue transport costs, which may result in a reduction in sales margins or the need to increase prices charged to customers.
Higher demand for raw materials (wood)	Risk associated with an increase in demand for raw material (wood) due to competitors expanding their capacity, triggering an increase in wood prices and a consequent increase in production costs.
Foreign exchange	Risk of variation in the exchange rate between the euro and other currencies, which may significantly affect the Group's results, either through revenues (sales) or costs (purchases).
Cybersecurity Failures	Risk associated with security flaws in the Company's IT systems that allow undue or illicit activities by third parties resulting in losses for the Company.
Environmental consequences of operations	Risk of occurrences with adverse environmental consequences, directly or indirectly attributed to industrial activities, potentially resulting in a breach of environmental legislation or customer and stakeholder dissatisfaction, namely as regards the local community.
Forest damage	Risk of forest damage resulting from natural or man-made causes, which may jeopardise the quantity of raw material needed for the Group's activities and consequently lead to increased costs or loss of revenues.
Energy business less competitive due to regulatory issues	Risk of less competitive terms for power sales caused to a certain extent by the regulatory environment; volatility in the regulation of the sector may lead to sudden loss (total or partial) of the contribution from this business to the Group's profitability.
Reduction in paper demand due to technological substitution	Risk associated with a reduction in demand for the products sold by the Group, which may result in a significant reduction in sales.
Failure in wood supplies	Risk of failure in wood supplies, which may result in production stoppages and consequent increase in costs or lost revenues.
Equipment failures	Risk of failure in production equipment, which may result in production stoppages and consequent increase in costs or lost revenues.
Data security failures	Risk of failures in data security relating to the confidentiality, availability and integrity of data over the process of acquisition, processing, communication, storage and destruction, potentially leading to information losses/leaks, fraud, discontinuity of operations.
Shortage of certified raw material	Risk associated with inability to obtain certified raw material, potentially resulting in a loss of value in end product and consequently in sales values.
Fraud	Risk of fraud in processes involving movements in funds/valuables, causing the Group to incur losses.
Non-compliance with legislation and regulations	Risk of non-compliance with legislation on tax, employment, environmental, accounting and/or other matters or with industry regulations. Non-compliance with accounting standards.
Irregularities in purchases and payments	Risk of inefficient or inappropriate processes in purchases of materials and services critical for the business, resulting in items being out of stock, financial losses, non-performance by and in relation to suppliers or occurrence of situations of fraud.
Occurrence of fires or natural disasters	Risk of loss of assets or even personal injury due to fires or other natural phenomena.

... > Continued on next page



... > Continued from previous page

RISK

(Non-exhaustive selection)

SUMMARY DESCRIPTION

Loss of new business/product/process opportunities	Risk of failing to capture opportunities to develop new business, products or processes due to ineffective R&D or technology scouting.
Loss of forest productivity	Risk of not being able to achieve full production potential of the season due to failure to apply best available forestry practices.
Losses on loans to customers	Risk of credit granted to clients, which may result in unrecoverable debts and a consequent increase in costs.
Paper pulp price	Risk associated with pulp price fluctuations, which may result in losses for the Group.
Product quality	Risk associated with product quality, potentially resulting in consumer dissatisfaction and a consequent drop in sales and lost revenues.
Reduction in paper price	Risk of pressure of competition, which may result in a drop in sales or reduction of market share.
Environmental restrictions on industrial production	Risk of environmental restrictions on industrial production, which may result in changes being required in the production process, thereby increasing costs.
Legal restrictions on forestry production	Risk of legal restrictions being imposed on forestry production, which may result in a reduction in raw material output and a consequent increase in acquisition costs.
Legal restrictions on paper imports	Risk of restriction on paper imports in producer countries through the erection of customs barriers, potentially resulting in a reduction in sales.
Inadequate sourcing	Risk of inefficiency in management of relationship with critical suppliers for the business, or over-dependence on these supplies, compromising the quality of services provided, limiting Group operations or potentially leading to operational inefficiencies.
Sustainability of forestry operations	Risk of compromising the future operations of the organisation or of local society and the business community, in general, due to overuse or irrational use of the natural resources involved in forestry operations.
Sustainability of industrial operations	Risk of soil contamination or excess atmospheric emissions of noxious gases, resulting directly or indirectly from the process of supply, sanitation or processing of solid urban waste (e.g. accidents, breakdowns, techniques used) or from natural causes such as floods or droughts at intake points or serious pollution accidents.
Variation in energy prices	Risks associated with changes in the purchase and sale price of energy, resulting in additional costs and lost revenues.

Many of the risk factors identified are beyond The Navigator Company Group's control, especially in the case of market factors which can have a fundamental and negative effect on the market price of the Company's shares, irrespective of the Group's operational and financial performance.

The risks brought about by climate change not directly listed in this table are actually present in

many of the risks described herein. In fact, and because these risks are, under our risk management structure, directly linked to Navigator's business processes, with mitigation controls described and subject to monitoring, climate change appears to be spread across multiple fronts. For example, obviously the loss of forest productivity, forest damage or the risk of fires to a large extent

stem from drought or other factors; the sustainability of industrial activity or the risk of environmental restrictions on industrial production are derived in part from the issues of (de)carbonisation of economies, which Navigator intends to anticipate and which are addressed extensively in other sections of this report.



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3.1 Our team

Aware of the needs of the people who make up its teams, The Navigator Company placed particular emphasis on valuing and managing careers in all sectors and business areas throughout 2021.

The pandemic remained unfavourable for dissemination and communication activities, which, as in the previous year, continued to be carried out, in large part, through workshops and webinars, with care being taken to bring people closer to this new model.

Within the scope of the Group's Human Resources Policy and under the ATIVAR Programme of the IEFP

- Instituto do Emprego e Formação Profissional, The Navigator Company hired 89 interns, of which 33 had bachelor's/master's degrees and 56 were potential future employees. The Internship Programme reflects the role of dynamism in the training of future professionals, while reinforcing the Group's commitment to linking the worlds of academia and school to the reality of business.

The concern with valuing Employees led to the creation of the Young Executives Plan, to show younger workers their potential career path from arrival at the Company and for the following three to four years.

This also provides a response to the individual needs of the different population groups at Navigator.

In negotiation with the workers' representative organisations, a New Career Plan was also designed for operational technicians in the areas of tissue - who until now had no career plans - paper and pulp.

With a view to greater transparency and better capacity for Employees to plan their future, a new salary scale was also implemented with discrete pay scales, in which the stages of progression are clearly defined.

► EMPLOYEES

	Portugal		Mozambique		Rest of the world		Total	
	2020	2021	2020	2021	2020	2021	2020	2021
Forestry	195	200	126	129	7	7	328	336
Industrial	2,510	2,391	0	0	10	9	2,520	2,400
Commercial	145	201	0	0	62	61	207	262
Support	177	152	0	0	0	0	177	152
Total	3,027	2,944	126	129	79	77	3,232	3,150



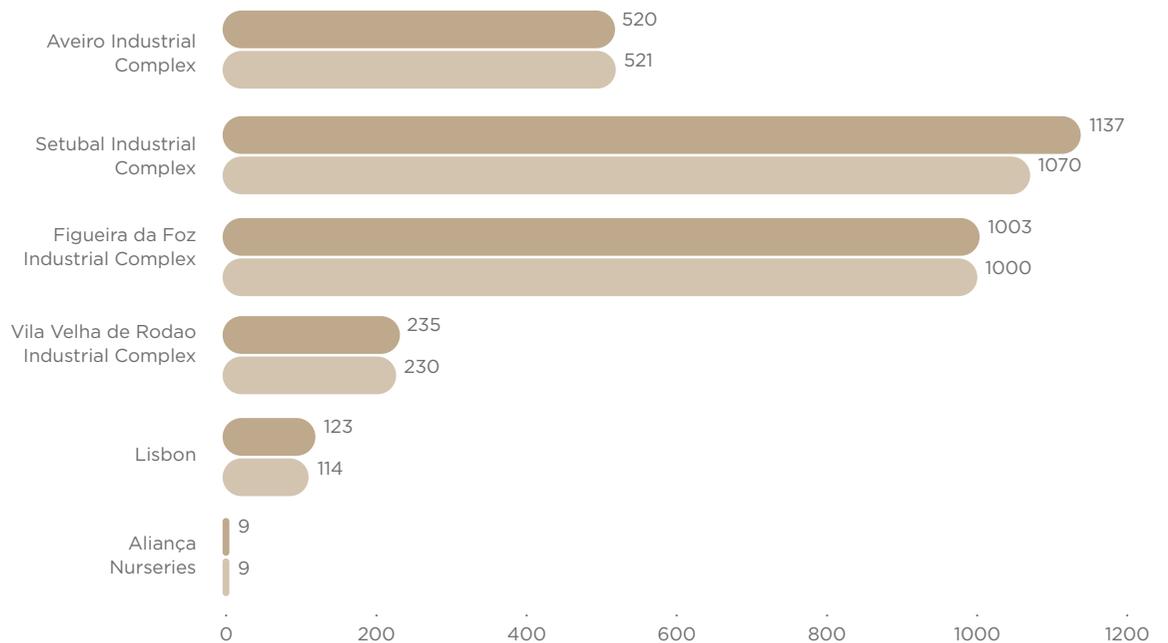


Looking to the future

“There are so many reasons to join us”. This was the motto for Navigator’s Employer Branding strategy in 2021, with which the Company sought to enhance its ability to attract talent and expand its recruitment bases. In a joint initiative with the Academy, Navigator participated in 25 job fairs at universities and polytechnics, where it was present through a virtual stand, and also used quick interviews, presentations, workshops and conferences.

> NATIONAL DISTRIBUTION

● 2021 ● 2020



2,944
Total 2021

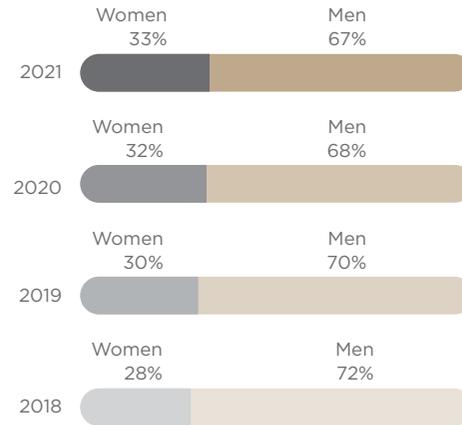
3,027
Total 2020



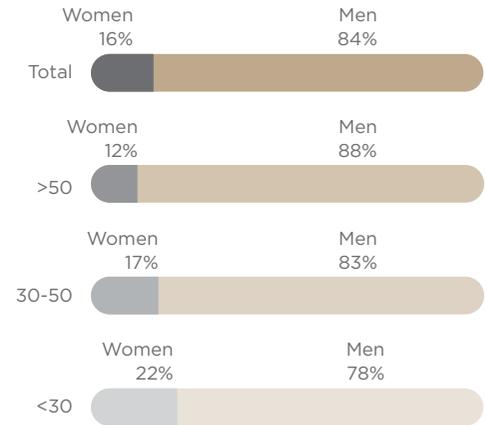
> DISTRIBUTION BY GENDER (Total universe of employees)



> MIDDLE AND SENIOR MANAGEMENT (Data without Mozambique employees)



> DISTRIBUTION BY AGE (Data without Mozambique employees)



Health and Safety

The continuation of the pandemic in 2021 meant that the implementation of the Covid-19 Contingency Plan, created the previous year, remained on the agenda. The measures taken made it possible to keep the spread of the disease under control, through the testing of all internal and external Employees, carried out every 15 days, a measure that required considerable

effort in terms of human and material resources.

Health month was celebrated in October, with several initiatives under the motto “Movement is Medicine”. The Occupational Health team worked with Employees to show how exercise, combined with a healthy diet, can make a difference in maintaining good physical and mental health. For the first time, health was also addressed

from a financial point of view, with Deco Proteste joining The Navigator Company team to share strategies to improve the domestic economy.

During the year, an ergonomics project took place which started at the Setubal plant and was extended to workers in the tissue areas of the Vila Velha de Rodao and Aveiro factories. This project, which involved more than 145 workers, had a





multidisciplinary team that included a company specialising in ergonomics, responsible for risk assessment and development of technical solutions, a physiotherapist, Navigator's Occupational Health and Safety team, and the workers covered, as well as the various team leaders. By working directly with the teams involved, it was possible to better diagnose their needs and create the most appropriate responses. One of the cases highlighted was the development of a shovel in which the aerodynamics and the type of handle – in different sizes, suitable for the different sizes of the workers' hands – made it possible to work more correctly and appropriately, protecting the user from future injuries.

In the last quarter of 2021, training was held on “Civil and Criminal Liability” within the scope of Occupational Health and Safety. This was aimed at supervisors, area managers and directors. It involved a total of 349 Employees and had very positive feedback from the participants.



Safer equipment

Lockout/Tagout (LOTO) of equipment, fluid lines and others is a key issue in operational safety. To this end, a pilot project was carried out in the additives line during 2021, at the Figueira da Foz industrial complex, with encouraging and very promising results. This pilot, developed with an external partner, uses new technologies to ensure greater redundancy of the equipment with regard to its complete isolation. In the traditional model, padlocks are placed at specific points, in order to ensure that the equipment does not come into operation while it is, for example, undergoing maintenance. The new system identifies the locations to be locked out from a workstation, using QR Codes, so that lockout is achieved without intermediate validation. Without eliminating the use of the physical padlock, technological redundancies are thus introduced that guarantee team safety.





Training

The training plan approved for 2021 included 588 courses and its implementation period was extended until the end of the first quarter of 2022. Specific needs identified throughout the year meant that 306 extra courses were run, which meant a total of 744 courses taught.

With fewer effects of Covid-19 lockdowns, external training was resumed, although at a slower pace than in the pre-pandemic period. At

the same time, the process of adapting to the “new” reality continued, with an increasing focus on technologies and the transition to the online training format (e-learning and webinars, both available through the Learning Centre portal) for courses that, until now, had only existed in face-to-face format.

For Employees, there was a greater take-up of self-learning training, with increased demand for voluntary enrolment webinars and the more than 600 courses available in e-learning

format, which registered a total of 7,433 participants.

In order to support the new career plan, the Valencies Project is underway, with the development of 213 new training programmes that will support career plans in the areas of maintenance, production, tissue and quality process control. Coordination is carried out by the Learning Centre and involves more than 150 specialists from different areas of the business.

> NAVIGATOR TRAINING

	2019	2020	2021
No. of courses	588	551	744
Enrolments	12,189	15,362	11,581
Training hours	229,186	135,787	136,118
In-house training hours	165,343	113,974	104,260
% of internal training	72%	84%	77%
No. of Employees involved	3,111	2,753	2,283
% of Employees involved	95%	85%	72%
No. of hours per Employee	70	42	43



enrolments in
e-learning training
(64% of the total)



enrolments in
**Live Training,
in webinar format**
(12% of the total)





3.2. Our Customers

The year 2021 was marked by a bottleneck in global supply chains for all industrialised products, mainly due to changes in Asian markets. The logistical constraints of exporting in Asia led local Suppliers to turn to their own region, causing unprecedented demand in Western factories in recent decades, with Customers unable to obtain a response to their demand. At the same time, there was a general increase in costs, which led to an unprecedented rise in prices, which also affected the paper sector.

In Europe, Navigator's sales were constrained, on the one hand, by the evolution of the pandemic, and, on the other hand, by the implementation of a firm policy of recovery in the Company's profitability, which resulted in a lead role in the rise in paper prices on the European market during 2021.

The Company increased its prices four times, starting 15 February across Europe, then May and June, then 27 September and 1 November. In early December, it announced a new price hike, which it implemented on 2 January, 2022.

Thanks to Navigator's product availability, and despite the pandemic, personal and online contacts intensified, and sales teams recruited a record number of over 150 new Customers in Europe.

With the expansion of the packaging paper portfolio, which introduced new qualities that met the expectations of Customers, the effort of the entire team resulted in more than 100 new Customers being acquired for this segment, especially in the markets of Southern Europe.

Particularly noteworthy was the growth in sales in the markets managed by the offices in England (United Kingdom and Ireland) and Italy (Italy, Greece and the Balkans).

In response to the challenges posed, the partnerships that the Europe Sales Department strengthened with several Customers were fundamental for Navigator's performance in the European market. Sales in Europe once again exceeded 60% of the paper business's total contribution, and were decisive for the Group's results.

In the non-European markets where it operates – America, the Middle East, North Africa and Sub-Saharan Africa – demand from Customers remained above the Company's ability to deliver. Adjustments in prices were required almost monthly in order to compensate cost increases, and delivery



times lengthened. However, most Customers understood the particular contingencies of the market situation and, faced with uncertain stabilisation, many chose to bring forward orders throughout 2022, in order to ensure supply, even if prices were open-ended, as they change in the short term – due

to changes in energy, transport, raw materials, chemicals and packaging costs.

This situation required very close communication with Customers, and priority was given to regular business and strategic products with a long-term perspective. In this sense,

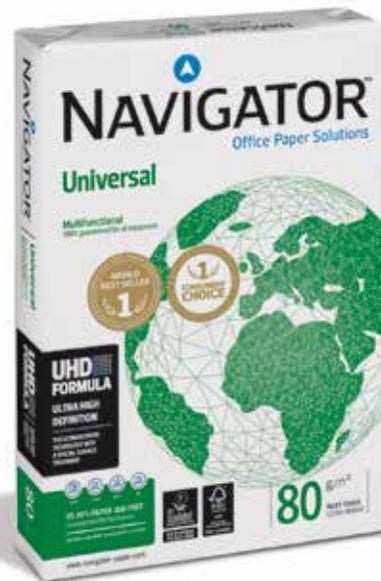
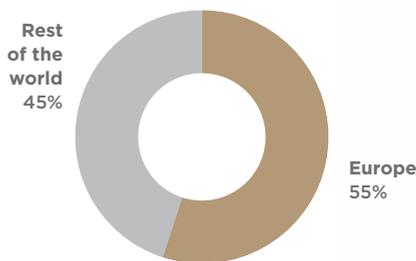
even taking into account the more restricted context in relation to supply, the Company continued to boost its openings to new Customers, with the number growing above expectations (63 new Customers, compared to the objective of 40, particularly in Latin America and Sub-Saharan Africa).



Recognition of Customer Value

Navigator's commitment to Customers goes beyond the local salesperson, and the demonstration of strategic interest carried out in 2021 allowed them to feel valued. When it was possible to make face-to-face contacts with the Navigator core team – in Turkey (end of 2020), in Egypt (first quarter of 2021), in Mexico (second quarter of 2021) and in the USA (November 2021) – these were highly appreciated, with several Customers mentioning that Navigator was the first supplier they saw in person since the beginning of the pandemic.

› GEOGRAPHIC DISTRIBUTION OF PAPER SALES In volume



New Navigator Hub platform

In 2021, Navigator started offering its Customers the option of placing orders through the Navigator Hub. This is a cloud platform, which was very well received, providing ease and agility in placing orders and monitoring their status online.





3.3. Our suppliers



The year 2021 continued to be heavily affected by the Covid-19 pandemic, now marked by the reopening of markets and a rapid growth in demand, to which supply had difficulty in responding. As a result of this imbalance in the markets, worsened by the increase in energy and natural gas prices, there was also a significant increase in the prices of chemicals and packaging raw materials.

In chemical products, price increases had a greater effect and impact on those with greater dependence on energy in their production process, such as, for example, sodium chlorate and caustic soda, reaching values above 10%.

As far as packaging materials were concerned, strong pressure in

the demand for pine wood in the Iberian market led to increases of more than 15% in pallets, while plastic film increased by around 40% as a result of the rise in prices in petroleum derivatives.

The international changes in Brent prices also led to a general increase in petroleum-dependent chemicals, with a greater impact on fuel, where increases of more than 50% occurred.

Throughout 2021, the Materials Management team was therefore fully focused on minimising the impact of these general increases in raw material prices.

Despite strong market pressure, Navigator's Supplier base remained practically unchanged, both in terms of materials and services.

3.4. Logistics

In a year in which logistics faced multiple challenges, The Navigator Company handled 1.9 million tonnes (paper, pulp and tissue).

Around 1.8 million tonnes were handled in primary transport, between factories and customers, in more than 130 countries and approximately 3,800 delivery points. Secondary transport – between logistics platforms in Europe and the United States of America – handled a total of 160,000 tonnes.

During 2021, the Company transported 67% of its paper cargo by sea and 33% by road. With respect

to pulp activity, maritime transport accounted for approximately 84%, while the remainder was carried by road. About 6% of tissue was shipped by sea and 94% by road.

Due to Covid-19, economies have been recovering asymmetrically throughout the year, causing the entire transport chain to become unbalanced. Added to this was a change in the profile of consumption patterns, which pivoted towards durable goods. Bearing in mind that 90% to 95% of world trade is goods transported by sea, this situation has led to a

considerable increase in the demand for maritime transport. There were also blockages in the system, the most high-profile of which occurred in March in the Suez canal, in addition to the closure of the main Asian ports due to the pandemic.

Together with the increase in demand, these imbalances generated congestion at ports, cancellation of stopovers and an increase in the cycle of container use, which saw the occupancy rate of the maritime transport system reach 105%, according to international analysts. This situation

1.9K

tonnes transported

More than 130

destination countries

Around 3,800

delivery points





led to an increase in transport costs, which was also driven by fuel price inflation that occurred throughout 2021.

Faced with this situation, The Navigator Company had to manage not only the increase in sea freight costs, but also the cancellation of stopovers and the capacity and availability of containers that would allow it to continue supplying its manufacturing units and serving its Customers.

In part, thanks to a strategy based on medium and long-term partnerships with its suppliers, Navigator managed to minimise these impacts. The Company reinforced partnerships with the implementation of a programme to increase transport capacity, responding to business growth needs. For this programme, the focus on proximity terminals (maritime and rail) was fundamental, as well as measures to increase the rotation of containers.

Internally, and following what was done in 2020, Navigator maintained its commitment to railways, which ensured the transport of containers from factories to ports. The focus on short-sea maritime transport was also reinforced, which is more advantageous both in terms of cost and CO₂ emissions, with deliveries to northern Europe, normally carried out by road transport, being made by sea.





3.5. Social Responsibility

Navigator's sustained growth is carried out in harmony with nature and has people and their desires as a starting and end point. Our Corporate Social Responsibility (CSR) policy is based on community involvement and value creation. It is through the sharing of knowledge and resources that we contribute to better forests, a better environment, a better society and a better country. A better planet.

The year 2021 continued to be marked by the pandemic, which with successive lockdowns put our resilience, our willpower and even our mental health to the test. More than ever, we needed each other, and

the value of sharing has increased in importance.

We were apart, but close. At home, but in contact with nature. We write postcards, read magazines and books, play with the kids, plant trees, care about the planet... Always with The Navigator Company by our side.

Forest Producers

2021 was the year of consolidating the Forest Producers project, started in July 2020, to strengthen proximity to the rural world and create a united community among all those who have a professional or income relationship with the forest. Within this project,

it is possible to share technical and scientific knowledge about forestry.

Through The Navigator Company and its partners, namely RAIZ - Forest and Paper Research Institute, and CELPA - Paper Industry Association, the community of forest producers benefits from the sharing of knowledge and good forestry practices. In 2021, partnerships also extended to the legislative and regulatory framework, with the collaboration of the Authority for Working Conditions and consultancy company Ernst & Young.

In addition to its own channels (paper magazine, website, Facebook, Instagram, and also a YouTube channel



launched in 2021), the information conveyed by the Forest Producers project is often replicated in other information bodies, in partnership, so that the message reaches as many interested parties as possible.

In 2021, training, communication or awareness-raising activities on

the ground continued to be heavily affected by the pandemic, with several forestry/agroforestry events being cancelled. Forest Producers participated in Agroglobal, the largest national agroforestry fair, which had about one thousand visitors.

A pioneering project in the forestry sector, the Forestry Producers initiative aims to contribute to a better forest in Portugal, giving a voice to landowners, producers, service providers, local authorities and industry, among others.



Expresso newspaper subscription offer

The last issue of the year of the magazine Produtores Florestais expanded the range of information shared by giving away a digital subscription to the Expresso newspaper for eight weeks. And taking advantage of the giveaway couldn't be simpler: subscribers just had to insert the code shown inside that issue so that, in addition to everything they needed to know about forestry activity, they also had access to news from all over the country and the world.





Support for reforestation

Offering trees for planting is a common My Planet practice. In 2021, there was good support for the “Trees of Hope” initiative by the National Scout Body. This was an initiative to replant Portuguese forests, to which My Planet contributed with all the 1,100 trees planted, providing 275 specimens of each of four native species: strawberry tree, holm oak, black oak and black oak.

My Planet

In 2021, the My Planet project continued to focus on sustainability issues, with a focus on climate change, forest and biodiversity preservation, responsible consumption and healthy lifestyles.

With field activity “frozen” by the pandemic, the sharing of knowledge, experiences and good examples with society that this project embodies was found in the paper editions of the magazine, on the web site and on social networks.

Throughout the year, stories and issues were publicised with the aim of motivating people to act in favour of a better Planet. Because “The Planet is us!”

In the summer, the My Planet project promoted a photography contest called “Olhares sobre a Floresta”, with the support of the website Olhares.com. With the motto “What if defending the forest starts with knowing how to capture its beauty, its visual nuances, its details or its fullness?”, this action aimed to raise awareness of the knowledge and appreciation of Portugal’s forests, and encouraged new points of view on this important natural resource to be explored. In 15 days, it received more than 600 submissions.

MAGAZINE

12,900
subscribers

WEBSITE

www.myplanet.pt

17,893
visitors

SOCIAL NETWORKS

26,670
Facebook
followers

7,808
Instagram
followers



Give the Forest a Hand

Between lockdowns and isolations, in 2021 children continued to spend more time at home, and the Dá a Mão à Floresta (Give the Forest a Hand) project, dedicated to children, did not stop entertaining, educating and helping to study and teach.

Partnerships were established with various professionals, including teachers, nutritionists, speech therapists and psychologists, to prepare specialised articles. And with influencers, to publicise the project.

In 2021, Dá a Mão à Floresta had a new character to help in its mission of contributing to children's environmental education by putting them in contact with the world of nature and the forest:

Abelha Maria, a fearless environmental activist, always ready to raise her megaphone to fight for a better planet. She joins Nádia and Vasco, teacher Patrícia, firefighter Bruno, scientist Cíntia, journalist Joca, forester Gustavo, beekeeper Alice, farmer Agostinho, the dog Sebastião and the cat Renata in the adventure of guiding young ones through areas such as sustainability, the importance of rural life or biodiversity.

It was also the year for revamping the initiative's website, introducing, for example, a new area for teachers, educators and parents, with teaching materials and activity sheets, an event area and the introduction of a carbon calculator.

The cartoons created for the project's website and social networks reached the big screen in 2021, appearing on SIC Kids. And the paper content also had a wider distribution, through a partnership with "Expressinho", a detachable supplement of the Expresso newspaper, aimed at young readers.

The magazine is now published every two months and the number of pages has grown, providing more educational content so that, through playful and fun activities on paper – a natural, recyclable and biodegradable material – children internalise the importance of protecting and valuing the forests and nature.



Papies'21 Award

Dá a Mão à Floresta won the Papies'21 Award in the Multiplatform category. This award, which honours the best graphic communication works in Portugal, recognised the project for the way it boosted activities, videos and interactive games developed specifically to help parents who stayed at home with their children during the pandemic.

MAGAZINE



WEBSITE

www.daamaoafloresta.pt



SOCIAL NETWORKS





Paper that brings people closer

In December, Navigator relaunched the campaign “Closer Christmas”, in partnership with the postal service, CTT – Correios de Portugal. The Company offered paper postcards that could be sent free of charge through the CTT website, with exclusive illustrations or a personal photo to bring people together during the pandemic and lockdown.



Inspire hope

Pioneer, the paper brand of The Navigator Company that has been funding research projects into breast cancer since 2005, promoted the #PioneerInspireHope campaign again this year, as part of the Pioneer Paper Flowers movement. During October, the international month for fighting breast cancer, and in partnership with the IMM-Laço Hub fund, from the Institute of Molecular Medicine, Pioneer promoted a symbol of hope: the creation and sharing of white origami flowers. On 15 October, World Breast Health Day, the brand took the message to Santa Maria Hospital, to the IMM and The Navigator Company, where it delivered 1,200 paper flowers, to convey hope to those who live and deal with this disease.



Bags and mask holders at the Book Fair

For the third consecutive year, Navigator and APEL – Portuguese Association of Publishers and Booksellers joined forces to promote a better environment at the Lisbon Book Fair. The Company provided 30,000 paper bags and 7,500 mask holders, the latter produced with the new line of packaging paper, to be shared with visitors on arrival at the venue.





Library Treasures reissued

Some of the most precious books in Portugal's libraries have been given new life on Navigator paper. In 2021, the Company joined the Público newspaper in the launch of the collection "Ex-libris - Library Treasures of Portugal", providing the paper for the printing of facsimile editions of rare works of national literary history. The books were printed on the new Navigator Premium Books paper, which is distinctive in that it has greater longevity and provides superior reading comfort, regardless of light, thanks to its cream colour.



Council of the European Union with Portuguese paper

Portugal chaired the Council of the European Union during the first half of 2021, and The Navigator Company produced and provided support material, namely notebooks and notepads for the various high-level meetings that took place, in Portugal and Brussels, during this period.



Gifts of autographed books

Due to the importance of reading on paper, Navigator promoted a competition on Children's Day, through which it offered 100 copies of Alice Vieira's "Livro com Cheiro a Chocolate", a work that is part of the National Reading Plan, autographed by the author for this initiative.





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4.2 Research and Development

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4.3 Packaging

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4.1 Forestry

The year 2021 was particularly dry, not offering the best weather conditions for forestry operations, which constrained the pace of preparation and planting.

The levels of reforestation in the area managed by Navigator in Portugal therefore dropped compared to the previous year – which had set a record in recent decades – standing at 2,162 hectares.

On the other hand, the low rainfall helped wood cutting operations, which is good news given the great difficulty felt in supplying the factories, due to the lower availability of wood on the market. This limitation led The Navigator Company to speed up its usual plan for cutting wood and contract more resources; however, despite the fact that the volume of wood harvested was greater than expected, it did not jeopardise the sustainability of the Company's forestry heritage, with the intensification of operations taking place only in mature plantations.

The scarcity of national raw materials makes the issue of the decreasing productivity of the Portuguese forest increasingly important, so in 2021 Navigator continued to invest in projects to enhance Portugal's forests. That is the case of Limpa & Aduba (CELPA – Paper Industry Association initiative to adopt good practices for the maintenance of eucalyptus stands), which intervened 14,880 hectares this year, and the Replantar programme, which is complementary to it, dedicated to the stands of lower productivity; the Navigator Premium Programme, which provides advice to landowners who want to boost the productivity of their forest, and which has already supported 2,184 hectares; and rePLANT, a programme for developing innovative technological solutions for forest problems.

In total, the forest area managed by the Company in mainland Portugal fell this year by around 2% compared to 2020. This added an expectation created among the owners about the

possible installation of photovoltaic plants, which prevented the renewal of some lease contracts, especially in the Alto Tejo region, where the land has lower slopes and better exposure to the sun. The area managed in Galicia, all under lease, increased by 69%.

Navigator maintained its promotion of sustainable certified forest management, having managed to once again increase the percentage of certified Portuguese wood it purchased (since the wood it produces is 100% certified). This figure, which was only 12.5% in 2016, had reached 61% in 2020 and, in 2021, rose to 63%.





Forest training academy

Navigator is associated with several initiatives that aim to promote training, strengthen management skills and find technologies that are less dependent and more sustainable in terms of workforce. One such example is the Transform Project, an agenda for the digital transformation of forest value chains, which is part of the Recovery and Resilience Plan (PRR) within a consortium promoted by ForestWise. One of the human resources training projects is the creation of a forestry training academy, which gets people to train with simulators and undergo on-the-job training to become more productive and efficient - Forest Knowledge Academy.

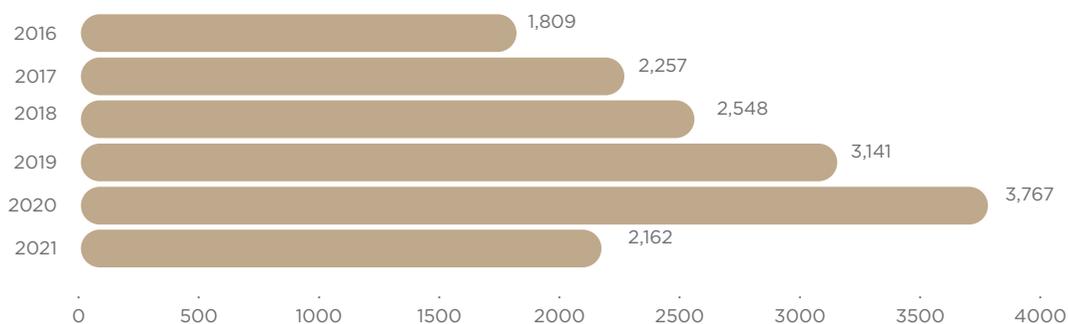
Restoration of burnt areas

In 2021, a new programme was launched at CELPA to rehabilitate burnt areas in an affected area in Mortágua, with the difficult aim of identifying the owners (due to the absence of a land registry) and then establishing an agreement on the necessary recovery. CELPA - Associação da Indústria Papeleira pays for the clearing of invasive species and burnt wood, and the land is reconditioned and put back into production, so that it will not burn again.

The importance of the forest for the Green Deal

Within the scope of the Recovery and Resilience Plan (PRR), to contribute to the climate transition (Green Deal), Navigator is part of the consortium that in 2021 submitted the application “From Fossil To Forest” to the Mobilising Agendas for Business Innovation. This represents a historic milestone in the development of solutions originating in the forest space, namely more linked to raw materials from eucalyptus and pine, improvement of manufacturing processes for wood processing, and identification of new products used in the circularity aspect. The objectives of the Company’s agenda are based, above all, on the production of cellulose-based packaging to replace plastic, and new biocomposites.

► REFORESTED HECTARES IN MANAGED AREAS WITHIN PORTUGAL





**> THE NAVIGATOR FOREST
IN MAINLAND PORTUGAL IN 2021**

76,499 ha
Eucalyptus
(73% of the total
and 2,667 ha less
than in 2020)

3,931 ha
Cork oak
(3.8% of the total
and 6 ha more
than in 2020)

3,362 ha
Pine and other
softwoods
(3.2% of the
total and 41 ha
less than in 2020)

1,696 ha
Other forest
species
(1.6% of the total
and 545 ha
less than in 2020)



**Total
managed area**
(2,697 ha less
than in 2020)

1,608 ha
Agricultural area
(1.5% of the
total and 1 ha
less than in 2020)

8,038 ha
Protection paths
and firebreaks
(7.7% of the total
and 116 ha
more than in 2020)

790 ha
Infrastructure
and buildings
(0.8% of the total
and 32 ha less
than in 2020)

8,748 ha
Other occupations
(8.4% of the total
and 464 ha more
than in 2020)

12,364 ha
Areas of Interest for Conservation
(11.8% of the total and 441 more ha than in 2020,
including 4,075 ha of Rede Natura 2000)





> NAVIGATOR FOREST
IN GALICIA 2020-2021



+150% new plantations
(82 → 206 ha)

+131% of eucalyptus
(203 → 470 ha)

+20% other forests
(33 → 40 ha)

-93% agriculture
(8 → 1 ha)



+122% paths and firebreaks
(9 → 21 ha)

Total
(from 356 to 601 hectares,
from 2020 to 2021)

-69% infrastructure
(3 → 1 ha)

-31% other occupations
(99 → 68 ha)

+176% investment in forestry
(€151,101 → €417,233)

+440% loans paid to third parties
(€94,222 → €508,352)



> NAVIGATOR FOREST IN MOZAMBIQUE



13,600
ha

of plantations

2,348 ha
of Protection
and Conservation
areas

4,000
Land Assignment
Agreements signed
with families
and communities

€1,580,000
investment
in Forestry

> LEASE IN PORTUGAL



46,478
ha

of leased properties

(44% of the total managed,
1% less than in 2020)

1,860
owners with lease
agreements with the
Company

€5,374,170
paid in loans
to third parties

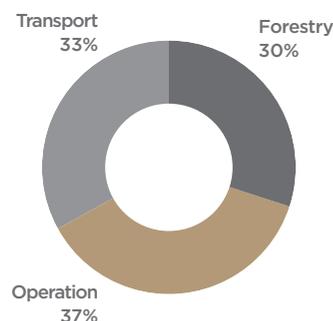




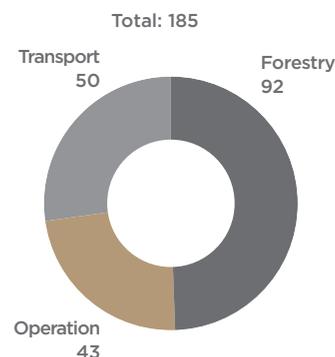
› INVESTMENT IN THE NATIONAL VALUE CHAIN BY DISTRICT

District	Amounts in euros	
	2020	2021
Santarém	8,403,451	5,301,080
Beja	3,638,112	7,575,875
Coimbra	3,956,497	3,315,999
Castelo Branco	3,198,556	3,479,910
Faro	2,453,025	1,926,838
Évora	2,228,303	2,849,492
Porto	2,010,447	2,136,356
Aveiro	1,558,506	933,280
Setubal	1,182,667	2,516,918
Portalegre	1,148,908	1,884,056
Viseu	837,260	740,565
Viana do Castelo	699,253	424,759
Braga	316,848	391,708
Lisbon	297,770	681,699
Leiria	265,303	669,174
Bragança	128,029	469,204
Vila Real	63,033	103,410
Guarda	0	5,226
TOTAL	32.4 M	35.6 M

› SUPPLIERS' COST



› NUMBER OF SUPPLIERS



Wood supply and logistics

Navigator's forestry business strategy has strong roots in Portugal, due to the location of its industrial complexes and the quality of the eucalyptus product. However, as the amount of wood available in the country is insufficient for the Company's needs, the acquisition of wood (roundwood and shavings) is extended to other locations in the world, such as Spain (Galicia and Andalusia region), Brazil, Uruguay and Mozambique. In fact, as in our country, in the Galicia region the Company has a complete and integrated supply

chain, with leasing, purchase of land, acquisition of wood on the market and all the logistics necessary for the reception of wood (logistics parks) and the transport to factories by rail and sea.

However, of the total wood supplied to the industrial complexes in 2021, around 23% came from imports from outside the Iberian Peninsula, which represents a very significant figure, which could be capitalised in Portugal, with major contributions to the national economy, if the law allowed it.

In terms of wood supply, the impacts of the Covid-19 pandemic

made the year atypical, in addition to the shortage of labour and the lower availability of wood as a result of the fires that occurred mainly in 2016-2017. In view of this situation, Navigator implemented price incentives to cover the cost increases in the supply chain, in addition to the development and consolidation of financial initiatives (advances, aid for the purchase of machinery, confirming, among others) integrated in the qualification and mobilization of Suppliers. It also implemented initiatives for more efficient management of certified wood, through the use of the Black





Box portal, developed by CELPA, with the technical support of an external consultant. For producers, initiatives to support forest management were reinforced.

The supply of wood (roundwood and shavings) and biomass is a very complex activity, due to the circumstances in terms of road, rail, maritime transport, Iberian logistics parks, provenance of product, and is normally carried out for six days a week. (24 hours a day).

In 2021, this activity increased substantially in terms of biomass supply, compared to the previous year, as it was a complete year of supply to the Figueira da Foz boiler, which started its activity in August 2020. In terms of forest management, this implied increased work to

collect leftovers and stumps before reforestation, but always under assessment, since it is necessary to maintain the balance of sustainability of the plots, removing organic matter without compromising soil fertility.

In Logistics activity, which continues to play a crucial role in ensuring a large part of the flows to the factories, in 2021 some optimisation projects were developed that contributed to an even greater efficiency in the supply chain, strengthening the Supplier base outside the Iberian Peninsula and new wood species were identified. In addition to a logistics optimiser that makes it possible to shorten distances, reduce costs and environmental impacts, an initiative was implemented to support operators in some ports closer to the

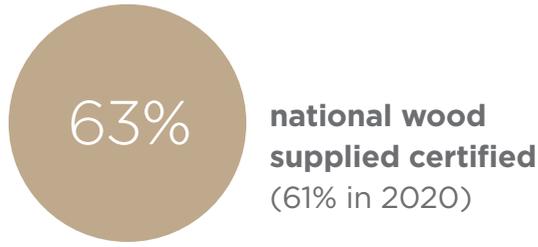
Company's factories, guaranteeing volume in the medium term with gains in efficiency of operations. The rolling mill operation in the port of Setubal was consolidated, which did not take place until 2020, and the size of ships calling at the Port of Aveiro was also increased (ships 200 meters long and 30 meters wide) which was, for years, a limitation to the growth of cargo in this port, which is very close to the mills in Aveiro and Figueira da Foz.

These logistical optimisations reinforced the need to shorten the distances travelled "point-to-point", with positive environmental impacts, with rail transport being widely used in existing traffic managed directly by Navigator.

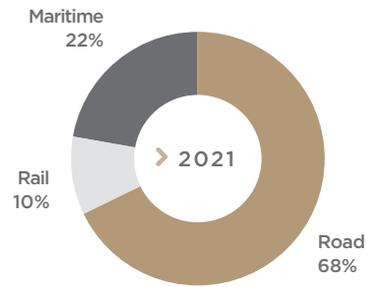
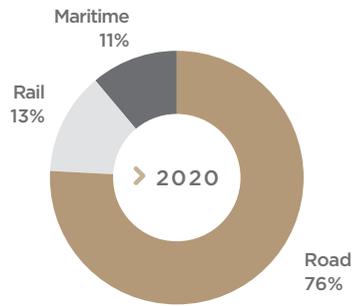




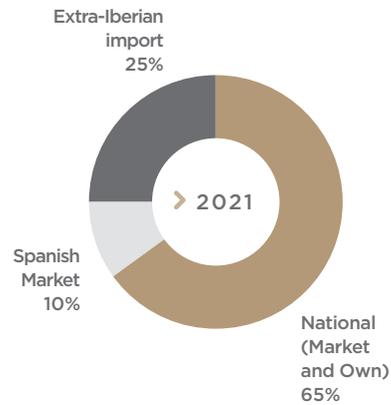
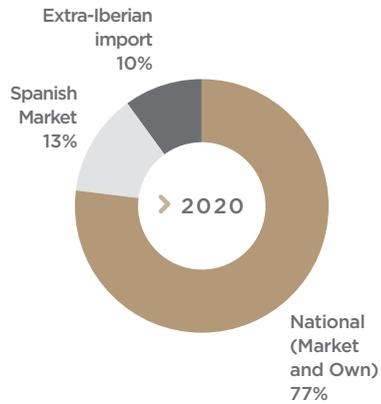
> WOOD ACQUIRED IN 2021



> WOOD TRANSPORT MANAGED BY THE GROUP



> ORIGIN OF WOOD





Biodiversity

The sustainable management of the forest and the conservation of biodiversity are part of the core initiative of Navigator’s Responsible Management Agenda 2030 with regard to Nature.

With investment in habitat conservation and restoration activities

being part of the Company’s daily activity in the last decade, the challenge in 2021 was to quantify the gain in terms of biodiversity that these projects have achieved. It should be remembered that, in 2021, 12,364 hectares of the area under Navigator’s management (11.8% of the total and 441 hectares more than in 2020) are

Areas of Interest for Conservation, and that 31% of the total heritage is intersected by different types of Classified Areas (31,961 hectares).

The year was marked by the opening of these Company forest spaces to master’s degree students for carrying out field work.



New species in Serras do Porto Park

The monitoring of natural values in the areas managed by The Navigator Company in Parque das Serras do Porto discovered a small cluster of *Cheirolophus uliginosus*, a species of flora endemic to the Iberian Peninsula, found for the first time within the Protected Landscape Area of this Park, as well as on the Company’s properties. This species is regarded as “Near Threatened” on the Red List of the Portuguese Vascular Flora and as “Critically Endangered” in the Red Book of Spanish Vascular Flora. Despite being typical of peat bogs which are mainly located on the coast in areas with scattered populations, it is often found in urban and peri-urban environments, which makes this discovery, made by Floradata – Biodiversidade, Ambiente e Recursos Naturais, even more significant.





Biodiversity assessment right from the design stage



Because the protection of biodiversity is common to all of Navigator's forestry activity, in 2021 an internal workshop was held to present the results of the WildForest project - implemented between 2018 and 2020 by the Faculty of Sciences of the University of Lisbon, the University of Aveiro and the National Institute for Agricultural and Veterinary Research (INIAV) on Navigator properties, with a view to assessing how mammals use eucalyptus plantations and their importance.

At the same time, the occasion was used to carry out training for Design Department Employees responsible for carrying out the environmental

impact assessment before any installation and operation. The targeted training, including a debate with the Academy about the presence of mammals and how and where they can be found, since they are not always visible, aimed for a more rigorous assessment of biodiversity heritage. For example, WildForest detected 11 species of medium and large mammals in eucalyptus forests (roe deer, red deer, fallow deer, wild boar, hare, wild rabbit, fox, badger, weasel, genet and mongoose) and four species of micromammals (field mouse, Algerian mouse, Cabrera's vole and greater white-toothed shrew).

These were some of the conclusions: the presence of well-preserved native environments, inside or in the areas bordering eucalyptus plantations, promotes the biodiversity and permeability of these production forests for native terrestrial mammals; the maintenance of these natural habitats breaks the homogeneity of the landscape and can be considered a management tool, promoting the sustainability of production, by allowing the occurrence of native species and, thus, mitigating the possible negative effects of plantations on biodiversity.



Thanks to the constant effort to monitor the natural values in six properties, and the investment in specialised and expert personnel in this sector, the number of species of special interest for conservation identified in areas managed by Navigator increased again in 2021: four more species of fauna, out of a total of 245, and another five of flora, increasing the flower list to above 800 species and subspecies.

In Parque das Serras do Porto, for example – a protected area where Navigator has production and in which several afforestation projects were carried out and areas identified and protected only for biodiversity management – in 2021 a greater effort was made to monitor the areas that have some restoration action (sampling in plots of about 68 hectares), whose information will serve as a basis for producing

action scenarios and evaluating the gain in biodiversity. The first result was the discovery, in the Special Conservation Area (ZEC) of Valongo, of two species on the Red List of the Vascular Flora of Mainland Portugal: one with “Vulnerable” status (*Agrostis juressi*) and another “Near threatened” (*Cheirolophus uliginosus*), [see box “New species in Parque das Serras do Porto”]. Two species listed in Annex IV of the Habitats Directive were also found, the broom (*Ruscus aculeatus*) and the sphagnum moss (*Sphagnum auriculatum*). In relation to fauna with conservation interest in the Red Book of Vertebrates of Mainland Portugal, a “Vulnerable” species was identified which has already been found in other Navigator properties, the Lusitanian salamander (*Chioglossa lusitanica*).

Further south, in the Monchique ZEC, in a new monitoring of two areas (about 18 hectares) with Monchique

oak (*Quercus canariensis* is “Critically Endangered”), two other species of flora with conservation interest were identified, listed with “Vulnerable” status on the Red List of Vascular Flora of Mainland Portugal, *Carex helodes* and *Campanula alata*. In this protected habitat area, continuation of the work to improve the state of conservation was carried out by Navigator which allowed for denser planting of Monchique oak plants, thanks to around one hundred collected acorns, which went to the Company’s nurseries and returned as 40 new plants. It is believed that there are only 350 of these trees in the area and, as not all of them produce acorns, the objective is to reproduce those found to increase the population and help improve the conservation status of the Iberian oak forests of *Quercus faginea* and *Quercus canariensis*.



Biodiversity gain in plots under restoration

In the heart of the Southwest Alentejo and Vicentine Coast Natural Park, in Odemira, on the Vale de Beja property, restoration and conservation activities have been taking place for over 10 years to convert to natural vegetation (such as cork oak and oak) an area that has been extended, especially in the wetlands of the property, to create an ecological corridor along the River Mira.

To confirm the gain in biodiversity from this investment, Navigator asked the Faculty of Sciences at the University of Lisbon to carry out a comparative study of the production areas with intervention areas, as regards micromammals. The first work (carried out by Miguel Rosalino, Assistant Professor at the Department of Animal Biology at FCUL, and Beatriz Pinho, from cE3c - the Centre for Ecology, Evolution and Environmental Changes), has the theme “Effect of restoration initiatives in eucalyptus plantations on the composition and structure of the micromammal community” and began in September with the placement of traps, observation of animals and subsequent release. The first results indicate that the average capture of individuals in eucalyptus is 3.5 captures/site, and in the areas under restoration it is 5.5 captures/site; species captured include *Mus spretus* (Algerian mouse), *Crocidura russula* (greater white-toothed shrew), *Apodemus sylvaticus* (field mouse), and *Rattus rattus* (black rat).





As part of the regular work to protect biodiversity, the Company also monitored nine nesting sites for the Bonelli's eagle (*Aquila fasciata*) during the winter and spring (breeding period). In only one of these was reproduction successful (with at least two offspring), although it is possible that it also occurred in other alternative nests. A nest of black stork (*Ciconia nigra*) with reproductive success was also monitored (two young), and a nest of goshawk was also discovered with young.



Artificial nests provide an ecosystem service

In 2021, another 20 artificial nests were placed at Herdade de Espirra, in Pegões, for insectivorous bird species such as the blue tit and the nuthatch, and monitoring made it possible to find several chicks (six or seven per nest). Of the 40 already installed, more than 30 have been occupied, which constitutes a significant ecosystem service in terms of controlling cork oak pests and diseases, such as *Coroebus undatus*, which has no other solution and causes damage to cork. This pest digs into cork and leaves its larvae inside, devaluing the product and, therefore, it can no longer be used for the production of high quality stoppers. The results of this initiative to balance the habitat may be monitored in 2022/2023 by students from the School of Agriculture.





➤ NEW SPECIES DISCOVERED IN NAVIGATOR AREAS

Apodemus sylvaticus

- Field mouse
(in various locations
in the centre of the
country)

Microtus cabreræ

- Cabrera's Rat
(in Malcata)

Aythya nyroca

- Ferruginous duck
(sighting at Herdade
do Gavião,
Aljustrel area)

Dama dama

- Fallow deer
(Malcata)

In 2021, **four more species of fauna were found** on the properties under the Company's management, out of a total of 245, **and another five of flora**, exceeding 800 plants:

Sphagnum auriculatum

- Sphagnum moss
(Parque das Serras
do Porto)

Linkagrostis juressi

(Parque das Serras
do Porto)

Cheirolophus uliginosus

(Parque das Serras
do Porto)

Carex helodes

(Monchique)

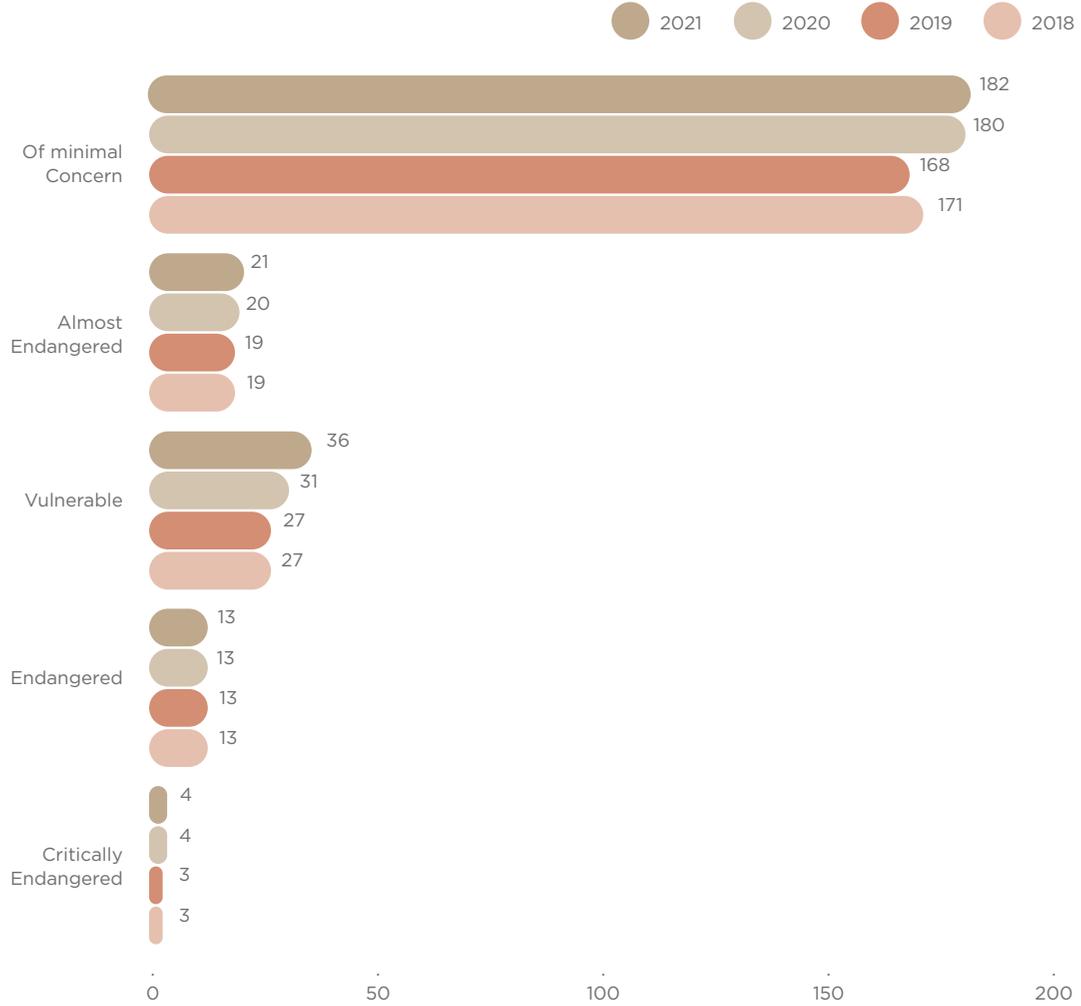
Campanula alata

(Monchique)

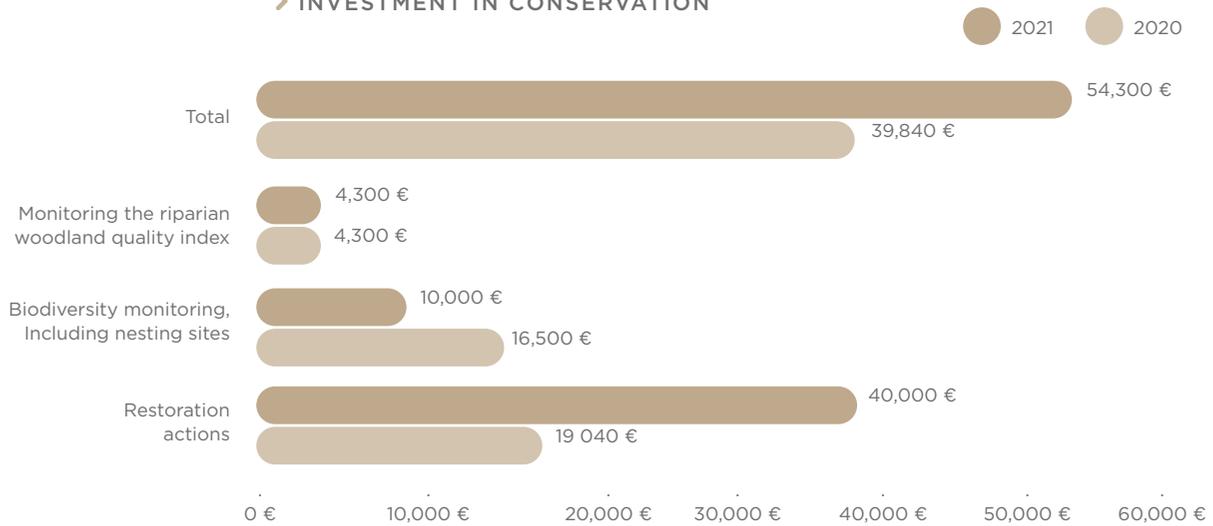




PROTECTED SPECIES IN THE NAVIGATOR FOREST



INVESTMENT IN CONSERVATION





“Dynamic forest protection”

The 12th session of the Navigator Sustainability Forum, an annual initiative to bring the Company closer to Stakeholders and communities, took place in October 2021 in Torres Vedras, a municipality with which the Company works to defend the forest against fires and manage the Local Protected Landscape of the Serras do Socorro and Archeira. Under the theme “Dynamic Protection of the Forest”, the meeting highlighted the value of the forest as a crucial resource for the sustainable development of Portugal, as part of the responsible management of the land and landscape.

4.2. Research and Development

The activity carried out by RAIZ – Forest and Paper Research Institute – a non-profit entity whose associates are The Navigator Company and the universities of Aveiro, Coimbra and Lisbon (through the School of Agriculture) resulted, in 2021, in a record number of patents submitted (8) and publications (80).

This private centre with 93 Employees (48 staff, contracted researchers and 9 grantholders), including 23 PhD holders, carries out research, innovations and specialised services to support forestry, industrial and commercial activities, and

generates knowledge to promote competitiveness and sustainability in the business.

Forest area

In producing improved genetic materials that increase forest productivity and resilience in the face of climate change, RAIZ’s contributions in 2021 included the development of two new clones, offering gains of 40% in terms of tonnes of pulp per hectare of eucalyptus plantation, compared to unimproved forest.

At the level of natural selection through silviculture, two kilos of

improved seeds were delivered to Viveiros Aliança, with around 25% in productivity gains.

In order to continue to obtain better quality plants, a new five-hectare orchard was created at Herdade de Espirra, where the best seeds are planted, stimulated and then collected, taking care to avoid crosses. It is estimated that this will produce four million improved plants.

Estima-se que produzirá quatro milhões de plantas melhoradas.



Natural forest protection

In 2021, RAIZ obtained authorisation from ICNF – Institute for Nature Conservation and Forests – to make the first release into nature of a natural enemy of the bronze bug, a pest that affects thousands of hectares of eucalyptus forest in Portugal. The parasitoid *Cleruchoides noackae*, harmless to local biodiversity, was produced in a biofactory environment, so that its colonisation reduces the impact of the pest.





Dissemination of knowledge

In terms of promoting knowledge, several RAIZ projects grew and received awards in 2021. As part of the Floresta do Saber (Forest of Knowledge) initiative, focused on education and communicating the forest-based bioeconomy to the school community (which, in 2020, received recognition by RAIZ as a UNESCO Club, for the defence of the Sustainable Development Goals of the UN 2030 Sustainable Development Agenda), a new physical space was created, with the renovation of the house of Jaime de Magalhães Lima, in Quinta de

São Francisco, Aveiro, where RAIZ is located. With an area for experiences dedicated to the forest, an auditorium, a space for exhibitions and one for co-creation, the house is open to the general public, especially to youngsters of school age.

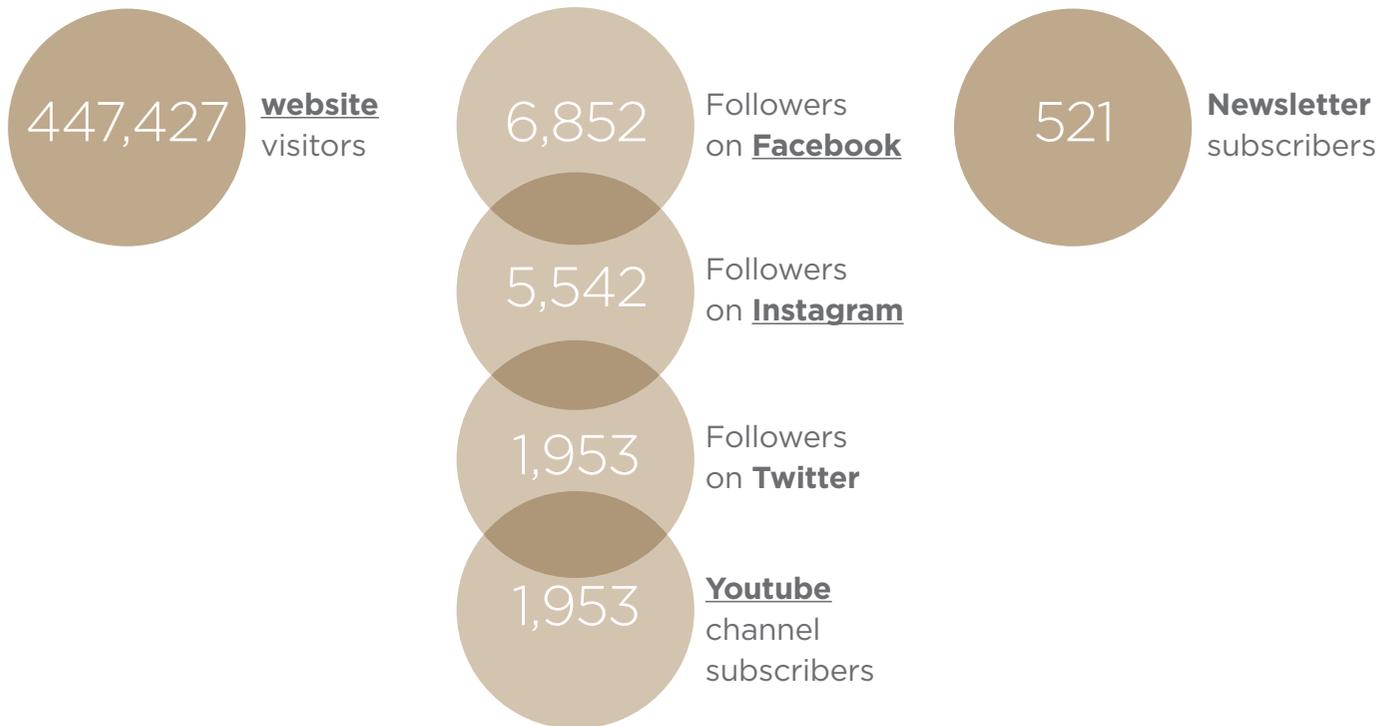
2021 was also a year of consolidation for the florestas.pt project, an initiative of The Navigator Company under the technical-scientific coordination of RAIZ with the support of the national scientific community and other institutions linked to the forest. On its first anniversary in June, had already reached more than

300,000 visitors, becoming a benchmark for clarifying essential issues and challenging society to find out about, value and care for the Portuguese forest. This mission was given two honorable mentions in March at the Meios & Publicidade Awards, one in the “Environment and Energy” category and the other in the “Site” category. At the end of the year, a bi-monthly digital *newsletter* was launched, with a selection of content and news from the platform.



WWW.FLORESTAS.PT

In 2021, the florestas.pt platform received the bronze medal at the Lusophone Creativity Awards and was given two Honorable Mentions at the Meios & Publicidade Communication Awards, in the Website and Environment & Energy categories.



Best Doctoral Thesis Award

Ana Filipa Lourenço, Senior Technical Officer at RAIZ, was the winner, *ex aequo*, of the António Portugal Prize - Best Doctoral Thesis at CIEPQPF (Research Centre in Chemical Process Engineering and Forest Products). The work, entitled “Nanocelluloses in the production of fine papers: influence on the process and on product quality”, was carried out at the University of Coimbra, to respond to the growing scientific interest in the search for sustainable and environmentally-friendly raw materials, possible replacement for plastics or as additives in the food industry, rheological controllers (deformation and flow of materials), for 3D printing of various structures, among other possibilities. The conclusions made it possible to take the first steps towards the industrial feasibility of its application and to publish a Portuguese patent (with submission of an international application). The results were presented at 15 international conferences.





Industry and technology

The year was marked by the development of new products and businesses. Fueled by the third year of activity of the Inpactus - Innovative Products and Technologies from Eucalyptus project, **RAIZ** presented three proposals in the area of biorefinery for potential new businesses under evaluation: bioactive compounds from foliage and biomass, bioethanol extracted from bark, and biocomposites (with bioplastics), the latter already in the pre-industrialisation phase and included in Navigator's applications for the PRR.

In terms of processes, **RAIZ** coordinated or participated in corporate projects aimed at optimising wood consumption and reducing the use of water in cooking, bleaching and production of UWF and tissue paper. Equally significant was activity

carried out in the area of industrial waste (UpCycling project), in terms of reduction (internal measures) and recovery in new applications, within the circular economy. Two applications, developed in partnership with universities and companies within the scope of the European PaperChain project, reached the industrial demonstration stage this year: the incorporation of inorganic waste in bituminous materials (road surfaces) and in concrete (civil construction).

But the highlight of the year, both from a business perspective and as a contribution to the transition from a linear fossil-based economy to a circular bioeconomy, goes to the strategic projects in the area of packaging. **RAIZ's** support for the industrial development of high-yield pulps, with less wood consumption, made it possible to submit a patent -

and two more are in the pre-submission phase. These pulps are at the origin of the new line of gKraft packaging products, launched by The Navigator Company on 1 November [see next topic "4.3. Packaging"].

Two other areas in the field of sustainable packaging are being tested (and entered in the PRR application). The first aims to find industrial solutions with barrier properties (to oxygen, water and fat) that allow papers to maintain their recyclability, biodegradability and composting ability. The second seeks to identify business opportunities for the use of moulded cellulose in the production of rigid packaging, such as trays and food service products.



New tissue product produced with the support of **RAIZ**

In 2021, Navigator launched an innovative and differentiating tissue product, leveraged by the R&D activities carried out under the Inpactus project. This project made it possible to develop internal skills, recruit specialised staff, equip laboratories and work with partner universities, for the use of unbleached pulp in the production of tissue papers. The chemical and morphological specificity of the eucalyptus fibres revealed excellent properties in terms of absorption capacity and softness, which made it possible to submit a patent application. The teamwork that followed, involving the industrial and commercial tissue areas, culminated in the launch of the Amoos Naturally Soft range.





FOREST-BASED BIOPRODUCTS UNDER ASSESSMENT FOR TECHNICAL AND ECONOMIC FEASIBILITY

Within the scope of the Inpactus project, scheduled to be concluded in October 2022, the field of bioeconomy and forest-based bioproducts has received particular attention. The most promising projects, including sugars, bacterial cellulose and bioethanol from forest biomass, biocomposites with cellulose fibres and bioplastics, prebiotics from white pulp, bioactive compounds from biomass, and lignin applications in foams, adhesives and cements are in the technical-economic assessment or pre-assessment phase, depending on their TRL. The TRL (Technology Readiness Level) is a NASA model adopted by the European Union to measure the maturity level of technologies with a view to their use in the market, which ranges from 1 to 9:

Potential Products/Processes in the Field of Bioeconomy (<i>Highlights</i>)	TRL
Bioethanol from biomass/primary sludge	8/5
Fibre biocomposites with biopolymers	8
Prebiotics from white paste	4
Bioactive compounds from biomass	8/5
Biomass deconstruction for sugar production	5
Bacterial cellulose from biomass sugars and their applications	7
Polyols from lignin and application in foams and adhesives	4
Lignin and its applications in cements, packaging	4



New Pilot Laboratory in Biorefineries and Bioproducts

A Pilot Laboratory was built during 2021, with funding from the Centre's Coordination and Regional Development Commission, a €1.4 million project. To help increase the TRL (Technology Readiness Level) of RAIZ projects, it will encourage the demonstration and scale-up of innovative processes and products, and promote the creation of new businesses and entrepreneurship linked to the Forest and its products. RAIZ is, in fact, an Entity of the National Scientific and Technological System, an Interface Centre and a Business Innovation Centre (recognised by the European Business Network).





4.3. Packaging

The year 2021 went down in the history of The Navigator Company's brands as the culmination of a product research and development process, which involved all areas of the Company and resulted in the launch of the gKraft brand of paper for packaging on 1 November.

This product, in line with the Company's commitment to helping replace fossil-based products with others of forest origin, which are renewable, biodegradable, recyclable and carbon neutral, is the result of an intense programme carried out by RAIZ - Forest and Paper Research Institute - in close collaboration with the manufacturing departments of Aveiro and Setubal, and the Technical Product Department.

It is based on an innovative high-performance pulp, with less use of wood, which provides very interesting mechanical resistance. This was a technological project carried out by RAIZ, while developing several studies to solve other challenges - for example, in the field of food packaging, in terms of coatings with barrier properties to sustainably replace plastic films.

For almost 20 years, Navigator has been working in the packaging segment, albeit on a small scale and for internal consumption, on the paper used to wrap the paper reams. About five years ago, it applied the quality attributes of its printing and writing

paper to the world of packaging and entered the paper bag market, with an innovative product, in terms of its fibrous composition, essentially with eucalyptus short fibre. This has a mechanical resistance that responds to the demands and needs of its applications, such as retail bags, and offers superior print quality - the current superior white Kraft, which is seen by the market as a differentiated product, with premium features and positioning.

In 2020, with the impact of the pandemic on sales, the Company decided to leverage the production of kraft paper and enter the packaging paper business in a more determined way. To this end, a new line of natural white kraft paper was developed, without optical brighteners or dyes; a brown kraft line, including for light weight bags for the food industry (for bread and cakes, for example); and paper for the production of corrugated cardboard boxes, which are in high demand with the expansion of e-commerce.

If it proves to be a promising market, an investment in new production capacity is to be expected in the coming years, as it currently depends on two of the machines in the Setubal industrial complex (the smallest). The basic assumption is to make an improvement in the profitability of the UWF volumes

associated with these machines, while taking advantage of their flexibility, which is important at this early stage, and their technical characteristics, which favour critical aspects of packaging products, namely their excellent homogeneity in sheet formation. According to the project's Medium Term Plan (PMP), the growth strategy will reach the total capacity of both (above 200 kt) within four years, after which additional production capacity will be required.

How the gKraft brand was created

The "g" - for acceleration force - in gKraft, which represents both the eucalyptus *globulus* species (used in the production of paper), and the various characteristics that define this new product: good, green, game changer, guaranteed results.

Product development was carried out in parallel with investment in knowledge of the market, competition and customers and consumers, resulting in a line of papers with three sub-brands:

BAG, intended for a range of bags, sachets, packages and even some type of high-resistance envelopes, used, for example, in e-commerce. This is currently used by major international brands such as Zara, Intimissimi, Victoria's Secret, Desigual, Nike, Cristiano Ronaldo Museum and Real



Madrid; by food retail chains such as Aldi or Lidl, as well as in bags from fast-food chains such as McDonalds, or takeaways; it also extends to industrial applications of multi-ply bags, such as food meal bags, animal feed, or sand bags for animal hygiene.

FLEX, designed for flexible packaging for multiple uses, serving in the food industry (for example, in the production of sugar packets or wrapping paper for sliced foods), in industry (in complex solutions sometimes with other materials, namely for wrapping paper and coatings), supporting logistics/shipping areas, stabilising loads and filling empty spaces between products and primary packaging, or between primary and secondary packaging.

BOX, especially suitable for corrugated cardboard packaging, providing a reduction in grammage

(sometimes up to 10%) and, as a result, lighter or more resistant boxes, which are used for packaging products, from the agricultural, industrial, retail sectors and e-commerce – sectors that increasingly need shelf-ready packaging, which provides good resistance, but also increasingly better print quality and touch experience.

Portuguese eucalyptus fibre, which comes from responsibly managed and certified forests, has given the product several advantages. The most obvious is sustainability, since not only is cellulose a material of natural origin, renewable, recyclable and biodegradable, which replaces plastic from a circular bioeconomy perspective, but the particular characteristics of *globulus* also give it benefits in comparison with other long cellulose fibres: less wood consumption to produce the same paper (Nordic

pine consumes between 65% to 105% more), greater compostability (due to lower lignin content) and greater recyclability (60% to 150% more) – *Eucalyptus globulus* is, for this reason, an ally of the circular economy.

In terms of functionality, this short fibre not only gives the paper a better performance in the processing machines, but also enables high quality printing, which is an asset for the brand's image. As for the protection needs of the products, it offers benefits in terms of resistance (especially to compression).

Finally, gKraft offers a strong argument in favour of food safety and hygiene: by using only virgin fibre, it guarantees the highest ISEGA certification for contact with food and skin, since, unlike recycled fibre, it avoids any danger of contamination.



One year of validation testing

Throughout 2021, Navigator developed an intense campaign to test the new gKraft line, even with customers in markets further away from the factory, where there were business opportunities, and thus obtained more feedback on the range of products. For technical validation of the product, test coils were sent to more than a hundred potential customers, followed by a testing phase, which is still in progress, to validate new businesses associated with the expansion of the customer base and business growth in the main target markets.

In parallel with market testing, it was possible to develop a very close and fruitful technical collaboration, in which from a basic design of the products, optimised designs evolved, depending on the numerous applications for which they are intended. It is in this collaboration with Customers that Navigator seeks to adapt and optimise its production capacity, acquiring knowledge and embodying it in its brands and products, on the path to success.





4.4. Mozambique

In December 2020, Portucel Moçambique began harvesting and exporting wood from pilot plantations established in the province of Manica about 8 years ago, under responsible management and with certification of controlled origin. This was an important step towards the formation of a forest-based industry cluster in Mozambique and towards the positioning of the Company and the country in the international market of exporters of products originating from planted forests, along with countries such as South Africa, Australia, Brazil, Chile, Uruguay and Vietnam.

Harvesting and exporting are part of the industry cycle in which Portucel

operates. This involves planting, caring for and harvesting eucalyptus forest at maturity, replanting it and successively starting new production cycles. Portucel's investment project in Mozambique boosts a value chain that adds the economic dimension of the project to a solid environmental commitment and a Social Development Programme that reaches more than seven thousand families.

Social Development Programme

The Social Development Programme (PDSP) aims to respond to the socio-economic priorities identified in the phase of environmental and

social studies prior to the start of the project, through three lines of action: food safety, increased income and improved well-being.

The PDSP is an integral part and monitors the implementation of the forestry project, in a continuous process of dialogue and cooperation between the Company, Administrative Authorities and Communities. It has covered around seven thousand families to date in the provinces of Manica and Zambézia, with an investment of over 5.5 million euros.

This Programme has several areas of action, including the promotion of food safety, the promotion of agricultural, livestock, beekeeping and



New operating room at Ile District Hospital



Portucel donated US\$150,000 to support the construction of an operating room in the district hospital of Ile, in Zambézia province. This was in response to an appeal from local entities in a district where its forestry and social project has been developing, with benefits for local communities. Construction is already underway and will benefit tens of thousands of people.

At the ceremony for laying the foundation stone, in March 2021, the governor of the province of Zambézia, Pio Matos, took the opportunity to encourage the Company's work: "the production relationship that Portucel has brought to our Zambézia as an investor is a relationship of proximity. It is a relationship of doing together, not going it alone, doing it with people, doing it with the community, doing it with governance, to develop Zambézia. I want to believe that these signs that we are seeing will lead us to seal a relationship that is here to stay". The governor also had the opportunity to visit the Luá nursery in Ile to learn about some of the activities of the Social Development Programme and the Communication and Relationship model with Communities and other Portucel Stakeholders.





fish farming, and, in the area of improving well-being, health and education infrastructure, access to drinking water and energy, and access roads. For example, Portucel contributed US\$150,000 for the construction of an operating room at the district hospital of Ile, in Zambézia province, which began in 2021 and will benefit several tens of thousands of inhabitants.

Continuous communication and engagement with stakeholders

The returns on the project in Mozambique throughout the value chain include employment with different levels of qualifications and professional development, the generation of wealth and added

value in the country, environmental protection and investment in communities, and ongoing communication with stakeholders, particularly with communities in the project areas, traditional leaders, government entities and civil society organisations. For example, communication with communities was a priority in harvesting and exporting, to involve these stakeholders in the various stages of the process, some of which were carried out for the first time.

Harvesting and exporting was also accompanied by involvement with institutional stakeholders, including government entities at the central level, as well as provinces and districts in the project areas, to reveal the benefits to the value chain of planting trees for the

economy, for surrounding communities and for the environment. We are pleased to note the visits to the project by the Governors of the Provinces of Manica and Zambézia, as well as the National Director for the Promotion of Commercial Agriculture, together with monitoring by Administrators of the Districts covered by the operation.

Job creation

Job creation is an essential aspect of the Portucel project in Mozambique. There are already more than 250 full-time direct and indirect employees of the Company, 90% of whom are Mozambicans, and 30% are women. In cumulative terms, the Company has created the equivalent of more than 1,000 full-time local jobs on average per year through casual work since





Educational support

Portucel supported the refurbishment of the Complete Primary School in Nantucua, Namarrói district, Zambézia province. The replacement of the roof and its support structure and some repairs and painting represented an investment of around US\$12,000.

2013, which has given rise to more than 4.3 million jobs in total, for which it paid around 12.7 million dollars (11.3 million euros).

The harvesting and exporting project was covered by a chain of custody certification process, and for

the first time, audits of controlled wood were carried out. These guaranteed that the wood comes from legal sources and controlled activities, based on the principles of responsible forest management.

One of the important dimensions of the harvesting and exporting process is Health and Safety at Work, since it involves many activities, some of which were carried out for the first time. We are pleased to note that there were no fatalities registered in 2021 during forestry operations.

During 2021, the implementation of a Forest Promotion Programme continued. This is a government initiative that has funding from the World Bank and other cooperation partners. The objective is to promote sustainable small and medium-scale commercial forest plantations and encourage the restoration of degraded areas. About 2,000 hectares were restored in the 2019-2020 and 2020-2021 campaigns. Portucel Moçambique has played an active role in building and implementing the Programme, contributing various forms of support, such as defining the forestry model and supplying clonal



plants at subsidised prices, access to raw materials, and creation and transfer of know-how. The Programme had 171 beneficiaries at the end of 2021.

The harvest and import process also provided an opportunity to establish a partnership with South African company MozFibra, in a project that could increase in scale in the coming years. It could also evolve into activities with greater added value, thereby strengthening the forest market in Mozambique.

Forest Fire Defence

In 2021, Portucel Moçambique consolidated its Forest Fire Defence strategy, with which it has substantially reduced the area affected by fire, from around 2,800 hectares in 2017 to 66 hectares in 2021. This development is a result of the cooperation of various bodies, including the creation of rapid intervention teams, the use of new forestry practices based on controlled fire, the placement of beehives and agricultural buffers (especially cassava) on the edge of the forest to encourage the protection of family and community assets, the involvement and awareness of communities and a campaign on local radio.

It is worth noting that a large number of initiatives to raise

environmental awareness among the communities were carried out, led by Portucel staff. These have already covered more than 4,000 families, with a focus on risks such as deforestation, the extinction of species, soil erosion and uncontrolled burning. There is also an emphasis on the efficient use of land, through agriculture conservation techniques (replacing traditional slash & burn), which are an important contribution to preventing deforestation and forest degradation. According to data from the World Bank, the clearing of new areas for small-scale agriculture and the search for wood for cooking fuel are responsible for 65% of deforestation in Mozambique.

Partnerships for Sustainability and Carbon

The year 2021 was important for developing partnerships that consolidate and amplify the sustainability of the project and its surroundings. On the one hand, with the Circular Bioeconomy Alliance, an organisation led by Prince Charles of the UK; on the other hand, with the reinforced commitment of Forest Forward (formerly NGP). In both cases, Portucel is preparing to be a “living laboratory” of good environmental

and social practices, which embody the purpose, in a symbiotic way, of protecting the environment and developing communities, thus promoting more resilient rural ecosystems. This purpose is particularly relevant in Mozambique, a country that is among the most vulnerable to the devastating effects of extreme weather events, such as cyclones Idai and Kenneth in 2019.

Forests play an essential role in carbon capture and are recognised as natural solutions to climate change. In line with the Company’s commitment to carbon neutrality, Portucel Mozambique has sought to understand its contribution to carbon storage, mainly through three dimensions: the planted forest; the preservation of the forest of conservation interest; the reduction of carbon emissions resulting from Social Development Programme activities (for example, improved stoves that reduce the use of firewood, agricultural conservation techniques that reduce deforestation for cultivation and water consumption and environmental awareness initiatives). The intention is to broaden this knowledge in 2022 and develop initiatives that enhance carbon capture, such as the implementation of a forest restoration project.





► FIGURES FROM THE PORTUCEL MOZAMBIQUE PROJECT



50 DUATs
allocated by the Mozambican government

13,600 ha
Area with eucalyptus stands

USD 12.7 million
Salaries paid to seasonal and casual workers since 2013

90% Employees
of Mozambican nationality

250 jobs
Permanent, direct and indirect

30% Employees
are women

USD 125 million
Investment made until 2021

USD 73 million
Goods and services contracted to Mozambican suppliers since 2010

USD 4.7 milhões
Taxes, fees and social contributions paid to the Mozambican State



➤ SOCIAL DEVELOPMENT PROGRAMME

Support for improving agricultural production.

Families have already been given:

- > 795,000 kilos of improved seeds with higher productivity
- > 770,000 cassava cuttings from a pest-resistant variety
- > 98,500 kilos of orange-fleshed sweet potato vines
- > 15,000 fruit trees

Livestock and fish farming

to improve family income and increase animal protein intake

- > 499 families received lots of three goats for breeding
- > 430,000 chickens vaccinated against Newcastle disease
- > 22 tanks for fish production

Beekeeping

to increase family income and encourage the defence of the forest

- > 881 families received beehives

7,000 families covered

Access to drinking water

- > 26 open water holes
- > 32 water holes repaired
- > 20,000 people benefited

Energy

- > 4,000 families received solar lamps

Access routes

- > 5,000 km of improved roads and paths
- > 20 small rural bridges and other infrastructure rehabilitated





4.5. Decarbonization project

In 2021, The Navigator Company's direct CO₂ emissions fell from the 717,000 tonnes recorded in the previous year to 562,000 tonnes³, in what was another important step towards the goal of carbon neutrality of its industrial complexes in 2035, defined in the Roadmap for Carbon Neutrality. Created in 2018, this document has four main objectives: achieving 100% electricity from renewable sources; to reduce fossil CO₂ emissions by implementing cleaner technologies; to cut specific energy consumption; and to offset the emissions that cannot be eliminated.

The entry into operation, at the end of 2020, of the new biomass boiler at the Figueira da Foz industrial complex, was decisive for the sharp reduction in emissions recorded throughout 2021, a decrease of around 57% in this complex alone. 2021 was the year for this new boiler to enter cruising speed, which

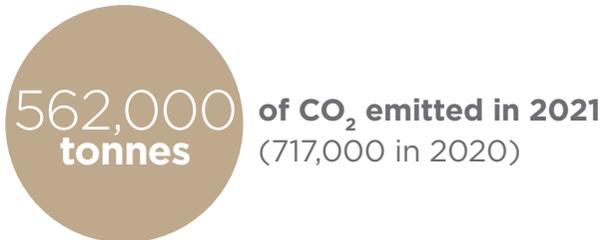
involved carrying out acceptance tests for which a high consumption of gas was necessary, something that will not be repeated in 2022 and which will allow for a further reduction in the volume of emissions.

At the industrial unit in Setubal, the replacement of fuel-fired boilers with gas, whose construction started in 2021, will allow for a significant reduction in CO₂ emissions when it starts operating, scheduled for the end of 2022. This replacement makes it possible, from the outset, to reduce emissions to a level corresponding to the fuel and gas emission factor, and will also make it possible to stop using one of the gas turbines. The new boiler is designed to produce steam, allowing greater efficiency for each thermal unit of gas.

At a time when all the Company's industrial complexes are equipped with co-generation biomass units, in 2021 Navigator proceeded with the

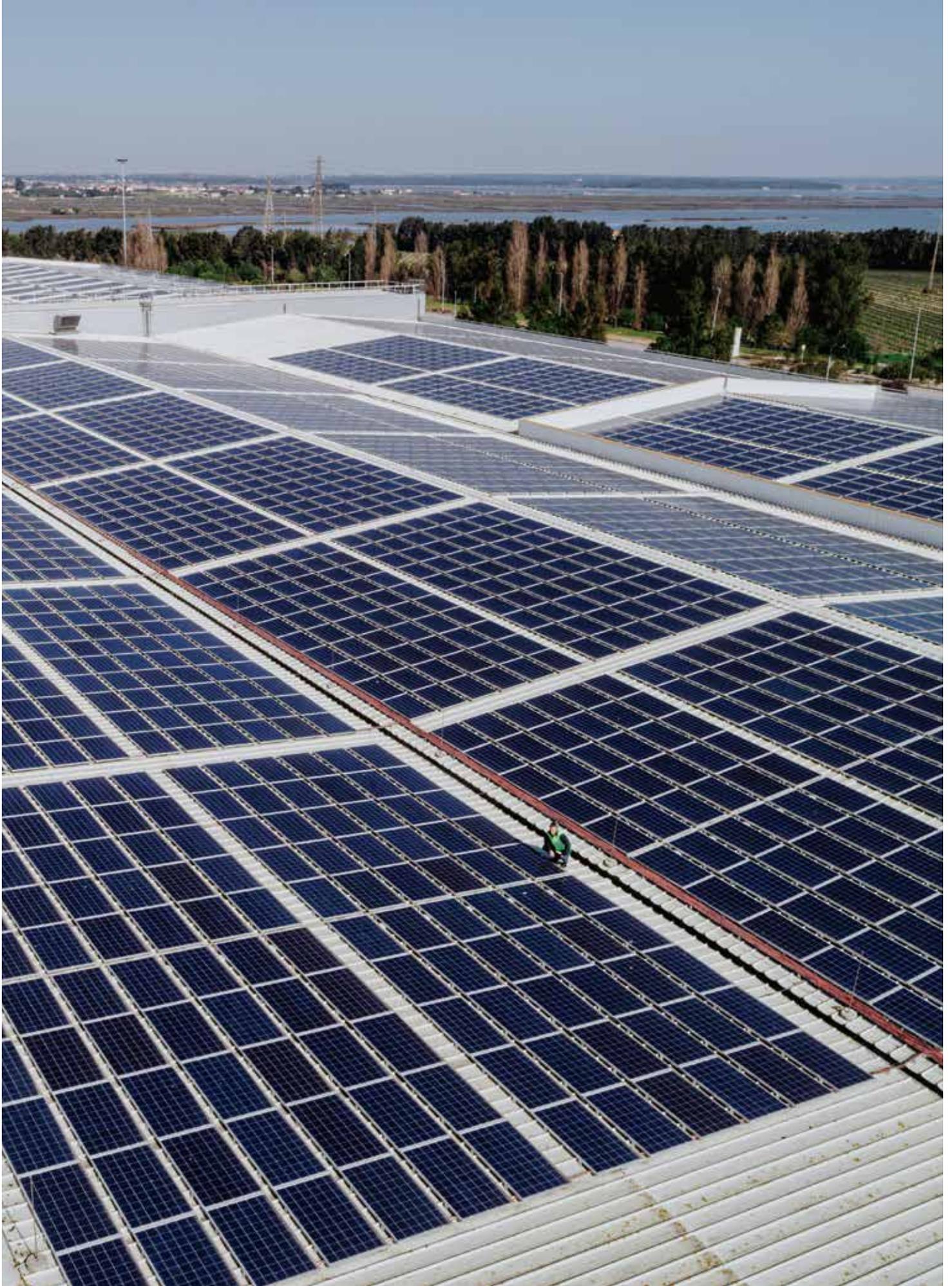
conversion of one of the lime kilns at the industrial unit in Setubal, to replace fossil fuel with biomass. The lime kiln at that unit is being prepared to start using powdered biomass, something unprecedented so far in Portugal. This is an important demonstration project for the Company (which successfully applied for the Innovation Fund), and which, if successful, should be replicated at lime oven 2 in Setubal and at the Aveiro unit.

This is an initiative that promotes sustainability at multiple levels. Firstly, it allows the decarbonization of the ovens. In addition, it allows the conversion of existing equipment, avoiding the construction of new ovens and the associated carbon footprint. Finally, by using the sawdust generated in wood preparation operations, it promotes circularity within the Group's industrial units.



³ CO₂ emissions of factory assets, Scope 1 - CELE data.





O5 >

Proposed Allocation of Results



Whereas:

a) The net results of the individual accounts amounted to 171,411,454.76 Euros, calculated in accordance with IFRS;

b) The Company proceeded with the early distribution of profits, in the amount of 49,996,169.75 Euros, equivalent to the gross amount of 0.0703 Euros per share, in accordance with the resolution of the Board of Directors of 16 December 2021;

The Board of Directors proposes the following allocation of net profit from individual accounts, in the amount of €121,415,285.01, calculated according to IFRS rules:

Dividends for shares outstanding	99,992,339.50 Euros (€0.1406 per share)
Results carried forward	10,422,945.51 Euros
Employee profit sharing up to (already assumed in the financial statements)	11,000,000.00 Euros



Declaration Referred to in Article 29-G(1)(C) of the Portuguese Securities Code



“Article 29-G(1)(c) of the Securities Code provides that each of the responsible persons of the issuer, whose names and functions must be clearly stated, must make a series of declarations provided for therein. A uniform declaration was adopted in the case of Navigator, which reads as follows:

I hereby declare under the terms and for the purposes of Article 29_G(1)

(c) of the Securities Code, that to the best of my knowledge, the annual report, annual accounts, statutory audit and other reporting documents of The Navigator Company, S.A., all related to the 2021 financial year, were prepared according to applicable accounting standards, providing a true and fair view of assets and liabilities, the financial situation and results of this company and the companies included

in the scope of consolidation, and that the annual report faithfully reflects the evolution of the business, performance and position of this company and the companies included in the scope of consolidation, containing a description of the main risks and uncertainties faced.”



Under the terms of the cited legal provision, the following is a list of the names of the undersigned persons and their duties:

Ricardo Miguel dos Santos Pacheco Pires
Chairman of the Board of Directors

António José Pereira Redondo
Chief Executive Officer

Adriano Augusto da Silva Silveira
Executive Director

João Paulo Araújo Oliveira
Executive Director

Joao Paulo Cabete Gonçalves Lé
Executive Director

José Fernando Morais Carreira de Araújo
Executive Director

Nuno Miguel Moreira de Araújo Santos
Executive Director

Manuel Soares Ferreira Regalado
Non-Executive Director

Maria Teresa Aliu Presas
Non-Executive Director

Mariana Rita A. Marques dos Santos
Non-Executive Director

Sandra Maria Soares Santos
Non-Executive Director

Vítor Manuel Galvão Rocha Novais Gonçalves
Non-Executive Director

Vitor Paulo Paranhos Pereira
Non-Executive Director

José Manuel Oliveira Vitorino
Chairman of the Audit Board

Gonçalo Nuno Palha Gaio Picão Caldeira
Member of the Audit Board

Maria da Graça Torres Ferreira da Cunha Gonçalves
Member of the Audit Board







Corporate Governance Report

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PART I

INFORMATION ON SHAREHOLDER STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE

A. SHAREHOLDER STRUCTURE

I. CAPITAL STRUCTURE

1. Capital structure (share capital, number of shares, capital distribution among shareholders, etc.), including indication of shares not admitted to trading, different categories of shares, rights and duties attached to the same, and the percentage of the capital represented by any such category (article 245-A (1) (a)).

The Navigator Company, S.A. has a share capital of 500,000,000 euros, fully paid up, represented solely by 711,183,069 ordinary shares, without nominal value, the same rights and duties being attached to all shares.

All shares representing the Company's share capital are admitted to trading on the Euronext Lisbon regulated market, managed by

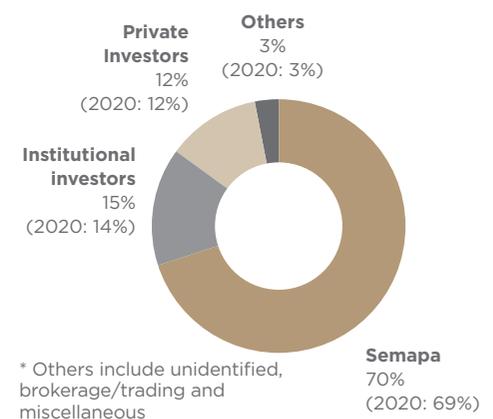
Euronext Lisbon - Sociedade Gestora de Mercados Regulamentados, S.A.

At the end of 2021, the Company carried out a new analysis of its shareholder base, identifying and characterising its main institutional shareholders.

In addition to the Semapa Group, the majority shareholder with 69.67% of Navigator's share capital, about 170 institutional shareholders were identified and characterised, representing about 15% of the shares issued.

Thus, in December 2020, the shareholder composition identified was as follows:

➤ SHAREHOLDER COMPOSITION



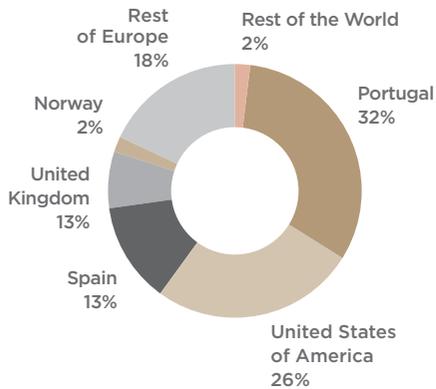
Navigator's institutional shareholders, excluding the majority shareholder, were mainly from Europe





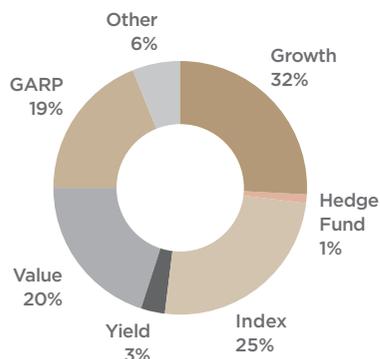
at the end of 2021, with Portuguese shareholders at 32% (vs. 33%), Spanish-based shareholders 13% (vs. 10%), around 7% from the UK (vs. 5%) and Norwegian-based shareholders close to 2%. The weight of US-based Shareholders grows again in 2021 to 26% (vs. 22% in 2020 and 14% in 2019).

► SHAREHOLDERS BY GEOGRAPHY (Institutional - Excluding Semapa)



In addition, a breakdown by investment style shows that around 26% of the shares were held by institutional investors with a growth-oriented strategy, whilst approximately 25% of investors pursue an Index Funds style strategy and 20% a Value-focused strategy. Investors with types of strategies such GARP (Growth at a Reasonable Price) accounted for around 9% of investors.

► SHAREHOLDERS BY TYPE OF INVESTMENT (Institutional)



2. Restrictions on the transferability of shares, such as consent clauses for disposal, or limitations on ownership of shares (article 245-A (1) (b)).

All Navigator shares are freely transferable.

3. Number of own shares, corresponding percentage of share capital and percentage of voting rights which would correspond to own shares (article 245-A (1) (a)).

As of December 31, 2021, Navigator does not hold any own shares.

Following the approval at the General Meeting of May 11, 2021 of the share capital reduction by cancellation of 6,316,931 own shares, with no nominal value, held by the Company, Navigator no longer holds any own shares in its portfolio.

4. Significant agreements to which the Company is a party and which take effect, are amended or terminate in the event of a change in the control of the Company as a result of a takeover bid, together with the respective effects, unless, due to its nature, disclosure of such agreements would be seriously detrimental to the Company, except if the Company is specifically required to disclose such information by other mandatory provisions of law (article 245-A (1) (j)).

The Company is not a party to significant financing, debt issue or other agreements entering into effect, being amended or terminating in the event of a change to the Company's control following a takeover bid.

The Company has not adopted any mechanisms that determine payments or assumption of fees in the case of the change of control or in the composition of the managing body, and which are likely to harm the free transferability of shares and a shareholder assessment of the performance of the members of the managing body.

5. Rules applicable to the renewal or revocation of defensive measures, in particular those providing for limits on the number of votes which can be held or cast by a single shareholder individually or in a concerted manner with other shareholders.

No defensive measures exist in the Company, particularly those providing for limits on the number of votes which can be held or cast by a single shareholder individually or in a concerted manner with other shareholders.

6. Shareholders' agreements known to the Company or which might lead to restrictions on the transfer of securities or voting rights (article 245-A (1) (g)).

The Company is not aware of the existence of any shareholder agreement which might lead to restrictions on the transfer of securities or voting rights.



II. HOLDINGS OF SHARES AND BONDS

7. Identification of persons and organisations who, directly or indirectly, own qualifying holdings (articles 245-A (1) (c), 245-A (1) (d) and 16), detailing the attributable

percentage of the share capital and votes and the respective grounds.

The owners of qualifying holdings in Navigator on 31 December 2021 are identified in the following table:

Entity	Imputation	No. of shares	% capital	% not suspended voting rights
Semapa – Sociedade de Investimento e Gestão, S.A.	Direct	497,617,299	69.9704%	69.9704%

8. Indication of the number of shares and bonds held by members of the management and supervisory bodies.

This information is provided in Annex I to this Report.

9. Special powers of the management board, in particular concerning resolutions to increase capital (article 245-A (1) (i)) indicating, with regard to these, the date on which they were granted, the period during which such powers may be exercised, the upper limit for the increase in share capital, shares already issued under the powers granted and the manner in which the powers granted are implemented.

The Company's Articles of Association do not authorise the Board of Directors to adopt resolutions approving increases in share capital.

10. Information on the existence of significant dealings of a commercial nature between holders of qualifying holdings and the Company.

All transactions taking place in 2021 between the company and qualifying shareholders are described in Note 11.3 of the Annex to the consolidated accounts and Note 10.2 of the annex to the individual financial statements. In 2021, in accordance with the Regulation on Conflict of Interests and Related Parties Transactions and under the terms and conditions set out therein, as described in point 89 et seq. of this report, there were no significant dealings of a commercial nature between qualifying shareholders and the Company.





B. STATUTORY BODIES AND COMMITTEES

I. GENERAL MEETING

A) COMPOSITION OF THE GENERAL MEETING*

11. Officers of the General Meeting and their term of office (starting and ending dates).

The Board of the General Meeting is composed of the following persons:

Chairman

vacant⁴

Secretary

Luis Nuno Pessoa Ferreira Gaspar
(mandate from 9/04/2019 to 31/12/2022)

B) EXERCISE OF VOTING RIGHTS

12. Any restrictions on voting rights, such as limitations on the exercise of voting rights based on the ownership of a given number or percentage of shares, time limits for exercising voting rights, or systems for detaching voting rights from ownership rights (article 245-A (1) (f));

There are no limits, in the Company, to the exercise of voting rights by the respective shareholders.

Under Navigator's Articles of Association, each share in the Company carries one vote.

Although the articles of association set out time limits for attending the General Meeting, the mandatory legal rules governing this matter apply, such as Article 23-C of the Securities Code. The time limit established in the Articles of Association for exercise of postal rights is the day prior to the General Meeting.

The Articles of Association make no provision for electronic voting. However, they authorise the Board of Directors to regulate alternative ways to vote other than on paper, as long

as authenticity and confidentiality of the votes are also guaranteed until the moment when votes are cast.

Although the Board of Directors never used this capacity, the Chairman of the General Meeting has always accepted electronic votes, provided they were received under equivalent conditions as the vote by post, in what regards the deadline, comprehensibility, the guarantee of authenticity, confidentiality and other formal issues.

Within the General Meetings of the Company held in 2021, considering the adverse context arising from the Covid-19 pandemic outbreak, and as a result of the relevant convening notices, shareholders were encouraged to exercise their respective voting rights preferably by electronic correspondence.

To exercise the right to vote by electronic correspondence, shareholders should send by email a statement addressed to the Chairman of the Meeting, in PDF format, duly signed - in accordance with the signature contained in the respective valid identification document, a copy of which should accompany the same declaration -, expressing the intention to vote, as well as the voting declarations, independent for each item on the agenda, in PDF format, with the indication in the document title of the item on the agenda to which it relates.

Still in the referred pandemic context, and considering the Recommendations of 20 March 2020 regarding the holding of General Meetings, issued within the cooperation between the Market and Securities Commission ("Comissão do Mercado de Valores Mobiliários", CMVM), the Portuguese Institute of Corporate

Governance ("Instituto Português de Corporate Governance", IPCG) and the Association of Listed Companies ("Associação de Empresas Emitentes de Valores Cotados em Mercado", AEM), the Company implemented appropriate means for the participation of shareholders in the aforementioned Annual General Meeting of 2021, which was held exclusively by telematic means, under the provisions of paragraph b) of no. 6 of article 377 of the Commercial Companies Code.

For the purpose of the shareholders' participation in these meetings, they had to declare their intention to participate, indicating for this purpose an email address, to which the Company sent the instructions to participate in such telematic sessions, and which served to verify the identification of each shareholder in the electronic platform used. Declarations of participation in the general meeting were received from Shareholders holding 570,222,908 shares with unsuspended voting rights, corresponding to 80.18% of the voting rights.

There are no systems for detaching equity content rights.

13. Indication of the maximum percentage of the voting rights which can be exercised by a single shareholder or by shareholders connected in any of the forms envisaged in article 20 (1).

There are no provisions to this effect in the Articles of Association.

14. Identification of shareholder resolutions which, under the Articles of Association, can only be adopted with a qualified majority, in addition to those provided for by law, and details of the majorities required.

* Over the reporting period

⁴ Since the passing away of Francisco Xavier Zea Mantero, on 10 June 2021.



The Company's Articles of Association do not contain specific rules regarding constitutive or

deliberative quorums at General Meetings, so the legal precepts of the Companies Code apply in full.

II. MANAGEMENT AND SUPERVISION

(Board of Directors, Executive Committee and General and Supervisory Board)

A) COMPOSITION*

15. Identification of the governance model adopted.

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 articles 278 (1) (a) and 413 (1) (b) of the Companies Code.

16. Rules in the Articles of Association on procedural and material requirements applicable to the appointment and replacement of members, as the case may be, of the Board of Directors, the Executive Committee and the General and Supervisory Board (article 245-A (1) (h)). Diversity Policy.

Presently, the Company's Articles of Association contain no special rules on the appointment and replacement of directors, and the general supplementary rules contained in the Companies Code therefore apply here, i.e. shareholders have the power to appoint the directors (three to seventeen) (and the supervisory body).

However, the Articles of Association establish that a Director may be elected individually if there are proposals subscribed and tabled by groups of shareholders, provided none of these groups holds shares representing more than twenty per cent and less than ten per cent of the share capital. No shareholder shall sign the proposal form for more than one list. Each

proposal shall identify no less than two electable persons.

If there are various proposals signed by different shareholders or shareholder groups, the voting shall apply to the collection of these lists.

During 2020, the Navigator Board of Directors approved the Company's Diversity Principles, which were reviewed in 2021, which enshrine the requirements and criteria regarding the profile of new members of corporate bodies and managers. These principles are published on the company's website (www.thenavigatorcompany.com/investidores/governo-da-sociedade).

These Diversity Principles consist of the formal recognition by the Company of the benefits of diversity in its governing bodies, namely as a way to ensure greater balance in its composition, to enhance the performance of each member and, together, in each body, to improve the quality of decision-making processes and to contribute to their sustainable development.

Accordingly and for the promotion of diversity within the Company, it accepted that, in addition to individual attributes, such as competence, independence, integrity of character, availability and experience, other requirements and criteria of diversity are also relevant in the composition of its governing bodies, such as gender diversity, different professional qualifications and experiences, the inclusion of members of different ages, as well as different geographical backgrounds or experiences.

Additionally, in 2019, the Board of Directors changed the Regulations of the Appointments and Appraisals Committee, which has consulting

powers in terms of the appointment of the governing bodies, to support the identification of potential members of the governing bodies and in assessing the adequacy of their profile, knowledge, and curriculum, and should induce transparent selection processes and that candidates who have greater merit be proposed and better adapt to the requirements of the function, and promote within the organisation, adequate diversity, including gender.

In this way, the Company understands that all the objectives resulting from the formal adoption of a diversity policy are achieved, which is also demonstrated in reality.

Finally, and reinforcing the promotion of diversity, in 2020 the Company approved the 2021 Plan for Equality, with progress in relation to the 2020 Plan for Equality, approved in 2019, and disclosed this Plan to the CMVM, and on the Navigator website, where it is also published.

17. Composition, as the case may be, of the Board of Directors, the Executive Committee and the General and Supervisory Board, detailing the provisions of the Articles of Association concerning the minimum and maximum number of directors, duration of term of office, number of full members, and the date when first appointed and the end of their terms of office for each member.

The Articles of Association establish that the Board of Directors comprises of three to seventeen members appointed for a renewable four-year term. On 9 April 2019, the Company's General Meeting approved a resolution electing the members of the Board of Directors for a four-year term

* During the reference year.





from 2019 to 2022. During the term of office, in 2020 a cooptation took place, so that in 2021 the Board of Directors integrated fourteen members - one Chairman and thirteen Members. Due to the termination of the President's duties effective December 31, 2021, the Board of Directors now includes thirteen members - one President and twelve Members.

We indicate below the date of first appointment of each member, together with the date on which their term of office expires:

Name	Date of first appointment and term of office
João Nuno de Sottomayor Pinto de Castello Branco ⁵	2015 - 2022
Ricardo Miguel dos Santos Pacheco Pires ⁶	2015 - 2022
António José Pereira Redondo	2007 - 2022
Adriano Augusto da Silva Silveira	2007 - 2022
João Paulo Araújo Oliveira	2015 - 2022
João Paulo Cabete Gonçalves Lé	2020 - 2022
José Fernando Morais Carreira de Araújo	2007 - 2022
Nuno Miguel Moreira de Araújo Santos	2015 - 2022
Manuel Soares Ferreira Regalado	2004 - 2022
Maria Teresa Aliu Presas	2019 - 2022
Mariana Rita Antunes Marques dos Santos	2019 - 2022
Sandra Maria Soares Santos	2019 - 2022
Vítor Manuel Rocha Novais Gonçalves	2015 - 2022
Vítor Paulo Paranhos Pereira	2020 - 2022

The composition of the Board of Directors is freely available on the Company's website at www.thenavigatorcompany.com/Investidores/Governo-da-Sociedade.

18. Distinction between executive and non-executive members of the Board of Directors and, in relation to non-executive directors,

identification of those who can be regarded as independent or, if applicable, identification of the independent members of the General and Supervisory Board.

During 2021, six members of the Board of Directors exercised executive functions and formed an Executive Committee, which was elected and whose powers were delegated by the Board of Directors, and eight of the Directors exercised non-executive functions.

The executive members of the Board of Directors belong to the Executive Committee and are identified below in point 28, the remaining being non-executive members.

Since throughout 2021 the number of non-executive directors represented 57.1% of the members of the Board of Directors, we consider this percentage to be adequate to the size of the Company and to the complexity of the risks associated to its activities and sufficient to carry out efficiently the functions that are committed to them.

This suitability judgment took into account, in particular, the size of the Executive Committee and the delegation of powers entrusted to it by the Board of Directors, the profile, age, background and professional experience and the integrity of the members of that body, the set of diversified competencies and the availability of non-executive members to carry out their duties, which through the close cooperation developed with the Chairman of the Board of Directors and the members of the Executive Committee, ensure an effective capacity for monitoring, supervising and evaluating the activity of the executive members of the Board of Directors, the company's activities, its family nature and the stability of its capital structure.

At the annual General Meeting held on 9 April 2019, which elected

members of the governing bodies, three new non-executive members of the Board of Directors were elected - Maria Teresa Aliu Presas, Mariana Rita Antunes Marques dos Santos and Sandra Maria Soares Santos - which can be considered independent, according to the criteria for measuring independence defined in point 18.1 above and in Recommendation III.4 of the IPCG Corporate Governance Code. The company therefore includes a number of independent non-executive directors of 37.5%, over one third, in accordance with the Recommendations of the IPCG Corporate Governance Code.

The remaining 6 Non-Executive Directors, although not independent according to the above criteria, gather the necessary suitability, experience and proved professional competence, which allows to enrich and optimise the management of the Company from the perspective of creating value, as well as ensuring an effective defence of the interests of all shareholders and to ensure that Executive Directors are supervised and evaluated in an impartial, independent and objective manner and, at the same time, that there are no conflicts of interest between the interest and position of the shareholder and the Company.

⁵ Served as Chairman of the Board of Directors until December 31, 2021.

⁶ Serves as Chairman of the Board of Directors since January 1, 2022.



19. Professional qualifications and other relevant biographical details of each member, as applicable, of the Board of Directors, the General and Supervisory Board and the Executive Committee.

João Nuno de Sottomayor Pinto de Castello Branco⁷

João Castello Branco has served as Chairman of the Executive Committee of Semapa since July 2015, as well as Chairman of the Board of Directors of The Navigator Company and Secil since the end of 2018. Since 2019 he is the Chairman of the Board of Directors of the Business Council for Sustainable Development (BCSD) Portugal and is a member of the Executive Committee of the World Business Council for Sustainable Development (WBCSD). He is also a member of the General Board of AEM – Portuguese Association of Listed Companies. Previously and after completing his degree, he worked at the Renault engine development centre in France. In 1991 he joined McKinsey, where he developed his activity in a variety of industries, in Portugal and in Spain, and was, until July 2015, Managing Partner of the Iberia Office of McKinsey. João Castello Branco holds a degree in mechanical engineering from Instituto Superior Técnico and an MBA from INSEAD.

Ricardo Miguel dos Santos Pacheco Pires⁸

Ricardo Pires is a graduate in business administration from the Portuguese Catholic University, with a specialisation in Corporate Finance from ISCTE and an MBA in business management from Universidade Nova de Lisboa. He began his career in management consulting between 1999 and 2002, first at BDO Binder and later at GTE Consultores. From 2002 to 2008, he worked at the Corporate Finance Department of ES Investment, where he carried out a number of M&A and capital market projects in the sectors of Energy, Pulp & Paper and Food & Beverages. Since 2008 he has worked at Semapa, initially as a Strategic Planning and New Business Manager and later, starting in 2011, as Head of the Office of the Chairman of the Board of Directors. He has been an Executive Director at Semapa since 2014, as well as holding positions at other related companies. Since 2015, he has performed management duties at The Navigator Company and at Secil. Since 2017, he is CEO of Semapa Next and took over in March 2020 as Chairman of the Board of Directors of ETSA. In 2021, he taught a subject in a master's course at the Catholic University of Lisbon.

António José Pereira Redondo

António Redondo holds a degree in chemical engineering from the Science and Technology Faculty of the University of Coimbra (1987); he attended 4th year in Business Management at Universidade Internacional and has an MBA specialising in marketing, from the Portuguese Catholic University (1998). He joined Soporcel in 1987 and until December 1998 held a series of posts in technical, production, marketing and sales management areas of the company. He was marketing manager of Soporcel from January 1998 to December 2002 and was then appointed sales manager for the Navigator Group (then called the Portucel Soporcel Group) from January 2003 to March 2007. He has been an executive director of the Company since April 2007 as Chief Commercial Officer, and Chairman of the Executive Committee since 1 January 2020. He is Chairman of CELPA (Associação da Indústria Papeleira), Director of CIP (Confederação Empresarial de Portugal) and member of the Boards of CEPI (Confederation of European Paper Industries) and EUROGRAPH (European Association of Graphic Paper Producers).

⁷ As stated above, João Nuno de Sottomayor Pinto de Castello Branco terminated his respective directorships at The Navigator Company, Semapa and Secil, by resignation effective as from 31 December 2021.

⁸ Assumed the position as Chairman of the Executive Board of Semapa and Chairman of the Board of Directors of Semapa Next, The Navigator Company and Secil, with effect from 1 January 2022.



**Adriano Augusto da Silva Silveira**

Adriano Silveira has a degree in chemical engineering from the School of Engineering of the University of Porto. He began his career at the Environmental Studies Service, having been part of Empresa Nacional de Urânio (1979) and Empresa Minas de Jales (1983). He joined Soporcel in 1983, where he held several positions of responsibility in the areas of energy recovery, pulp and paper production, project management, maintenance and engineering. He has been a member of the Company's Board of Directors since 2007, serving as an Executive Director from April 2007 to July 2015, having reinstated the Executive Committee on 1 January 2020.

João Paulo Araújo Oliveira

João Paulo Oliveira has a degree in industrial engineering from the Faculty of Science and Technology, Universidade Nova de Lisboa (1988) and an MBA in Commercial Engineering and Management from AEP - ESADE, Spain (1994). He began his career at the Bosch Group in 1989. He was industrial manager for Bosch in China from 1994 to 1996. Subsequently, he was involved in an acquisition project for a company in Chile, and also held positions in the Bosch Group's operations in France and Germany. From 2002 to 2015, he was Managing Director of Bosch Termotecnologia S.A. In his last 8 years at the Bosch Group, he was Chairman of the Group's Hot Water Business Unit, whose global competence centre is located in Aveiro. He was chairman of the Portuguese-German Chamber of Commerce and Industry from 2009 to 2012. He also sits on the General Council of the University of Aveiro, the AICEP Advisory Board and the Supervisory Board of the Fraunhofer Institute in Portugal. He has been an executive director of the Company since July 2015.

João Paulo Cabete Gonçalves Lé

João Lé has a degree in Agronomy in the specialty of Agrarian Economics from the Instituto Superior de Agronomia (ISA) of the Technical University of Lisbon, has a Postgraduate Diploma in Silviculture of the Fast-Growing Species by ISA and University of Trás-os-Montes and Alto Douro and a Postgraduate Diploma in Management with a Specialisation in Finance from ISCTE, University of Lisbon. He has been with The Navigator Company Group for about 30 years having assumed responsibility for the Forestry Area in August 2007 and in July 2016 he was appointed CEO of Portucel Mozambique, responsible for the project to implement a forest-based industry in Mozambique through DUAT (areas assigned by the Government) with about 360 thousand hectares in two provinces. He has been an Executive Director of the Company since January 2020.

**José Fernando Morais
Carreira de Araújo**

Fernando Araújo has a Law degree from Universidade Lusíada do Porto (2000) and a bachelor's degree in Accounting and Management from Instituto Superior de Contabilidade e Administração do Porto (ISCAP - 1986) and a specialist diploma in Financial Control from the same institution (1992). He is a Chartered Accountant since 1995. Certified Accountant since 1987. Chairman of the General Meeting of CELPA since 2020. He is a member of the Audit Board of the Order of Statutory Auditors since January 2021. And a member of the Board of the Portuguese Tax Association since 2019. He has postgraduate qualifications in advanced financial accounting (ISCTE - 2002/2003), in tax law (Lisbon Faculty of Law - 2002/2003) and in corporate governance (Instituto Superior de Economia e Gestão de Lisboa - 2006/2007). He concluded an MBA in Corporate Reporting at ISCTE - IUL in 2016. He started his professional career in 1987, with Sportrade, and was subsequently head of accounts at Eurofer from 1988 to 1993 and Head of Administrative Services at COLEP from 1991 to 1993. From 1993 to 2001 he worked in the field of tax management at KPMG and was Senior Tax Manager from 1993 to 2001. He was head of Tax Management and Accounts at Secil, from 2001 to 2005, at SEMAPA from 2002 to 2006, and in the Company from 2006 to 2007. He has been an executive director of the Company since April 2007.



Nuno Miguel Moreira de Araújo Santos

Nuno Santos has a degree in Civil Engineering from Instituto Superior Técnico (1993) and an MBA from INSEAD (1996). He started his professional career at McKinsey & Company in 1993 and until March 2015 he was Senior Partner (Director) and leader of the Energy, Commodities & Industry Practice at the Iberian Office of McKinsey & Company. He was also a member of the McKinsey & Company Global Energy, Commodities & Industry Practice Leadership Committee. He assumed the functions of Executive Director of The Navigator Company in April 2015.

Manuel Soares Ferreira Regalado

Manuel Regalado has a degree in finance from Instituto Superior de Economia e Gestão (ISEG) in Lisbon (1972) and completed the Senior Executive Programme of the London Business School (1997). He began his professional career in 1971, holding various internal auditing, management control and planning and investment project analysis positions from this year until 1984. From 1984 to 1994, and from 1998 to 2004, he was appointed to a variety of management positions and directorships in a range of sectors, including banking, insurance, manufacturing and energy, in Edinfor, COSEC, IAPMEI and Hidroelétrica de Cahora-Barra and Banco BPI (in Portugal, Africa and Latin America). Between 1994 and 1998, he served on the Board of Directors of Portucel, and was also part of the statutory bodies of INAPA and CELPA. He is member of the Board of Directors of The Navigator Company since 2004 and was an executive director until 2016.

Maria Teresa Aliu Presas

Maria Teresa Aliu Presas is a graduate of the Instituto Superior de Psicologia Aplicada, in Lisbon. She made her career in the paper industry, having joined the Tetra Pak Group in 1982, where she held several positions in Portugal, Switzerland, international headquarters, and in Brussels, in the areas of Marketing and Communication, Environment and European Affairs, namely Vice President for Europe and responsible for the environment for the entire Group. From 2003 to 2011 she directed the European Confederation of the Paper Industry (CEPI). She was a member of the board of directors of several European associations as well as a non-executive director of the company Powerflute Oy. She currently collaborates with the consultant Magellan in Brussels, is a non-executive director of the World Bioeconomy Forum and has been a non-executive director of Navigator since 2019.

Mariana Rita Antunes Marques dos Santos

Mariana Marques dos Santos graduated in Business Management from Universidade Católica Portuguesa and complemented her training with an MBA from INSEAD (Fontainebleau), having also attended the same programme at Kellogg - Northwestern University, in Chicago. From 1989 to 2006, she was a university professor, both in the areas of quantitative methods at ISCTE, and in internationalisation strategy and policies, at the executive school, IBS-ISCTE Business School. Along with academic activities, she developed a business career linked to different areas and functions. Starting by experiencing the dynamics of the financial markets, she collaborated with Lloyds Bank in the area of securities portfolio management. She then joined a venture capital team - SFIR, where she was a project analyst from 1991 to 1992. She was also a consultant in Madrid, in a multinational company, Arthur D. Little, being associated with several projects, including the launch of the Portuguese branch, in the years 1995 and 1996. She then took on a succession of international areas, within Grupo Abrantina, between 1996 and 2007, namely in Mozambique and Germany, managing projects in several areas such as food and the production and distribution of construction materials. At the end of 2007, she embraced her own business project, launching NBC Medical, in the area of international trade of medicine, to which she is currently dedicated. She has been a non-executive Director of The Navigator Company since May 2019.



**Sandra Maria Soares Santos**

Sandra Maria Soares Santos has a degree in management from the Faculty of Economics of Porto (1989-94) and completed an MBA at PBS - Porto Business School (1999). She started her career at Banco Espírito Santo and at the University of Porto in 1994, where she taught as a guest lecturer. At BES, she performed several technical and commercial functions, at a time when the Bank was incorporating young managers and substantially transforming its organisational and business structure. She started her career at Grupo BA, at the end of 1999, as Controller, a role she built when the group started its geographical expansion. Since then, she has held various positions, such as financial director, human resources director, factory director and CFO. As CFO (2007) she had an active participation in the acquisition and integration processes of the acquired companies. In 2012, she was posted to be CFO in another business, plastic packaging, in which BA shareholders decided to invest, a mission that ended a year later. Since 2014 she is CEO and member of the Board of Directors of Grupo BA. Grupo BA now has industrial operations in 7 European countries, 12 industrial units, 3,800 workers and an annual turnover of 950 million euros. She has been a non-executive director of Navigator since April 2019.

Vítor Manuel Rocha Novais Gonçalves

Vítor Novais Gonçalves has a degree in business management from ISC-HEC in Brussels and has more than 30 years of professional experience with executive management responsibilities in the Consumer Products, Telecommunications and Finance sectors. He began his professional career in 1984 at Unilever as a Management Trainee, and subsequently as a Product Manager and Market Manager. From 1989 to 1992, he worked at Citibank Portugal, initially as a Venture Capital Business Manager and later as head of Corporate Finance and member of the Management Committee. Between 1992 and 2000, he worked in the financial area of the José de Mello Group, served as director at several companies and serving, among other things, as Strategic Marketing and Development Manager of Banco Mello and General Manager of Companhia de Seguros Império. From 2001 to 2009, he worked in the telecommunications area of the SGC Group as a director of SGC Comunicações, where he was in charge of strategic marketing and international business development. Among other positions, he has been a Director at Zoom Investment, Semapa and The Navigator Company.

Vítor Paulo Paranhos Pereira

Vítor Paranhos Pereira has a degree in Economics from the Catholic University of Portugal and attended AESE (University of Navarra). He started his professional activity in 1982, at the company Gaspar Marques Campos Correia & C^a. Lda., as Financial Director until 1987. From 1987 to 1989, he held the position of Deputy Financial Director at the Instituto do Comércio Externo de Portugal (ICEP). In 1989 he joined the Group as Financial Director of Sodim, having been appointed member of the Board of Directors of Sodim in 2009, a function he held until May 2018 and afterwards, from March 2020 to the present date. He also performs management functions in several companies related to Sodim, namely at Hotel Ritz, since 1998. Between 2001 and 2016, he held management positions at Hotel Villa Magna. He has been a director of Sonagi since 1995, and is Chairman of the Board of Directors since June 2020. He was appointed director of Refundos in 2005, serving as Chairman of the Board of Directors of that company from 2018 until May 2020. From 2006 to 2015, he held the position of Chairman of the Audit Board of the Portuguese Hospitality Association (AHP) and in April 2019 he was appointed Chairman of the Board of the General Meeting of this entity. From 2007 to 2016, he was Chairman of the Board of the General Meeting of the Portuguese Association of Investment Funds, Pensions and Wealth (APFIPP). He served as Member of the Supervisory Board of Eurovida - Companhia de Seguros, S.A. and Popular Seguros - Companhia de Seguros, S.A. from 2009 to 2018. In 2014, he was appointed member of the Board of Directors of Semapa. Since 2020 he has been an Executive Director of Semapa, and other related companies, and has been a director at The Navigator Company and Secil since March and February 2020, respectively.

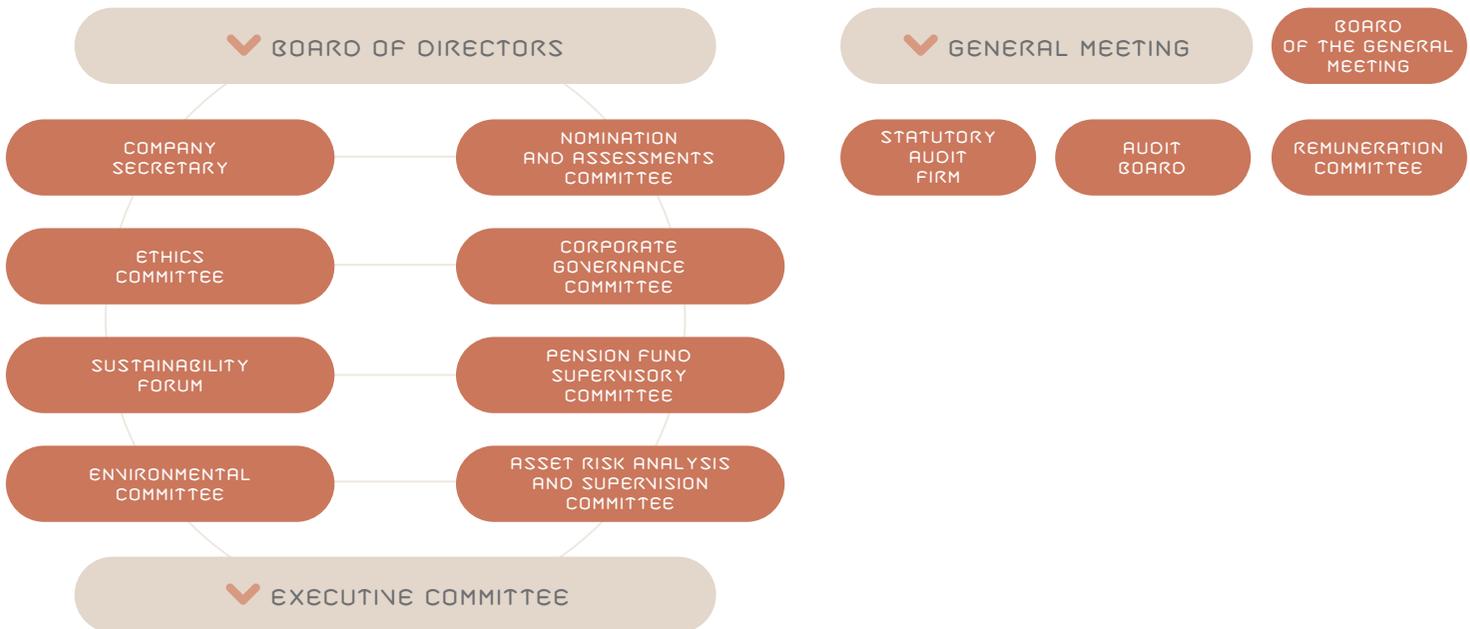


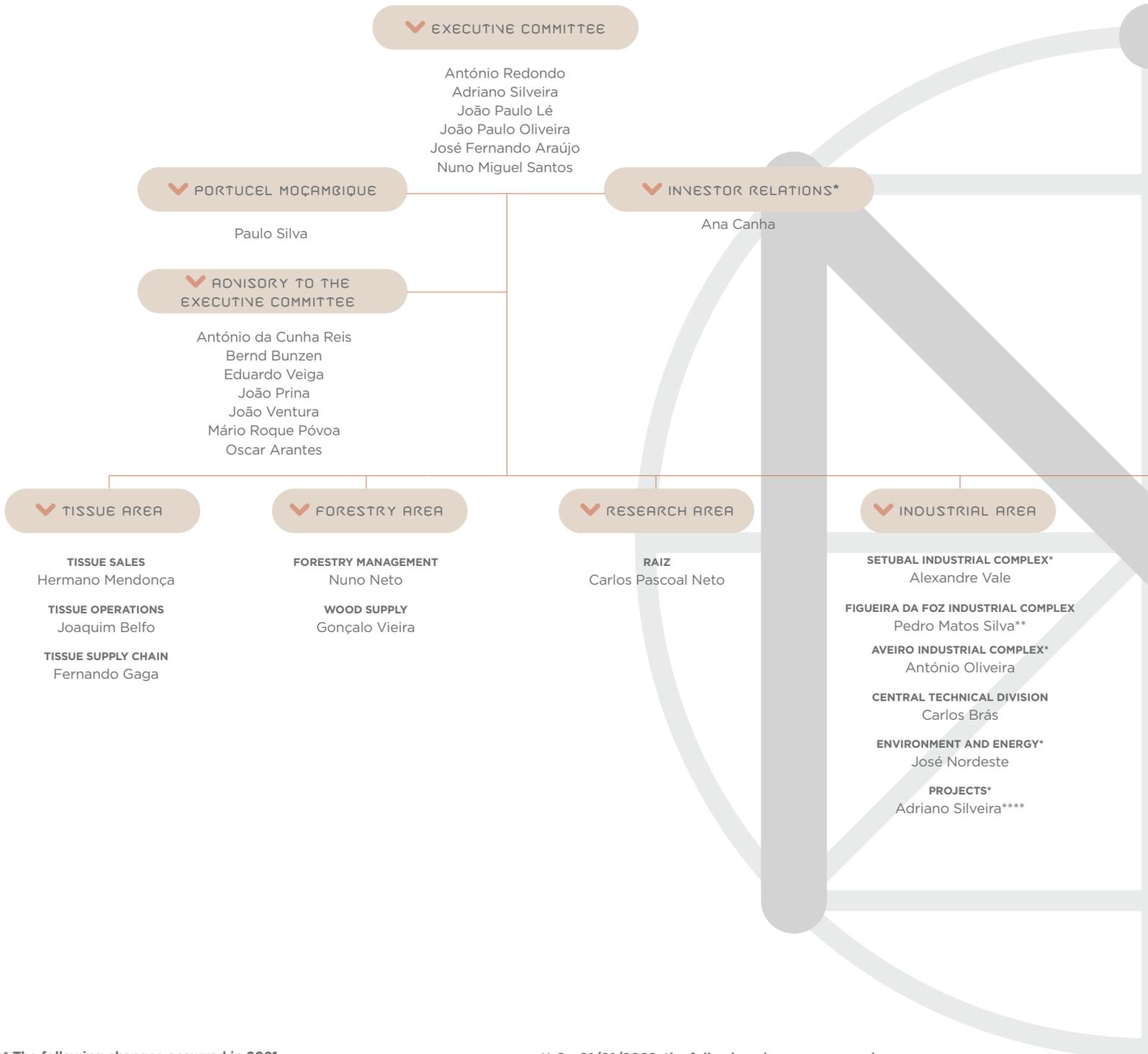
20. Regular and significant family, professional or business relationships of the members, as applicable, of the Board of Directors, General and Supervisory Board and Executive Committee with shareholders with qualified holdings exceeding 2% of voting rights.

Among the members of the Company's Board of Directors, during the year under analysis, the Directors João Nuno de Sottomayor Pinto de Castello Branco, José Miguel Pereira Gens Paredes, Ricardo Miguel dos Santos Pacheco Pires and Vítor Paulo Paranhos Pereira were also Directors of the shareholder SEMAPA.

21. Organisational or functional charts showing the division of powers between the different corporate boards, committees and/or company divisions, including information on delegated powers, in particular with regard to delegation of the daily management of the Company.

➤ ORGANISATIONAL CHART OF COMMITTEES WITHIN THE COMPANY





*** The following changes occurred in 2021**

- Investor Relations division led by Joana Lã until september 2021;
- Setubal Industrial Complex held by José Nordeste until march 2021;
- Aveiro Industrial Complex led by Alexandre Vale until march 2021;
- Environment and Energy division led Oscar Arantes until may 2021;
- Marketing division led by Eduardo Scarlatti until october 2021;
- Logistics division led by João Paulo Oliveira until june 2021;
- Information Systems division led by Mário Roque Póvoa until september 2021;
- New Projects area led by Adriano Silveira since october 2021;
- New Packaging area led by João Paulo Oliveira since 2021

**** On 01/01/2022, the following changes occurred:**

- João Escobar Henriques (Director of Management and Control) transitioned to Pulp Sales;
- Gonçalo Veloso de Sousa (Director of Internal Audit and Risk Management) transitioned to Management and Control;
- Gonçalo Duarte started to lead the Intern Audit and Risk Management Division;
- Dorival Almeida started to lead the Figueira da Foz Industrial Complex;
- Mário França started to lead the Europe Sales Division;
- José Tátá Anjos transitioned to Executive Committee advisor;
- João Paulo Oliveira will lead the International Sales division in 2022;
- The Information Systems Division was integrated in the Digital Technology Division;





- Pedro Matos Silva started to lead the Digital Technology division;
- Legal Services is integrated in the Legal, Compliance & Public Affairs division;
- António Neto Alves started to lead the Legal, Compliance & Public Affairs division;
- António da Cunha Reis started to lead the Legal Services division;
- Vitor Coelho started to lead the Public Affairs division;

***** On 01/02/2022, the following changes occurred:**

- Ricardo Peres started to lead the Human Resources Division;
- Ana Marques started to lead the Compliance division of Legal, Compliance & Public Affairs.

****** Positions held provisionally**



**EXECUTIVE COMMITTEE**

Between 1 January and 31 December 2021, the Executive Committee (which can include three to nine members, in accordance with the articles of association) was composed of six members, who shared among themselves the following list of responsibilities:

António José Pereira Redondo

- Communication and Brand Division
- Risk Management Division
- Talent Management and Organisational Development Division

Adriano Augusto da Silva Silveira

- Environment Division
- Aveiro Industrial Division
- Figueira da Foz Industrial Division
- Setubal Industrial Division
- Central Technical Division

João Paulo Araújo Oliveira

- Logistics Division
- Marketing Division
- Revenue Management Department Division
- Supply Chain Division
- Technical Product Division
- Europe Paper Sales Division
- International Paper Sales Division

João Paulo Cabete Gonçalves Lé

- Wood Supply Division
- Forestry Management Division
- Portucel Mozambique
- Raiz - Forest and Paper Research Institute
- Sustainability Division

José Fernando Morais Carreira de Araújo

- Accounting and Remuneration Division
- Management Control Division
- Financial Division
- Tax Division
- Human Resources Division
- Legal Services Division
- Information Systems Division
- Empremedia - Insurance Brokers
- Investor Relations

Nuno Miguel Moreira de Araújo Santos

- Business Development and New Business Division
- Tissue Sales Division
- Energy
- Tissue Operations Division
- Materials Management Division
- Supply Chain Tissue
- Pulp Sales Division

The following powers are delegated to the Executive Committee:

- To propose the Company's policies, aims and strategies to the Board of Directors;
- To propose to the Board of Directors operating budgets and medium- and long-term investment and development plans, and to implement these once approved;
- To approve budget alterations during the year, including transfers between cost centres not exceeding twenty million euros each year;
- To approve contracts for the acquisition of goods and services of a value each year no greater than twenty million euros;
- 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;
- 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;
- To lease or let any immovable property;
- 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;
- To acquire, dispose of or encumber holdings in other companies, of a value of no more than twenty million euros each year;
- To resolve on executing acquisition and disposal of own shares, when this has been deliberated by the General Meeting, in keeping with the terms of such resolution;

- To manage holdings in other companies, jointly with the Chairman of the Board of Directors, namely by designating, with the agreement of the latter, the representatives in the respective governing bodies, and setting guidelines for the acts of these representatives;
- To enter into, amend and terminate employment contracts;
- To open, transact and close bank accounts;
- To appoint Company attorneys;
- In general, all powers which may lawfully be delegated, with any limitations deriving from the provisions of the preceding paragraphs.

Jointly with the Chairman of the Board of Directors, the Executive Committee may also resolve on the matters indicated in items 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 competence to change any conditions of contracts previously entered into and covered by the aforementioned items c), d), e) and i) will fall to the body or bodies that would be competent to execute them.

The Executive Committee 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 Regulation of the Executive Committee, approved by the Board of Directors, also establishes the performance regime for Executive Directors.

Decisions regarding the definition of the Company's strategy, as well as its general policies and the corporate structure of the Navigator Group, are matters for the Board of Directors, and the Executive Committee does not have delegated powers in this regard. Thus, Non-Executive Directors participate



in the definition of the strategy, main policies, business structure and decisions that should be considered strategic due to their amount or risk, as well as in the assessment of their compliance.

The Company's management is centered on the articulation between the Board of Directors and the Executive Committee.

Coordination and approximation were ensured by the close cooperation developed by the Chairman of the Board of Directors, Eng. João Castelo Branco, with the executive team, by the availability of the members of the Executive Committee for the regular transmission of all relevant or urgent information, or that is requested, regarding the current management of the Company to the non-executive members of the Board of Directors, in order to allow permanent monitoring of corporate life, and by calling meetings of the Board of Directors for all strategic decisions or considered especially relevant, even if these fall within the scope of generally delegated powers, and also by the presence of the Chairman of the Board of Directors in some meetings of the Executive Committee of the Company.

Also, for the other members of the governing bodies, the requested information is provided by the members of the Executive Committee in a timely and appropriate manner.

To ensure a regular transmission of information, the notices and minutes of the respective meetings are available for consultation by the Audit Board. The Company's other committees and governing bodies also ensure, in a timely and appropriate manner and in accordance with the respective operating regulations, the flow of information, namely, through the availability of notices and minutes, under the terms necessary and appropriate to the exercise of legal and statutory powers by the remaining bodies and commissions.

In relation to strategic planning and investment policy, and without prejudice to the portfolio to which

reference is made, it is clarified that it is by nature an area of greater intervention by non-executive members and that had significant involvement by the Chairman of the Board of Directors. Thus, non-executive directors participate in the definition of the strategy, main policies, business structure and decisions that should be considered strategic due to their amount or risk, as well as in the assessment of their compliance.

It is important to mention, in terms of sustainability, the functions of the Sustainability Division which, jointly with those of the different Divisions of the Company and the Sustainability Forum, form several working groups to deal with specific topics, which have been developing their activity under the supervision of Executive Committee and involving all group companies in a transversal way. As a result of this activity, the Company prepares its "Sustainability Report" annually, which, in a consolidated perspective, and in response to the legal requirements introduced by Decree-Law no. 89/2017, of 28 July, contains a detailed analysis of the approach and commitment of the Company to sustainability topics. Thus, and through the observance and implementation of the mentioned strategic principles and in the terms best developed in the referred report, the Company ensures long-term success, and with a significant contribution to the community in general.

At the end of 2018, internal regulations of the Board of Directors and Supervisory Board were reviewed, approved and disclosed, as well as the internal commissions identified below, which contain rules of operation, competence and articulation between the various bodies and commissions. Under the terms of the aforementioned regulations and other applicable rules, the corporate bodies and the other committees of the Company must prepare complete minutes of the respective meetings.

The governing bodies and internal commissions identified above are

required, under their terms, internal operating regulations to make available to each other, under the legally and statutory required terms, all the information and documentation necessary for the exercise of the legal and statutory powers of each of the other bodies and commissions, and the various departments and divisions of the Company must collaborate in the production, treatment and dissemination of said information, in an appropriate, rigorous and timely manner.

The regulations of the Board of Directors and of the Audit Board also establish, in particular, mechanisms that guarantee, within the limits of the applicable legislation and regulations, the access of its members to the Company's Employees and to all information that is necessary for the assessment of the performance, situation and development prospects of the Company, including and without limiting minutes, supporting documentation of the resolutions taken, notices and archives of the meetings of the Board of Directors and the respective Executive Committee, without prejudice to being able to access other documents or people who may be asked for clarification.

It should be noted that the internal regulations of the Board of Directors and the Audit Board were revised in 2020, following the publication of Law no. 50/2020, of 25 August and the revision to the 2018 IPCG Corporate Governance Code that took place in 2020.





B) OPERATION

22. Existence of rules of procedure for the Board of Directors, the General and Supervisory Board and the Executive Committee, as the case may be, and place where these may be consulted.

The Internal Rules of Procedure of the Board of Directors of Navigator are published on the Company's website, in the Investor Relations area, and are therefore freely available for consultation at www.thenavigatorcompany.com/Investidores/Governo-da-Sociedade.

The Internal Rules of Procedure of the Board of Directors govern the exercise of the functions, chairman, frequency of the meetings, functioning and framework of duties of its members.

In accordance with these Rules of Procedure, and the applicable legislation:

- Directors may have access to all Company information and staff for assessing performance, the situation and the outlooks on the development of the Company, including, namely, minutes, documents supporting decisions taken, convening notices and records on the meetings of the Executive Committee, without prejudice to access to all other documents or persons who may be called upon to provide clarifications.
- The Board of Directors must ensure the timely and suitable flow of information, especially regarding the respective calls for meetings and minutes, required for the performance of the functions, determined by law and the bylaws, of each of the remaining corporate bodies and committees.
- Non-executive Directors should participate in the definition, by the managing body, of the strategy, main policies, business structure and decisions that should be deemed strategic for the Company due to their amount, risk or special characteristics as well as in the assessment of the accomplishment of these actions.

The Directors in the Executive Committee may not perform executive functions in entities outside of the Company's group, except if the activity of such entities is deemed to be ancillary or complementary to the group's activity or is not very time-consuming.

The Directors who are not in the Executive Committee may perform management functions (executive or not) in entities outside of the Company's group, where such companies do not carry out activities that compete with that of the Company, or in companies directly or indirectly held by the Company, and the Chairman of the Board of Directors must be notified before the start of such functions.

The following matters may not be generally delegated: a) The definition of the strategy and main policies of the Company, although the Board of Directors may delegate to the Executive Committee the drafting of the preliminary strategic plan and investment policy, subject to the approval of the Board of Directors; b) the organisation and coordination of the business structure; and c) matters that should be considered strategic, by virtue of the amounts involved, the risk, or special characteristics.

The Board of Directors shall evaluate its performance annually, as well as the performance of the Executive Committee and of other Committees and managing directors, if any, taking into account the compliance with the Company's strategic plan and budget, risk management, its internal operation and the contribution of each member to that purpose, and the functioning between the Company's Bodies and Committees, identifying the ways in which such performance may be improved.

23. Number of meetings held and rate of meeting attendance of each member of the Board of Directors, General and Supervisory Board and Executive Committee, as applicable.

During 2021, the Board of Directors held nine meetings, and minutes were prepared. At the eleven meetings held, all of the members of the Board of Directors were present, which corresponds to an 100% attendance level. At the nine meetings held, all members of the Board of Directors were present, which corresponds to an attendance rate of 100%, except for Ricardo Pires and Nuno Santos, who were unable to attend one meeting, and whose absences were duly justified.

Detailed minutes are drawn up for the Board of Directors' meetings, in accordance with its Rules of Procedure.

The number of meetings of the Board of Directors is freely available on the Company's website at www.thenavigatorcompany.com/Investidores/Governo-da-Sociedade.

24. Indication of the company bodies empowered to assess the performance of executive directors.

The Remuneration Committee draws up the Remuneration Policy, which defines how the system will work, and prepares the entire framework for the assessment of the executive directors. The performance assessment of each executive director follows an internal process structured under the leadership of the respective manager (i.e. under the responsibility of the person who chairs the team, in the case of the members of the Executive Committee, and under the responsibility of the Chairman of the Board of Directors, in the case of the Chairman of the Executive Committee) and in which the non-executive directors whom the manager considers pertinent to involve also participate.

The Appointments and Assessment Committee is also involved in this process, currently made up of three non-executive members of the Board of Directors, which is responsible for



monitoring the system for assessing the performance of executive management and for allocating remuneration by the Company, and for pronouncing on proposals for individual performance assessments of executive management, which makes it unnecessary for the Board of Directors to be involved in assessing the performance of executive directors.

Finally, the Remuneration Committee is responsible for confirming, with regard to the performance evaluation, the respective achievement factors and ensuring the overall consistency of the process by setting the variable remuneration.

Therefore, in 2021 and for the financial year of 2020, the Appointments and Assessment Committee pronounced itself on the individual performance proposals of the members of the Executive Committee, issued by the respective Chairman, and of the latter, issued by the Chairman of the Board of Directors, communicating its opinion to the Remuneration Committee.

In turn, and as provided for in the Board of Directors Regulation and in the Remunerations Committee Regulation, the Board of Directors, with the monitoring of the Remunerations Committee, shall assess annually its performance, as well as the performance of its committees, including the Executive Committee, taking into account compliance with the company's strategic plan and budget, risk management, its internal operation and the contribution of each member to this effect, and the relationship between the company's bodies and committees. Under the terms foreseen in the respective regulations, the Appointments and Assessment Committee monitors the overall performance assessment of the Board of Directors.

The evaluation of the executive directors, as well as the self-assessment of the Board of Directors and its committees, took place in 2021 for the performance in 2020 and will take

place in 2022 for the performance in 2021, as described above.

25. Predetermined criteria for assessing the performance of executive directors.

The basic criteria for assessing the performance of executive directors for the 2021-2024 period are those defined in section 7 of chapter IV of the Remuneration Policy for defining the variable component of remuneration. These criteria are implemented through a system of quantitative and qualitative KPIs, related to the performance of the company (general business indicators, with a weight of 65%) and of the director in question (specific objectives, with a weight of 20%, and behavioral indicators, with a weight of 15%). Within the general business indicators, EBITDA, net income, cash flow, and Total Shareholder Return vs. It should be clarified that in the 2020 performance evaluation carried out in 2021, the Total Shareholder Return vs Peers indicator was not yet included in the general business indicators considered for performance evaluation purposes.

In addition to these criteria, in alignment with the commitments assumed by the Company in its sustainability strategy and recognizing the importance of the efficient use of energy and the need to reduce fossil CO₂ emissions from economic activities, the implementation of the corporate program for energy efficiency, approved in 2016, is also considered in the weighting.

26. Availability of each of the members of the Board of Directors, the General and Supervisory Board and the Executive Committee, as the case may be, indicating office held simultaneously in other companies, inside and outside the Group, and other relevant activities carried out by the members of these bodies during the period.

The members of the Board of Directors have the appropriate availability to perform the duties entrusted to them. The Directors' other activities, outside the business group to which Navigator belongs, do not impede their availability for performing their duties within the Navigator Group.

In addition to the activities listed in item 19, the directors also hold corporate office in other companies as detailed below:

**João Nuno de Sottomayor Pinto de Castelo Branco****Offices held in Navigator Group Companies**

- Chairman of the Board of Directors of The Navigator Company, S.A.⁹
- Chairman of the Board of Directors of Bosques do Atlantico, S.L.
- Chairman of the Board of Directors of Navigator Financial Services Spółka Z Ograniczona Odpowiedzialnoscia¹⁰
- Chairman of the Board of Directors of Navigator North America, INC.

Funções desempenhadas em outras sociedades/entidades

- Chairman of the Board of Directors of Aphelion, S.A.¹¹
- Chairman of the Board of Directors of Semapa Next, S.A.¹²
- Member of the General Board of AEM
 - Associação de Empresas Emitentes de Valores Cotados em Mercado
- Member of the Board of Associação Business Roundtable Portugal¹³
- Chairman of BCSD - Conselho Empresarial para o Desenvolvimento Sustentável

- Member of the Governing board of Fórum Para a Competitividade
- Chairman of the Board of Directors of Secil - Companhia Geral de Cal e Cimento, S.A.¹⁴
- Chairman of the Board of Directors of Sodim, SGPS, S.A.¹⁵
- Chairman of the Executive Committee of WBCSD - World Business Council for Sustainable Development

António José Pereira Redondo**Offices held in Navigator Group Companies**

- Chief of the Executive Committee and director of The Navigator Company, S.A.
- Director of Bosques do Atlantico, S.L.
- Chairman of the Board of Directors of Enerpulp - Cogeração Energética de Pasta, S.A.
- Chairman of the Board of Directors of Eucaliptusland - Sociedade de Gestão de Património Florestal, S.A.
- Chairman of the Board of Directors of Navigator Brands, S.A.
- Director of Navigator Deutschland GMBH¹⁶

- Director of Navigator Financial Services Spółka Z Ograniczona Odpowiedzialnoscia¹⁷
- Chairman of the Board of Directors of Navigator International Holding, SGPS, S.A.
- Director of Navigator North America, INC.
- Director of Navigator Paper Austria GMBH¹⁸
- Chairman of the Board of Directors of Navigator Paper Figueira, S.A.
- Director of Navigator Paper México, S. de R.L. de C.V.
- Chairman of the Board of Directors of Navigator Paper Setúbal, S.A.
- Director of Navigator Paper UK Ltd.¹⁹

- Chairman of the Board of Directors of Navigator Parques Industriais, S.A.
- Chairman of the Board of Directors of Navigator Pulp Aveiro, S.A.
- Chairman of the Board of Directors of Navigator Pulp Figueira, S.A.
- Chairman of the Board of Directors of Navigator Pulp Setúbal, S.A.
- Chairman of the Board of Directors of Navigator Tissue Aveiro, S.A.
- Chairman of the Board of Directors of Navigator Tissue Ródão, S.A.

Offices held in other companies/entities

In 2021 he held no positions in other companies/entities.

⁹ Served as Chairman of the Board of Directors until 31 December 2021.

¹⁰ In office until 16 August 2021, date of company liquidation.

¹¹ Office terminated by resignation, effective as from 31 December 2021.

¹² Office terminated by resignation, effective as from 31 December 2021.

¹³ Office terminated by resignation, effective as from 31 December 2021.

¹⁴ Office terminated by resignation, effective as from 31 December 2021.

¹⁵ Office terminated by resignation, effective as from 31 December 2021.

¹⁶ In office until 3 December 2021.

¹⁷ In office until 16 August 2021, date of company liquidation.

¹⁸ In office until 7 December 2021.

¹⁹ In office until 1 January 2021.



Adriano Augusto da Silva Silveira

Offices held in Navigator Group Companies

- Director and member of the Executive Committee of The Navigator Company, S.A.
- Chairman of the Board of Directors of About The Future - Essential Oils, S.A.²⁰
- Director of Enerpulp - Cogeração Energética de Pasta, S.A.
- Director of Eucaliptusland - Sociedade De Gestão de Património Florestal, S.A.

- Director of Navigator Brands, S.A.
- Director of Navigator International Holding, SGPS, S.A.
- Director of Navigator Paper Figueira, S.A.
- Director of Navigator Paper Setúbal, S.A.
- Director of Navigator Parques Industriais, S.A.
- Director of Navigator Pulp Aveiro, S.A.
- Director of Navigator Pulp Figueira, S.A.
- Director of Navigator Pulp Setúbal, S.A.

- Director of Navigator Tissue Aveiro, S.A.
- Director of Navigator Tissue Ródão, S.A.
- Director of RAIZ - Instituto de Investigação da Floresta e Papel

Offices held in other companies/entities

- Director of APIGEE as representative of The Navigator Company, S.A.
- Member of the Consulting Committee of APCER - Associação Portuguesa de Certificação

João Paulo Araújo Oliveira

Offices held in Navigator Group Companies

- Director and member of the Executive Committee of The Navigator Company, S.A.
- Director of Bosques do Atlantico, S.L.
- Director of Enerpulp - Cogeração Energética de Pasta, S.A.
- Director of Eucaliptusland - Sociedade de Gestão de Património Florestal, S.A.
- Director of Navigator Afrique du Nord, SARLAU
- Director of Navigator Brands, S.A.
- Director of Navigator Deutschland GMBH²¹
- General manager of Navigator Egypt (LLC)
- Chairman of the Board of Directors of Navigator Eurasia Kaçit Ve Kaçit Ürünleri Sanayi Ve Ticaret Anonim Şirketi
- Director of Navigator Financial Services Spółka Z Ograniczona Odpowiedzialnoscia²²

- Chairman of the Board of Directors of Navigator France SAS
- Director of Navigator International Holding, SGPS, S.A.
- Chairman of the Board of Directors of Navigator Itália, S.R.L.
- Chairman of the Board of Directors of Navigator Middle East Trading DMCC
- Chairman of the Board of Directors of Navigator Netherlands B.V.
- Director of Navigator North America, INC.
- Director of Navigator Paper Austria GMBH²³
- Chairman of the Board of Directors of Navigator Paper España S.A.
- Director of Navigator Paper Figueira, S.A.
- Director of Navigator Paper Setúbal, S.A.
- Director of Navigator Paper UK Ltd.²⁴
- Director of Navigator Parques Industriais, S.A.

- Chairman of the Board of Directors of Navigator Poland Paper Spółka Z Ograniczoną Odpowiedzialnością
- Director of Navigator Pulp Aveiro, S.A.
- Director of Navigator Pulp Figueira, S.A.
- Director of Navigator Pulp Setúbal, S.A.
- Chairman of the Board of Directors of Navigator Rus Company LLC²⁵
- Director of Navigator Tissue Aveiro, S.A.
- Director of Navigator Tissue Ródão, S.A.

- Director of RAIZ - Instituto de Investigação da Floresta e Papel

Offices held in other companies/entities

- Member of the General Board of CELPA - Associação da Indústria Papeleira, as representative of Navigator Paper Setúbal, S.A.
- Member of the General Board of Aveiro University
- Member of the Consulting Committee AICEP
- Member of the Supervisory Committee of Fraunhofer Institute em Portugal

²⁰ In office until 28 December 2021, date of merger of the company in Raiz Ventures, S.A.

²¹ Start of the term of office on 3 December 2021.

²² In office until 16 August 2021, date of company liquidation.

²³ Start of the term of office on 7 December 2021.

²⁴ Start of the term of office on 1 January 2021.

²⁵ In office until 2 August 2021, date of company liquidation.



**Offices held in Navigator Group Companies**

- Director and member of the Executive Committee of The Navigator Company, S.A.
- Chairman of the Board of Directors of Atlantic Forests - Comércio de Madeiras, S.A.
- Director of Enerpulp - Cogeração Energética de Pasta, S.A.
- Director of Eucaliptusland - Sociedade de Gestão de Património Florestal, S.A.
- Director of Navigator Abastecimento De Madeira, ACE
- Director of Navigator Africa, S.R.L.
- Director of Navigator Brands, S.A.

Offices held in Navigator Group Companies

- Director and member of the Executive Committee of The Navigator Company, S.A.
- Director of Bosques do Atlantico, S.L.
- Director of Empremedia Designated Activity Company²⁸
- Director of Empremedia Re Designated Activity Company²⁹
- Director of Enerpulp - Cogeração Energética de Pasta, S.A.
- Director of Eucaliptusland - Sociedade de Gestão de Património Florestal, S.A.
- Director of Navigator Africa, S.R.L.
- Director of Navigator Afrique du Nord, SARLAU
- Director of Navigator Brands, S.A.
- Director of Navigator Deutschland GMBH
- Director of Navigator Egypt (LLC)³⁰
- Vice-Chairman of the Board of Directors of Navigator Eurasia Kağıt Ve Kağıt Ürünleri Sanayi Ve Ticaret Anonim Şirketi

João Paulo Cabete Gonçalves Lé

- Chairman of the Board of Directors of Navigator Forest Portugal, S.A.
- Director of Navigator International Holding, SGPS, S.A.
- Director of Navigator Paper Figueira, S.A.
- Director of Navigator Paper Setúbal, S.A.
- Director of Navigator Parques Industriais, S.A.
- Director of Navigator Pulp Aveiro, S.A.
- Director of Navigator Pulp Figueira, S.A.
- Director of Navigator Pulp Setúbal, S.A.
- Director of Navigator Tissue Aveiro, S.A.
- Director of Navigator Tissue Ródão, S.A.
- Chairman of the Board of Directors of²⁶ and Director²⁷ of Portucel Moçambique - Sociedade de

Desenvolvimento Florestal e Industrial, S.A.

- Chairman of the Board of Directors of RAIZ - Instituto de Investigação da Floresta e Papel
- Chairman of the Board of Directors of Sociedade de Vinhos da Herdade de Espirra - Produção e Comercialização de Vinhos, S.A.
- Chairman of the Board of Directors of Viveiros Aliança - Empresa Produtora de Plantas, S.A.

Offices held in other companies/entities

In 2021 he held no positions in other companies/entities.

José Fernando Morais Carreira de Araújo

- Director of Director of Navigator Financial Services Spółka Z Ograniczona Odpowiedzialnoscia³¹
- General Director of Navigator France SAS
- Director of Navigator International Holding, SGPS, S.A.
- Director of Navigator Itália, S.R.L.
- Director of Navigator Middle East Trading DMCC
- Director of Navigator Netherlands B.V.
- Director of Navigator North America, INC.
- Director of Navigator Paper Austria GMBH
- Director of Navigator Paper España S.A.
- Director of Navigator Paper Figueira, S.A.
- Director of Navigator Paper México S. de R.L. de C.V.
- Director of Navigator Paper Setúbal, S.A.
- Director of Navigator Paper UK Ltd.
- Director of Navigator Parques Industriais, S.A.

- Director of Navigator Poland Paper Spółka Z Ograniczoną Odpowiedzialnością
- Director of Navigator Pulp Aveiro, S.A.
- Director of Navigator Pulp Figueira, S.A.
- Director of Navigator Pulp Setúbal, S.A.
- Director of Navigator Rus Company LLC³²
- Director of Navigator Tissue Aveiro, S.A.
- Director of Navigator Tissue Iberica, S.A.
- Director of Navigator Tissue Ródão, S.A.
- Director of Portucel Moçambique - Sociedade de Desenvolvimento Florestal e Industrial, S.A.

Offices held in other companies/entities

- Chairman of the General Meeting of CELPA - Associação da Indústria Papeleira.
- Director of AFP - Associação Fiscal Portuguesa
- Member of the Audit Board of the Statutory Auditors Association

²⁶ Start of term of office on 11 March 2021.

²⁷ In office until 11 March 2021.

²⁸ In office until 7 October 2021.

²⁹ Start of term of office on 11 March 2021.

³⁰ Start of term of office on 18 August 2021.

³¹ In office until 16 August 2021, date of company liquidation.

³² In office until 2 August 2021, date of company liquidation.



Nuno Miguel Moreira de Araújo Santos

Offices held in Navigator Group Companies

- Director and member of the Executive Committee of The Navigator Company, S.A.
- Director of Bosques do Atlantico, S.L.
- Director of Enerpulp - Cogeração Energética de Pasta, S.A.
- Director of Eucaliptusland - Sociedade de Gestão de Património Florestal, S.A.
- Chairman of the Board of Directors of Navigator Africa, S.R.L.
- Director of Navigator Brands, S.A.
- Director of Navigator Financial Services Spółka Z Ograniczona Odpowiedzialnoscia³³

- Director of Navigator International Holding, SGPS, S.A.
- Director of Navigator North America, Inc.
- Director of Navigator Paper Figueira, S.A.
- Director of Navigator Paper Setúbal, S.A.
- Director of Navigator Parques Industriais, S.A.
- Director of Navigator Pulp Aveiro, S.A.
- Director of Navigator Pulp Figueira, S.A.
- Director of Navigator Pulp Setúbal, S.A.
- Director of Navigator Tissue Aveiro, S.A.
- Chairman of the Board of Directors of Navigator Tissue Iberica, S.A.
- Director of Navigator Tissue Ródão, S.A.

- Chairman of the Board of Directors of Portucel Moçambique - Sociedade de Desenvolvimento Florestal e Industrial, S.A.³⁴
- Chairman of the Board of Directors of Pulpchem Logistics, ACE
- Director of RAIZ - Instituto de Investigação da Floresta e Papel

Offices held in other companies/entities

- Member of the General Board of CELPA - Associação da Indústria Papeleira, as representative of Navigator Forest Portugal, S.A. and Navigator Pulp Aveiro, S.A.

Manuel Soares Ferreira Regalado

Offices held in Navigator Group Companies

- Director of The Navigator Company, S.A.

Offices held in other companies/entities

In 2021 he held no positions in other companies/entities.

Maria Teresa Aliu Presas

Offices held in Navigator Group Companies

- Director of The Navigator Company, S.A.

Offices held in other companies/entities

- Director of World Bioeconomy Forum.

- Senior consultant at Magellan Association.

Mariana Rita Antunes Marques dos Santos

Offices held in Navigator Group Companies

- Director of The Navigator Company, S.A.

Offices held in other companies/entities

- Director of NBC Medical, S.A.³⁵

³³ In office until 16 August 2021, date of company liquidation.

³⁴ In office until 11 March 2021.

³⁵ In office until 8 July 2021.



**Offices held in Navigator Group Companies**

- Director of The Navigator Company, S.A.

Offices held in other companies/entities

- Chairman of the Board of Directors of Moldin, S.A.
- Chairman of the Board of Directors of Barbosa & Almeida, SGPS, S.A.
- Chairman of the Board of Directors of BA Vidro II, SGPS, S.A.

Offices held in Navigator Group Companies

- Director of The Navigator Company, S.A.³⁶

Offices held in other companies/entities

- Chairman of the Board of Directors of Abapor - Comércio e Indústria de Carnes, S.A.
- Director of Aphelion, S.A.³⁷
- Director of CIMO - Gestão de Participações, SGPS, S.A.

Sandra Maria Soares Santos

- Chairman of the Board of Directors of BA Glass Packaging, S.A.
- Director of Artividro, Lda.
- Director of BA Glass I - Serviços de Gestão e Investimentos, S.A.
- Director of BA Glass Portugal, S.A.
- Chairman of the Board of Directors of BA Glass Spain, S.A.U.
- Chairman of the Board of Directors of BA - Vidrio Distribución y Comercialización de Envases de Vidrio, S.A.
- Chairman of the Board of Directors of Minas de Valdeastillo, S.A.U.
- Director of BA Glass Germany, GmbH.
- Director of BA Glass Poland, Sp. z.o.o.
- Chairman of the Board of Directors of BA Glass Bulgaria, S.A.
- Chairman of the Board of Directors of BA Glass Romania, S.A.

Ricardo Miguel dos Santos Pacheco Pires

- Director of Biological - Gestão de Resíduos Industriais, Lda.
- Chairman of the Board of Directors of ETSA Log, S.A.
- Chairman of the Board of Directors of ETSA - Investimentos, SGPS, S.A.
- Chairman of the Board of Directors of I.T.S. - Indústria Transformadora de Subprodutos, S.A.
- Chairman of the Board of Directors of Sebol - Comércio e Indústria de Sebo, S.A.
- Director of Semapa Inversiones, S.L.
- Chairman of the Executive Committee of Semapa Next, S.A.³⁸
- Director of Pyrus Agricultural LLC
- Director of Pyrus Investments LLC
- Director of Pyrus Real Estate LLC
- Director of Secil - Companhia Geral de Cal e Cimento, S.A.³⁹
- Director of Sodim, SGPS, S.A.
- Director and member of the Executive Committee of Semapa - Sociedade de Investimento e Gestão, SGPS, S.A.⁴⁰
- Director of Upsis, S.A.

³⁶ Serves as Chairman of the Board of Directors since 1 January 2022.

³⁷ Was appointed Chairman of the Board of Directors from 1 January 2022.

³⁸ Until 2 August 2021, served as Executive Director, and after that date until 31 December 2021, as Chairman of the Executive Committee, having ceased to perform these duties as of 1 January 2022 and been appointed, on that date, as Chairman of the Board of Directors.

³⁹ Serves as Chairman of the Board of Directors since 1 January 2022.

⁴⁰ Serves as Chairman of the Executive Committee since 1 January 2022.



Vítor Paulo Paranhos Pereira

Offices held in Navigator Group Companies

- Director of The Navigator Company, S.A.

Offices held in other companies/entities

- Director of Aphelion, S.A.
- Director of Antasobral - Sociedade Agropecuária, S.A.
- Director of Capital Hotels - Sociedade de Investimentos e Gestão, S.A.
- Chairman of the Board of Directors of Celcimo, S.L.⁴¹

- Director of CIMO - Gestão de Participações, SGPS, S.A.
- Chairman of the Board of Directors of Galerias Ritz, S.A.
- Director of Hotel Ritz, S.A.
- Chairman of the Board of Directors of Parque Ritz, S.A.
- Director of Secil - Companhia Geral de Cal e Cimento, S.A.
- Chairman of the Board of Directors of Semapa Inversiones, S.L.

- Director and member of the Executive Committee of Semapa - Sociedade de Investimento e Gestão, SGPS, S.A.
- Director of Sodim, SGPS, S.A.
- Director of Sociedade Agrícola da Herdade dos Fidalgos, Unip., Lda
- Chairman of the Board of Directors of Sonagi, SGPS, S.A.
- Chairman of the Board of Directors of Sonagi - Imobiliária, S.A.
- Chairman of the General Meeting of Associação da Hotelaria de Portugal

Vítor Manuel Rocha Novais Gonçalves

Offices held in Navigator Group Companies

- Director of The Navigator Company, S.A.

Offices held in other companies/entities:

- Director of Beldevelopment, S.A.
- Director of Extrasearch, SGPS, S.A.
- Director of Euromidlands - Sociedade Imobiliária, Lda.

- Director of Magalhães e Gonçalves - Consultoria e Gestão, Lda.
- Director of Prudentarbítrio, Lda.
- Director of Qualquer Ponto - Sociedade Imobiliária, Lda.
- Director of Qualquer Prumo - Sociedade Imobiliária, Lda.
- Director of Terraponderada, Lda.
- Director of Semapa - Sociedade de Investimento e Gestão, SGPS, S.A.

- Director of Vanguardintegral, Lda.
- Director of VRES - Vision Real Estate Solutions, S.A.
- Director of Zoom Investment, SGPS, S.A.
- Director of Zoom Investment Turismo, S.A.
- Director of 2For Venture, SGPS, S.A.

⁴¹ Ceased his duties due to the dissolution and liquidation of this company on 23 December 2021.





C) COMMITTEES BELONGING TO THE MANAGEMENT OR SUPERVISORY BODIES AND MANAGING DIRECTORS

27. Identification of committees set up by the Board of Directors, the General and Supervisory Board and the Executive Committee, as the case may be, and place where the rules of procedure may be consulted.

The following committees report to the Company's Board of Directors:

- Executive Committee
- Corporate Governance Committee
- Sustainability Forum
- Pension Fund Supervisory Board
- Property Risks Analysis and Monitoring Committee
- Ethics Committee
- Environmental Board (instituted by the Articles of Association)
- Appointments and Appraisals Committee

The Operating Rules of these Committees make reference to their respective powers, presidency, meeting frequency, functioning and duties of the members, with detailed minutes of their meetings drawn up, available at the Company's website at www.thenavigatorcompany.com/Investidores/Governo-da-Sociedade.

The composition and number of annual meetings of internal committees are published at the Company's website at www.thenavigatorcompany.com/Investidores/Governo-da-Sociedade.

In accordance with their respective Operating Rules, Internal Committees must ensure a timely and adequate flow of information, from their respective meeting notices and minutes, as required to exercise the powers under the law and Articles of Association of each of the remaining boards and committees.

28. Composition, if applicable, of the Executive Committee and/or identification of the Managing Director(s).

On 31 December 2021, the Executive Committee comprised the following Directors:

Chairman

- António José Pereira Redondo

Members

- Adriano Augusto da Silva Silveira
- João Paulo Araújo Oliveira
- João Paulo Cabete Gonçalves Lé
- José Fernando Morais Carreira de Araújo
- Nuno Miguel Moreira de Araújo Santos

29. Indication of the powers of each of the committees created and summary of the activities carried on the exercise of these responsibilities.

EXECUTIVE COMMITTEE

The powers of the Executive Committee are described in item 21 of this report.

The Executive Committee is the Company's executive management body and has performed its duties by exercising the powers entrusted to it by the Board of Directors. This Committee meets regularly and whenever required by the evolution of the Company's affairs and to monitor its business activities; a total of 47 meetings were held in 2021. In addition to the members of the Executive Committee, whenever the matters so justify, Non-Executive Directors and Group Companies are present at these meetings and members of the various Navigator Boards.

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee comprises of three members: Mariana Marques dos Santos, Manuel Regalado and António Neto Alves.

The Corporate Governance Committee, in addition to monitoring, on a continuous basis, the Company's

compliance with the provisions of the law, regulations and articles of association applicable to corporate governance, is responsible for the critical analysis of the Company's practices and conduct in the field of corporate governance, and for the initiative of proposing for debate, amendment and introducing new procedures designed to improve the structure and governance of the Company. The Corporate Governance Committee is also required to assess annually the corporate governance status of the Company and submit to the Board of Directors any proposals as it sees fit.

In 2021, in addition to the work and current communications carried out by telematic means, the Committee held three meetings in which the following topics were analysed:

- Analysis of the Corporate Governance Report for 2020;
- Analysis and response to a communication addressed to the Corporate Governance Committee by a shareholder of the Company;
- Analysis of the assessment of compliance with the Corporate Governance Code of the Portuguese Corporate Governance Institute ("Instituto Português de Corporate Governance", "IPCG") conducted by the Executive Committee for Follow-Up and Monitoring ("Comissão Executiva de Acompanhamento e Monitorização", "CEAM"), with reference to the period of 2020;
- Preparation of a Proposal, to be submitted to the Audit Board and the Board of Directors, regarding the revision of the Regulation on Conflicts of Interest and Related Party Transactions, following the monitoring and assessment of the degree of compliance with the Corporate Governance Code by the Company.

Accordingly, the Corporate Governance Committee carried out its oversight and corporate governance assessment activities throughout the financial year and participated actively in drafting the Annual Corporate Governance Report, for which it



obtained the necessary information, particularly by its member António Neto Alves, who is the Company's General Counsel.

SUSTAINABILITY FORUM

In recognition of the fundamental role of sustainability in its strategic development, in 2015 the Navigator Group created the Sustainability Forum.

The main aim of the Forum is to allow the Navigator Group to work hand-in-hand with experts and leaders within its sphere of activity, from NGOs and universities to social organisations as well as clients and suppliers.

It is an initiative aimed at strengthening dialogue with its main stakeholders, encouraging proactive listening and discussion on topics relevant to the Company and to society.

In general, the Sustainability Forum meets twice per year: one session dedicated to Permanent Members, and another session extended to various stakeholders. The extended sessions have a core topic to be discussed and explored in greater depth, helping to shape corporate and strategic policies on matters involving social and environmental responsibility, thereby enabling platforms of understanding and cooperation between the Navigator Group and its main stakeholders.

The Sustainability Forum comprises External Members and Internal Members from the Navigator Group, and is chaired by the Chief Executive Officer, António Redondo, with Manuel Regalado as General Secretary.

Internal members are António Redondo (Chairman of the Executive Committee), Adriano Silveira, João Paulo Oliveira, João Lé, Fernando Araújo, and Nuno Santos (members of the Executive Committee), Manuel Regalado (member of the Board of Directors and Secretary General), Teresa Presas (member of the Board of Directors), and Maria da Conceição Cunha, Casimiro Pio, Margarida Tomé, and Joaquim Poças Martins, of the Environmental Board.

The following relevant personalities linked to the activities of the

Company's main stakeholders are external members of the Sustainability Forum: Cristina Tomé, Filipe Duarte Santos, Francisco Gomes da Silva, José Júlio Norte, Luís Neves da Silva, Manuel Martins, Rosário Alves, Sofia Crisóstomo Silva, Vítor Bento and Winfried Brüeggmann.

Two sessions of the Sustainability Forum were held in 2021, one internal, aimed at permanent members of the Forum (internal and external), and the other external, with participation by a wide range of the Company's stakeholders.

The internal session, held in May 2021, involved debate on Agenda 2030 and Navigator's sustainability reporting, in addition to reflection on the theme of the Forum's external session, held in Torres Vedras in October 2021, devoted to the topic of "Dynamic Forest Protection".

PENSION FUND SUPERVISORY COMMITTEE

The Committee's responsibilities include checking compliance with the rules applicable to the pension plan and to the management of the respective pension fund, issuing opinions on proposals for transferring management and other significant changes in the contractual arrangements for the fund and its management, and on the winding up of the pension fund or of part thereof.

In the beginning of 2021, the Pension Fund Supervisory Committee, appointed in 2019. Had three representatives of the Company: Manuel Arouca, António Cunha Reis and João Ventura, and two representatives of the fund beneficiaries, João Manuel Nunes de Oliveira and António Tavares Melo.

This Committee met on March 18, 2021 to discuss, among other matters, Law 27/2020 of July 23, which introduced various alterations to the Legal Regime of Pension Funds, namely with regard to the composition of the Supervisory Committee, which, in addition to the two representatives of the Fund's participants and

beneficiaries, now also includes the participation of two representatives indicated by the Company's two most significant unions, and a representative of the Workers' Commission.

Following this legislative change, a new Supervisory Committee was appointed, consisting of 6 representatives of the Company (Manuel Arouca, António Cunha Reis, João Ventura, Alexandre Vale, Ana Duarte Ferreira and Teresa Valdez), two representatives of the participants (João Manuel Nunes de Oliveira and António Tavares Melo) and one representative of the Workers' Commission (Ricardo David Gomes Arede). The unions have not yet nominated any representatives.

This new Commission met on December 13, 2021, to take office and discuss several topics related to the Pension Fund.

PROPERTY RISKS ANALYSIS AND MONITORING COMMITTEE

The Company has a Property Risks Analysis and Monitoring Committee, coordinated by the directors responsible for financial affairs, risk and assets, Fernando Araújo and Adriano Silveira, respectively. The Committee also comprises of the Plant Managers, who during 2021 were Alexandre Vale, Pedro Matos Silva, António Estudante de Oliveira and Joaquim Belfo, the Financial Director, Manuel Arouca, the Risk Management Director, Gonçalo Monteiro Duarte, and the Management Control Director, Gonçalo Veloso de Sousa. Meetings have also been regularly attended by Alexandra Fernandes, the manager responsible for operations at Empremédia.

This Committee meets whenever necessary to give its opinion on systems for preventing property risk in effect at the Company, mainly measures taken to address recommendations from inspections performed by reinsurers, as well as give its opinion on the suitability of the scope, type of coverages and insured values purchased by the Navigator Group; to discuss and issue opinions





or recommendations on policies, procedures, significant risks, risk limits and extraordinary situations in terms of property risk; and to monitor and keep track of the most significant risks involving property, in close connection with the risk governance system in effect at the Navigator Group.

During 2021, the Property Risks Analysis and Monitoring Committee held a meeting on June 29, to examine a number of issues, including: a progress report on recommendations following the 2021 risk analysis and pending recommendations from previous years; identification and quantification of claims over the last ten years (2010-2021); consideration of Navigator's risk retention policy for 2022; capital to be insured in 2022, Gross Profit Insured in 2021 and estimates for 2022; and Calculation of the Estimated Maximum Loss (PML).

ETHICS COMMITTEE

Following the elaboration and approval of the Code of Ethics by the Executive Committee during 2010, the Ethics Committee was created, which annually produces a report on compliance with the rules contained in the Code of Ethics. This report should explain all irregular situations that the Committee is aware of, as well as the conclusions and proposals for follow-up that it has adopted in the various cases analysed.

The Ethics Committee is responsible for monitoring the Company's bodies with impartiality and independence in the disclosure and compliance with the Code of Ethics in all companies of the Navigator Group.

In carrying out its duties, the Ethics Committee is especially responsible for:

- a) Verifying that the Code of Ethics and Conduct is integrated in the company's usual internal control systems, namely within the scope of the Risk Management Department (DGR);

- b) Assessing the conclusions that the DGR draws from any audits that it carries out within the scope of topics covered by the Code of Ethics and Conduct;
- c) Ensuring the functioning of a mechanism for reporting violations of the Code of Ethics and Conduct, as part of the scope of the irregularity reporting mechanism in force in the Group;
- d) Assessing and evaluating any situation that may arise regarding the fulfilment of the precepts included in the Code of Ethics and Conduct in which a member of a corporate body is covered;
- e) Submitting to the Corporate Governance Committee the adoption of any measures it deems convenient in this area, including the review of internal procedures;
- f) Submitting to the Board of Directors, if deemed necessary, proposals for changes to the Group's Code of Ethics and Conduct;
- g) Preparing an annual report on its performance in compliance with the rules contained in the Code of Ethics and Conduct in the Group's companies.

The Ethics Committee includes three members, Henrique Trocado, Rui Gouveia and Jaime Falcão.

Three meetings were held, at which the activities carried out in 2020 and 2021 were reviewed, as were the main issues which have been reported and raised under the Company's Code of Ethics and Conduct and the Company's Irregularities' Reporting System, in Portugal and abroad, and the functioning and mode of operation of the same were debated. The report on the Ethics Committee's activities during the year ended December 31, 2020 was also discussed and approved.

ENVIRONMENTAL BOARD

In view of the specific nature of the Group's business and the corresponding environmental concerns,

in 2008 the Board of Directors decided to set up an Environmental Board to monitor and issue its opinion on environmental aspects of the Company's operations, and to make recommendations concerning the environmental impact of its main projects, paying special attention to legal requirements, licensing terms and the Navigator Group's policy in this area.

The Environmental Board is currently comprised of four members: Maria da Conceição Cunha (Chairperson)⁴², Casimiro Pio, Maria Margarida Tomé and Joaquim Poças Martins, all independent academic personalities of known scientific and technical expertise, particularly in the most important domains of the environmental concerns of the Navigator Group as it is currently configured.

The Environmental Board is in direct contact with the Navigator Group's business world through meetings held at its industrial facilities, main forest plantations and its research institute, "RAIZ".

In the course of 2021, the Environmental Board held two meetings, where the following topics were addressed:

- a) Environmental Issues - Overview of compliance with legal obligations;
- b) Navigator's decarbonization plan - Replacement of oil-fired boilers NPS1 in Setubal;
- c) Circular Economy - EDM Project; Application of Tecnosolos;
- d) Conservation of Biodiversity at Navigator - recent projects;
- e) Study of Effluent Dispersion in the Sado Estuary;
- f) Environmental situation - Overview of compliance with legal obligations;
- g) Energy situation and impact on Navigator;
- h) PRR, applications in the scope of the mobilizing agendas;
- i) Eucalyptus and water: case studies in Navigator's watersheds.

⁴² Position held since Prof. Fernando Santana passed away on January 2021.



REMUNERATION COMMITTEE

The remuneration assignment process, which is monitored by the Nomination and Appraisals Committee, is in particular the responsibility of the Remuneration Committee existing in the Company, created under article 399 of the Portuguese Companies Code.

Until the date of entry into force of Law no. 50/2020, of 25 August, the Remuneration Committee drew up annually - which happened in 2020 - the statement on the remuneration policy for the members of the management and supervisory bodies. After the entry into force of the referred Law, this Committee has the functions to prepare the remuneration policy for the members of the management and supervisory bodies and to carry out all the work of analyzing and fixing the remuneration of the directors.

The Remuneration Committee participates, equally and actively, in the performance evaluation, and it is responsible for carrying out all work concerning analyses and setting Directors' remuneration, in particular setting the variable remuneration of the Executive Directors.

In 2020, the Committee is composed of three members, namely José Gonçalo Maury, Joao Moreira Rato and João Vicente Ribeiro.

Over the course of 2021, and in keeping with its responsibilities, the Remuneration Committee held three meetings at which various matters relating to the remuneration of the corporate bodies were discussed, the Remuneration Policy was approved, designed to be in force for a period of 4 years (2021-2024), and the setting of the variable remuneration to be attributed to the executive directors with respect to 2020 was deliberated.

In order to provide information or clarifications to the shareholders, the members of the Remuneration Committee are present at the annual General Meeting and in any others if the respective agenda includes a matter related to the remuneration of the

members of the bodies and committees of the Company or if such presence has been required by shareholders.

Within the budgetary limitations of the Company, the Remuneration Committee can freely decide whether to hire, through the Company, the necessary or convenient consultancy services to perform its functions.

The Remuneration Committee must ensure that the services are provided independently and that the respective providers are not contracted to provide any other services to the Company itself or to others that are in a controlling or group relationship without the express authorisation of the Committee.

APPOINTMENTS AND APPRAISALS COMMITTEE

In 2018, the Company established an Appointments Committee. In 2019, the Committee's powers were extended, as described below, and its designation changed to the Appointments and Appraisals Committee.

This Committee is composed of three to seven members, including a majority of Directors who do not perform executive functions, one of whom will be Chairman, appointed by the Board of Directors, for a period of four years, coinciding with the mandate of the Board of Directors.

In 2020, this Committee integrated four members: João Nuno de Sottomayor Pinto de Castello Branco (Presidente)⁴³, Ricardo Miguel dos Santos Pacheco Pires, Mariana Rita Antunes Marques dos Santos and Vítor Paulo Paranhos Pereira.

In accordance with its Internal Regulations, the Appointments and Appraisals Committee is responsible for monitoring and supporting the appointments of management officers of the Company and the Navigator Group, as well as assessing the performance of the same management staff.

In the performance of its duties, and without prejudice to other powers attributed to it by the Company's Board of Directors, the Appointments and Appraisals Committee is particularly responsible for the governing bodies:

(a) In terms of appointments:

- i. Assist the Board of Directors in identifying and assessing the adequacy of the profile, knowledge, and curriculum of members of the governing bodies to be designated, namely, the appointment by co-option for the performance of functions of member of the Board of Directors of the Company, as well as, in the choice of administrators who will perform executive functions;
- ii. Make its terms of reference available and induce, to the extent of its competencies, transparent selection processes that include effective mechanisms for identifying potential candidates, through which the ones with the greatest merit are selected, that are best suited to the job requirements and promote, within the organisation, adequate diversity including gender;
- iii. Make its terms of reference available and induce, to the extent of its competencies, transparent selection processes that include effective mechanisms for identifying potential candidates, through which the ones with the greatest merit are selected, that are best suited to the job requirements and promote, within the organisation, adequate diversity including gender.

(b) In terms of appraisals:

- i. To monitor the management's performance evaluation and remuneration attribution system;
- ii. To comment on the proposals for individual annual performance evaluation of the members of the Executive Committee, issued

⁴³ In office until 31 December 2021.





- by the respective Chairman, and on the latter, issued by the Chairman of the Board of Directors;
- iii. To monitor the overall assessment of the performance of the Board of Directors, as a body, taking into account compliance with the Company's strategic plan and budget, risk management, its internal functioning and the contribution of each member.

In addition to other functions that are expressly assigned to it by the Board of Directors, the Appointments and Appraisals Committee is responsible, especially with regard to the remaining management staff, to:

- a) Monitor and issue recommendations on the Group's internal talent management policies and procedures;
- b) Periodically assess the need and availability of talent at the

Group level and recommend appropriate actions to ensure the Group's capacity to respond to the challenges that arise, namely to monitor and issue recommendations on internal policies and procedures related to selection, hiring, remuneration, evaluation remuneration and incentives policies, as well as the succession plan for management staff, and formulate the recommendations that it considers appropriate.

The Committee is also responsible for talent management, particularly with respect to senior management: (i) monitor and make recommendations on the Group's internal talent management policies and procedures and (ii) periodically assess the need for and availability of talent at the Group level and recommend appropriate actions to ensure the Group's ability to respond to the challenges that arise.

By virtue of the members who comprise it and their competencies, in matters of remuneration, performance evaluation and appointments, the existence of this Committee reflects adherence to Recommendation III.9 of the IPCG Corporate Governance Code.

In view of its responsibilities, in early 2021, the Appointments and Evaluation Committee held a meeting in which a proposal for an evaluation model and variable remuneration of the executive directors for 2021 was discussed, including (a) different models and risks that may be associated, (b) the weighting of different general indicators, specific objectives, behavioral indicators and bonus factor, and (c) general indicators such as EBITDA, net income, cash flow and TSR vs Peers, pillars and weightings.

III. AUDITING

(Audit Board, Audit Committee or General and Supervisory Board)

A) COMPOSITION*

30. Identification of the supervisory body (Supervisory Board, Audit Committee or General Supervisory Board) corresponding to the model adopted.

Under the single-tier management model adopted, the Company's supervisory body is the Audit Board.

31. Composition, as applicable, of the Supervisory Board, the Audit Committee, the General and Supervisory Board or the Committee for Financial Affairs, indicating the minimum and maximum numbers of members and duration of their term of office, as established in the Articles of Association, number of full

members, date of first appointment and end date of the term of office of each member; reference may be made to the item in the report where this information is contained in accordance with paragraph 18.

Chairman

- José Manuel Oliveira Vitorino

Full Members

- Gonçalo Nuno Palha Gaio Picão Caldeira

- Maria da Graça Torres Ferreira da Cunha Gonçalves

Alternate Member

- Ana Isabel Moraes Nobre de Amaral Marques

Under the Articles of Association, the Company's Audit Body comprises of three full members, one of whom is Chairman, and two alternate members, elected by the General Meeting for a four-year term.

The current members of the Audit Board were appointed for the current

term, from 2019 to 2022, at the General Meeting held on 9 April 2019, at which the members of Navigator's governing bodies were elected.

José Manuel Oliveira Vitorino was initially elected as alternate member on 29 April 2015. On 2 July 2015, he took the position of full member of the Audit Board for the 2015-2018 term in office, replacing full member Duarte Nuno d'Orey da Cunha, following his resignation.

At the ordinary General Meeting of 19 April 2016, José Manuel de Oliveira Vitorino was appointed as a full member of the Supervisory Board, until the end of the current term in office of the other members of statutory bodies. However, since the composition of Navigator's Audit Board and its majority shareholder Semapa - Sociedade de Investimento e Gestão, SGPS, S.A. have been coinciding; since an election was held in 2018 for

* During the reference year.



the 2018-2022 term in office of the Semapa Audit Board, thereby changing its composition; and given the intent expressed by the Chairman of the Audit Board, Miguel Camargo de Sousa Eiró, to also resign from Navigator in the General Meeting of 23 May 2018, José Manuel Oliveira Vitorino, previously a full member of the Audit Board, was appointed Chairman of the Audit Board until the end of the current term in office of other members of statutory bodies. He was elected Chairman of the Audit Board on 9 April 2019 for the term of 2019 to 2022.

Gonçalo Nuno Palha Gaio Picão Caldeira was elected as a full member of the Audit Board for the first time with effect as from the start of the term running from 2007 to 2010 and was re-elected for the terms from 2011 to 2014, 2015 to 2018 and 2019 to 2022.

Maria da Graça Torres Ferreira da Cunha Gonçalves was appointed as full member of the Audit Board in the General Meeting on 23 May 2018, until the end of the current term in office of the other members of statutory bodies, having been re-elected for the 2019-2022 term.

Ana Isabel Moraes Nobre de Amaral Marques was appointed as alternate member of the Supervisory Board on 19 April 2016, until the end of the current term in office of the other members of statutory bodies, having been re-elected for the 2019-2022 term.

The Company believes that the number of members of the Supervisory Board is perfectly adequate in view of its size and the complexity of risks inherent to its activity, efficiently ensuring the duties entrusted to them. This suitability judgment took into account, in particular, the activities of the Company, the stability of the shareholder structure, as well as the set of diversified skills and the availability of the members of the Audit Board to carry out their duties, namely, through close collaboration with the remaining bodies and commissions of the Company and the External Auditor and Statutory Auditor.

32. Identification, as applicable, of the members of the Audit Board, the Audit Committee, the General and Supervisory Board or the Committee for Financial Affairs who are deemed independent, in accordance with article 414 (5) of the Companies Code; reference may be made to the item in the report where this information is contained in accordance with item 19.

The members of the Audit Board José Manuel Oliveira Vitorino (Chairman) and Maria da Graça Torres Ferreira da Cunha Gonçalves are considered by Navigator to be independent, in the light of the criteria laid down in Article 414 no. 5 of the Companies Code, with the former serving his second term in office and the latter her first.

As a result of the appointment of Gonçalo Nuno Palha Gaio Picão Caldeira at the Annual General Meeting of May 24, 2018 for a fourth term in office as a member of the Audit Board, he became a non-independent member of the said corporate body, as is clear from the application of Article 414.5(b) of the Companies Code.

33. Professional qualifications, as applicable, of each of the members of the Audit Board, the Audit Committee or the General and Supervisory Board or the Committee for Financial Affairs and other relevant biographical details; reference may be made to the item in the report where this information is contained in accordance with item 21.

José Manuel Oliveira Vitorino

(Chairman of the Audit Board)

José Manuel Vitorino graduated in Business Administration and Organisation from the University of Lisbon's Instituto Superior de Economia. He is qualified as a statutory auditor, and in the executive training programme of Universidade Nova de Lisboa.

He lectured at the Faculty of Economics, University of Coimbra, where he remained until 1980, having then joined PricewaterhouseCoopers, where he divided his time between audit and financial consultancy work, both in Portuguese and foreign companies and groups, and also on projects where he worked with international teams. After several years as a partner, he left PricewaterhouseCoopers in 2013, as he reached the age limit for his position. He also served as Chairman of the Audit Board of Novo Banco, S.A. until 2017 and currently serves as a member of the Audit Board of ANA - Aeroportos de Portugal, S.A.

He has served as a member of the Audit Board of The Navigator Company since 2015 and that of Semapa and Secil since 2016, while performing duties as Chairman of such oversight bodies since 2018.

Gonçalo Nuno Palha Gaio Picão Caldeira

(Full member of the Audit Board)

Gonçalo Picão Caldeira has a degree in law and has been registered with the Portuguese Bar Association since 1991, after completing his legal internship. He holds an MBA from Universidade Nova de Lisboa and also attended a property management and valuation course at ISEG. He has worked in property management and development through family companies since 2004. Prior to this, he worked for the BCP Group from 1992 to 1998, and with the Sorel Group from October 1998 to March 2002. He also worked for Semapa from April 2002 to February 2004. He has sat on the Company's Audit Board since 2007, and on the Audit Boards of Semapa, since 2006, and of Secil, since 2013.

Maria da Graça Torres Ferreira da Cunha Gonçalves

(Full member of the Audit Board)

Maria da Graça Torres Ferreira da Cunha Gonçalves has a degree in business administration and





organisation from Instituto de Ciências do Trabalho e da Empresa (ISCTE), and is a chartered accountant. From June 1978 to November 1985, she held various positions in the areas of general accounting, analytical accounting, and financial planning and analysis at Magnetic Peripherals Inc. Portugal. She was a financial analyst at Shell Portuguesa, S.A. from December 1985 to November 1989. From December 1989 to July 1994, she was controller and CFO of United Distillers Comp. Velha, Lda., in charge of the entire financial, IT and purchasing area. From August 1994 to July 1995, she was CFO of ITT Automotive Europe GmbH, in charge of the entire financial and staffing area. From August 1995 to June 2015, she was Back Office Director at Pernod Ricard Portugal, in charge of the areas of finance, management control, purchasing, logistics, production, human resources and legal. In 2001 and 2002, she was in charge of the acquisition process of Seagram (Sandeman & Co.) in Portugal. Subsequently, in 2005 and 2006, she was in charge of the areas of finance and human resources in the acquisition process of Allied Domecq (Cockburn Smithes & Co.). She was Deputy Chairperson at the sector's association, ACIBEV, as a representative of Allied Domecq. She is a member of the Company's Supervisory Board, and of the Supervisory Boards of Semapa and Secil, since 2018.

B) OPERATION

34. Existence of operating regulations, and place where they can be consulted, as applicable, of the Audit Board, the Audit Committee, the General and Supervisory Board or the Committee for Financial Affairs; reference may be made to the item in the report where this information is contained in accordance with item 24.

The Company's Audit Board has internal operating regulations, which are published at the Company's website in the investors' area (corporate governance section),

freely available for consultation at www.thenavigatorcompany.com/Investidores/Governo-da-Sociedade.

The annual report issued by the Audit Board on its work during the year is published in conjunction with the Report & Accounts and is available at the Navigator Group's website.

35. Number of meetings held and rate of attendance at meetings of the Supervisory Board, the Audit Committee or the General and Supervisory Board and the Committee for Financial Affairs, as the case may be; reference may be made to the item in the report where this information is contained in accordance with item 25.

In 2021, the Audit Board held fifteen meetings. The relevant agendas and minutes were forwarded to the Chairman of the Board of Directors and made available to the Risk Management Division.

Its members were in attendance at all meetings held during the performance of their duties, resulting in an attendance rate of 100%.

The number of meetings of the Audit Board is freely available at the company's website at www.thenavigatorcompany.com/Investidores/Governo-da-Sociedade.

Detailed minutes are drawn up for the Audit Board's meetings, in accordance with its Rules of Procedure.

36. Availability of each of the members of the Audit Board, the Audit Committee or the General and Supervisory Board and the Committee for Financial Affairs, as the case may be, indicating offices held simultaneously in other companies, inside and outside the group, and other relevant activities carried out by the members of these bodies during the period; reference may be made to the item in the report where this information is contained in accordance with item 26.

This information is available in item 33 on the professional qualifications

and other relevant biographical details of each member of the above statutory bodies.

The members of the Audit Board have the appropriate availability to perform the duties entrusted to them.

In addition to the activities listed in item 33, the members of the Audit Board also hold corporate office in other companies as detailed below:

José Manuel Oliveira Vitorino

Offices held in Navigator Group companies:

No offices held in other companies belonging to the same group as Navigator.

Offices held in other companies/entities:

- Member of the Audit Board of ANA Aeroportos de Portugal, S.A.
- Chairman of the Audit Board of Secil - Companhia Geral de Cal e Cimento, S.A.
- Chairman of the Audit Board of Semapa - Sociedade de Investimento e Gestão, SGPS, S.A.

Gonçalo Nuno Palha Gaio Picão Caldeira

Offices held in Navigator Group companies:

No offices held in other companies belonging to the same group as Navigator.

Offices held in other companies/entities:

- Director at Linha do Horizonte Investimentos Imobiliários, Lda.
- Director at Loftmania - Gestão Imobiliária, Lda.
- Member of the Audit Board of Secil Companhia Geral de Cal e Cimento, S.A.
- Member of the Audit Board of Semapa Sociedade de Investimento e Gestão, SGPS, S.A.



**Maria da Graça Torres Ferreira
da Cunha Gonçalves**

**Offices held in Navigator Group
companies:**

No offices held in other companies belonging to the same group as Navigator.

**Offices held in other companies/
entities:**

- Member of the Audit Board of Secil Companhia Geral de Cal e Cimento, S.A.
- Member of the Audit Board of Semapa - Sociedade de Investimento e Gestão, SGPS, S.A.

**C) POWERS AND
RESPONSIBILITIES**

**37. Description of applicable
procedures and criteria for the
supervisory body's involvement in
hiring additional services from the
external auditor.**

In accordance with the rules established in article 77 no. 10 and 11 of the Statute of the Association of Statutory Auditors, approved by Law no. No. 140/2015 of September 7, in the version in force until December 31, 2021, in the Internal Regulations of the Audit Board, in the version in force, and in the Internal Regulations on the approval of non-audit services, approved on June 1, 2016, the hiring of non-audit services that are not required by law nor constitute prohibited services, to the External Auditor and Statutory Auditor or to any member of their network, by Navigator or by companies in a controlling or group relationship with it, is subject to prior approval by Navigator's Audit Board, with due justification.

As such, proposals submitted are handed over to the Supervisory Board for analysis and validation, with a view to essentially ensuring (i) that the services in question are permitted, (ii) that the provision of services will not affect the independence and impartiality of the External Auditor, as needed to provide auditing services, (iii) that the combined value of fees

for the provision of services other than auditing services does not exceed the limit of the Bylaws of the Association of Statutory Auditors (EOROC), and (iv) that the additional services in question are provided with a high degree of quality and independence.

The Audit Board has thus applied the rules set out in the Statute of the Order of Statutory Auditors, approved by Law 140/2015 of September 7, in the version in force until December 31, 2021, and observes the internal procedures instituted in the Internal Regulations on the approval of non-audit services to ensure that the legal provisions are complied with.

**38. Other duties of the supervisory
bodies and, if applicable, of the
Committee for Financial Affairs.**

1. The Audit Board has the powers that result from the law, with no delegated powers or responsibilities. The functions and duties of the Audit Board are expressly set out in its Internal Rules of Procedure, which governs the exercise of the functions, the chairman, the frequency of the meetings, functioning and framework of duties of its members and determines that detailed minutes of its meetings are written. These Rules are published the Company's website, at www.thenavigatorcompany.com/Investidores/Governo-da-Sociedade. In accordance with the Rules of Procedure, amended on December 2020, the Audit Board ensures the timely and suitable flow of information, especially regarding the respective calls for meetings and minutes, required for the performance of the functions, determined by law and the bylaws, of each of the remaining corporate bodies and committees.
2. In the performance of its duties, without prejudice to other powers assigned to it by law, in particular by Article 420 of the Companies Code, in accordance with its Rules of Procedure, the Audit Board has the following functions and powers:

- a. To supervise the management of the Company, including, in this context, annually assessing the budget, the internal functioning of the Board of Directors and its committees, as well as the relationship between the various bodies and committees of the Company;
- b. To ensure compliance with the law and the articles of association;
- c. To verify that books, accounting records and the respective supporting documents are in order;
- d. To verify, when it deems to be appropriate and as it sees fit, the state of cash and inventories of any type of goods or assets belonging to the Company or received by the same as security, deposit or on another basis;
- e. To verify the accuracy of the financial statements;
- f. To verify that the accounting policies and valuation criteria adopted by the Company lead to a correct valuation of the Company's assets and results;
- g. To draw up an annual report on its audit activities and issue its opinion on the report, accounts and proposals submitted by management;
- h. To convene the General Meeting when the Chairman of the meeting fails to do so;
- i. To evaluate and comment on strategic lines and risk policy prior to their final approval by the management body;
- j. To supervise and evaluate the effectiveness of the internal control system, including the functions of risk management and internal audit, being able to propose any necessary adjustments;
- k. To issue an opinion on the work plans and resources allocated to the services of the internal control system, including the functions of risk management and internal audit, and may propose any necessary adjustments;
- l. To receive reports of irregularities (whistleblowing) submitted by





- shareholders, collaborators of the Company or others;
- m. To contract the provision of services by experts to assist one or more of its members in the exercise of their functions; whereas the contracts with and remuneration to be paid to such experts shall be in line with the importance of the matters entrusted to them and the economic situation of the Company;
 - n. To supervise the appropriateness of the procedure for preparation and disclosure of financial information by the Board of Directors, including the adequacy of the accounting policies, estimates, evaluations, relevant disclosures and a consistent implementation thereof in each year, that shall be fully documented and communicated;
 - o. To propose to the General Meeting the appointment of the Statutory Auditor and its remuneration, indicating the criteria which governed the selection of the statutory auditor and describing the auditor's selection procedure it conducted;
 - p. To propose to the General Meeting the dismissal of the Statutory Auditor or the termination of the services provision agreement, whenever there are justifiable grounds for that purpose;
 - q. To supervise the auditing of the Company's financial statements and reports;
 - r. To supervise the independence of the Statutory Auditor, namely with regard to the provision of additional services, and assess, yearly, the work carried out by the Statutory Auditor and its suitability for the performance of the tasks assigned to it;
 - s. To confirm if the disclosed report on the corporate governance structure and practices includes the information listed in Article 245-A of the Portuguese Securities Code;
 - t. To issue a previous and binding opinion on the Regulation on Conflicts of interests and Related Party Transactions to be drawn up and approved by the Board of Directors or, in the absence of such Regulation, on the definition to be made by management, on whether the transactions that the company carries out with related parties are carried out within the scope of its current activity and under market conditions;
 - u. To issue, within a reasonable period, a prior opinion regarding any business with related parties that are not carried out within the scope of the Company's current activity and under market conditions;
 - v. To verify that the transactions with related parties that the Company carries out are carried out within the scope of the Company's current activity and under market conditions;
 - w. Comply with the other attributions contained in the law or in the articles of association.
- 3.** Concerning its powers, in the performance of its functions, and without prejudice to other powers assigned to it by law, members of the Audit Board may, acting jointly or separately:
- a. Obtain from the Management, for examination and certification, any books, records and documents belonging to the Company, and verify the existence of any type of assets, namely cash, securities and commodities;
 - b. Obtain from the Management or any of the Directors, information or clarifications on the course of operations or activities of the Company or on any of its businesses;
 - c. Have access to all Company information and Staff for assessing performance, the situation and the outlooks on the development of the Company, including, namely, minutes, documents supporting decisions taken, convening notices and records on the meetings of other corporate bodies, without prejudice to access to all other documents or people who may be called upon to provide clarifications;
 - d. Obtain the reports made by the Company's internal control services, including regarding the risk management and internal audit functions, in particular those on matters related to the rendering of accounts, the identification or resolution of conflicts of interest and the detection of potential irregularities;
 - e. Receive from the Company's Statutory Auditor the clarifications which are necessary for the annual assessment, by the Audit Board, of the work carried out by the Statutory Auditor, and of its independence and its suitability for the performance of the tasks assigned to it;
 - f. To obtain from third parties who have carried out transactions on behalf of the Company any information required for proper clarification of such transactions;
 - g. Attend meetings of the Board of Directors, whenever it deems appropriate.
- 4.** In order to perform their duties, the Audit Board may be assisted by a technical team specially appointed for this purpose and also by a specialised audit firm, and may contract the provision of services by experts, to assist one or more of its members in the exercise of their duties.
- 5.** In the performance of its functions, without prejudice to other powers assigned to it by law, members of the Audit Board have the following duties:
- a. To inform themselves and prepare Supervisory Board meetings diligently;
 - b. To participate in Board meetings and attend General Meetings and meetings of the Board of Directors to which they are summoned by the Chairman or in which the accounts for the financial year are to be discussed;
 - c. To exercise a conscientious and impartial supervision;
 - d. To keep confidential any facts and information which come to



- their knowledge by virtue of their functions, without prejudice to the duties enshrined in paragraphs 2 and 3 of this Article;
- e. To inform the Board of Directors of any verifications, inspections and measures, undertaken and the results thereof;
 - f. To report, at the first general meeting held, all irregularities and inaccuracies verified by this Board and whether it obtained all clarifications required for the performance of its functions;
 - g. To record in writing all checks, inspections, complaints received, and measures taken and their outcome;
 - h. To inform the Board of Directors of the results of the statutory audit and explain how this has contributed to the integrity of the procedure for preparing and disclosing financial information, as well as the role that the audit body played in this process;
 - i. To monitor the process for preparation and disclosure of the financial information and submit recommendations or proposals to ensure their integrity;
 - j. To supervise the effectiveness of the internal quality control and risk management systems and, if applicable, of the internal audit, with regard to the procedure for preparing and disclosing financial information, while preserving its independence;
 - k. To monitor the annual statutory audit of individual and consolidated accounts, namely the execution thereof;
 - l. To verify and monitor the audit firm's independence in the exercise of its activity of statutory audit or in the provision of other services legally permitted under the terms defined in the applicable law and regulation, namely:
 - i. Demonstrate, during the selection process of the company of statutory auditors, that this company has and has implemented internal mechanisms that ensure independence and prevention of conflicts of interest;
 - ii. Regular verification by the audit firm that the aforementioned internal mechanisms remain adequate and in compliance with the applicable legislation and regulations;
 - iii. Obtain an annual declaration of independence;
 - iv. Annual communication of the different audit services that have been provided;
 - v. Reasoned proposal regarding the possible extension of the functions of the audit firm, beyond the maximum legal period, with the weighting of the respective conditions of independence and the advantages and costs associated with their replacement;
 - vi. Communication from the audit firm on exceeding the threshold in terms of fees; and
 - vii. Joint analysis of possible threats to its independence and the application of safeguards to mitigate them;
 - m. To select audit firms to submit to the General Meeting for election and justifiably recommend one of them for approval;
 - n. To treat in confidence any documents of the Company which they have access to in the exercise of their functions, including the content of the Board meetings and of the other corporate bodies in which they participate and the preparatory information of the meetings; and
 - o. To provide other corporate bodies and committees, in accordance with legal statutory requirements, with all necessary information and documents required for the exercise of legal and statutory functions of such bodies and committees.
6. The members of the Audit Board must refer to the Public Prosecution Office any criminal offences that they are aware of and which constitute a public crime.
7. If any of the members of the Audit Board becomes aware of any difficulties in the pursuit of its corporate purpose, they must inform the Statutory Auditor immediately.
- In addition, the Supervisory Board is the main correspondent of the Statutory Auditor and Chartered Accountant of the Company and has access to and direct knowledge of the activities carried out by it. The Company believes that this supervisory activity by the Audit Board, without any interference from the Board of Directors, of the works of the Statutory Auditor and Chartered Accountant, provided it does not jeopardise the timely and adequate knowledge of the Board of Directors, ultimately responsible for Company matters and financial statements, in what concerns these tasks. In compliance with this principle, reports of the Statutory Auditor and Chartered Accountant are addressed to the Supervisory Board and discussed in joint meetings of the Supervisory Board with a member of the Board of Directors, where the Supervisory Board informs, notably, of the results of the statutory audit, ensuring that conditions required to provide audit services exist within the Company. It is also the responsibility of the Supervisory Board to propose and monitor, with support from internal divisions of the Company, the fees of the Statutory Auditor and Chartered Accountant.
- The Statutory Auditor and Chartered Accountant also cooperates with the Supervisory Board, providing, immediately and in accordance with applicable laws and regulations, information on irregularities relevant for the exercise of its functions that the Audit Board has detected, as well as any issues arising in the exercise of its duties.
- Under the terms of the Audit Board's regulations, the Statutory Auditor and the Company maintain permanent and adequate communication channels, namely through regular meetings with the Board of Directors, the Audit





Board and with the services and departments with responsibilities in matters under analysis and with the

consequent discussion and analysis of all the information that is pertinent

in the scope of the exercise of the corresponding activity.

IV. STATUTORY AUDITOR

39. Identification of the statutory audit firm and the partner and statutory auditor representing the same.

The Company's acting Statutory Auditor is KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A., registered with the Association of Statutory Auditors (Ordem dos Revisores Oficiais de Contas) under no. 189 and registered with the Portuguese Securities Market Commission (CMVM) under no. 20161489, represented by Rui Filipe Dias Lopes (statutory auditor [ROC] no. 1715).

The alternate Statutory Auditor is Vítor Manuel da Cunha Ribeirinho (statutory auditor [ROC] no. 1081).

40. Indication of the consecutive number of years for which the statutory audit firm has held office in the Company and/or Group.

The Statutory Auditor referred to in item 39 has been working with the Company since 2018, and until 2021 was represented by the partner Paulo Alexandre Martins Quintas Paixão (ROC no. 1427).

41. Description of other services provided by the statutory auditor to the company.

In addition to the statutory auditing services provided to the Company and its subsidiaries, the Statutory Auditor also provided other assurance services, pursuant to Law 140/2015, of 7 September.

The amounts paid for these services over the course of 2020 are detailed in items 46 and 47 below.

V. EXTERNAL AUDITOR

42. Identification of the external auditor appointed for the purposes of article 8 and the partner and statutory auditor representing such firm in the performance of these duties, together with their respective registration number with the Portuguese Securities Market Commission.

The Company's external auditor is KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A., registered with the Association of Statutory Auditors (Ordem dos Revisores Oficiais de Contas) under no. 189 and registered with the Portuguese Securities Market Commission (CMVM) under no. 20161489, represented in the performance of these duties by partner Rui Filipe Dias Lopes (statutory auditor [ROC] no. 1715).

held office in the Company and/or Group.

The external auditor and its partner statutory auditor representing it in the performance of these duties were appointed by the General Meeting in September 2017 to provide services beginning on 1 January 2018. They were re-elected for the position at the General Meeting held on 9 April 2019. Thus, 2021 was the fourth year of exercise of functions with the Company and/or the Group.

44. Policy on rotation of the external auditor and the respective partner and statutory auditor representing the same in the performance of these duties, and the respective frequency of rotation.

The Statute of the Chamber of Statutory Auditors, approved by Law 140/2015, of 7 September, took effect on 1 January 2016 and established new mandatory legal rules on the rotation of statutory auditors in companies of public interest, such as Navigator.

Under said legal rules, and considering PricewaterhouseCoopers

& Associado - SROC, Lda. had reached the time limit on serving as statutory auditor to the main shareholder SEMAPA, with which the Company consolidates its accounts, in 2017, the Audit Board, supported by the management and divisions of the companies involved, conducted an organised procedure, open to a number of firms, for selecting the Statutory Auditor, for 2018, until the end of term in office of the other corporate bodies. The tenders submitted were analysed and assessed by the Supervisory Board on the basis of the criteria adopted in the selection process.

As a result of this selection procedure, the Supervisory Board submitted to the shareholders a recommendation and proposal to appointment KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A. as External Auditor, which was approved by the shareholders at the General Meeting.



45. Indication of the body responsible for assessing the external auditor and the intervals at which this assessment is conducted.

Within the scope of its oversight and auditing function for the Company's accounting documents, the Audit Board continuously evaluates the external auditor and the Statutory Auditor, particularly with regard to the preparatory work for its Report and Opinion on the annual accounts.

In addition to its responsibility for proposing the appointment of the statutory auditor and its respective remuneration to the General Meeting, the Audit Board is responsible for assessing and monitoring all audit work conducted by the external auditor on an ongoing basis, and has the possibility of proposing its dismissal with due cause at General Meetings, when the proper formalities are complied with. To this end, the Audit Board holds frequent meetings during the year with the statutory auditor and external auditor, and a permanent and established relationship is established between the Board and the auditor, the Board being the final recipient of the auditor's reports, including when matters related to accountability and the detection of potential irregularities are at stake. At these meetings the Audit Board is able to assess all the accounting and financial information it deems necessary at any time and is able to request from them any information it deems necessary for its supervisory functions.

Furthermore, in the exercise of its supervisory duties and in its audit of the Company's accounts, the Audit Board conducts an annual appraisal of the performance of the external auditor in connection with the preparatory work on its Report and Opinion on the annual accounts, and also verifies its independence, by obtaining written confirmation of the independence of the auditor as provided for in article 62 of the Bylaws of the Association

of Statutory Auditors (EOROC), confirmation of compliance with requirements for rotation of the partner responsible and identifying threats to independence and safeguards adopted to mitigate these threats.

To this extent, the Supervisory Board has unrestricted access to the documentation produced by the Company's auditors and may request that they provide any additional information deemed necessary. It is also the first recipient of the final reports prepared by the external auditors.

Pursuant to article 420 (2) b) of the Companies Code, the Supervisory Board is responsible for proposing the appointment of the Company's Statutory Auditor to the General Meeting.

46. Identification of work, other than auditing, done by the external auditor for the company and/or for companies in a control relationship with it, together with internal procedures for approving the hiring of such services, specifying the reasons for doing so.

As described in point 47, in the year ended on 31 December 2020, KPMG, a company of statutory auditors, and other entities belonging to the same network, were billed the fees related to the statutory audit of annual accounts, limited review of interim accounts and reliability assurance services and services other than accounts. The breakdown of billing for these services is detailed below in point 47.

The services indicated as "assurance services" relate to the issue of reports on financial information and verification services of the Sustainability Information. With regard to services other than auditing, these refer to opinions on merger operations as part of the Statutory Auditor's duties at companies in the Navigator Company Group and the provision of due diligence services to a number of companies in a group as part of

a potential acquisition by Navigator. As stated above these services do not fall within the list of prohibited services set out in Article 77(8) of the EOROC, and, the legal requirements of independence, threats to this independence, and the safeguard measures to limit these threats by the auditor were guaranteed.

In 2021, the provision of non-audit services by the Statutory Audit Firm to the Company and subsidiaries is regulated in the Internal Regulation on the approval of non-audit services, approved on June 1, 2016, which provides for non-audit services that cannot be provided by the SROC and processes for prior control and authorization of such services by the Audit Board. The regime defined in that internal rule is fully consistent with the provisions of the Statute of the Association of Statutory Auditors, approved by Law 140/2015, and the Legal Regime of Audit Supervision, approved by Law 148/2015.

47. Indication of the annual remuneration paid by the company and/or controlled, controlling or group entities to the auditor and other individuals or organisations belonging to the same network, specifying the percentage relating to the following services (for the purposes of this information, the concept of network is as defined in Commission Recommendation No. C [2002] 1873 of 16 May 2002).

*Values in euros***By the Company ***

Value of audit services	104,746	40%
Value of assurance services	87,875	33%
Value of tax consultancy services	0	0%
Value of services other than account review	72,250	27%

By entities that are part of the Group *

Value of audit services	124,970	98%
Value of assurance services	0	0%
Value of tax consultancy services	0	0%
Value of services other than account review	2,000	2%

* Including individual and consolidated accounts

In 2021, services other than audit services billed to the company or to entities that maintain a dominant relationship with it by the External

Auditor and Statutory Auditor, including entities that are in a participation relationship with or that integrate the same network,

represented 41% of the total services provided.



C. INTERNAL ORGANISATION

I. ARTICLES OF ASSOCIATION

48. Rules applicable to amendment of the Company's Articles of Association (article 245-A (1) (h)).

The Company's Articles of Association contain no specific rules on amendments of the articles, so the

general supplementary rules contained in the Companies Code therefore apply here.

II. REPORTING OF IRREGULARITIES (WHISTLEBLOWING)

49. Means and policy for reporting of irregularities (whistleblowing) occurring in the company.

The Company has "Whistleblowing Regulations" designed to provide a procedure and rules for communication by any stakeholders, be they Employees, clients, suppliers, partners or any other organisations or individuals which have dealings with the Company or its subsidiaries, of any irregularities allegedly occurring in the Navigator Group.

In these Regulations, "irregularity" is defined as any alleged breach of provisions under the law, regulations and/or Articles of Association occurring at the The Navigator Company Group. Irregularities also include non-compliance with ethical principles and duties per the Company's Code of Ethics.

These Regulations lay out the general obligation of reporting alleged irregularities and establish a multidisciplinary team in charge of handling them. The rules of procedure of the company's boards and committees also foresee the adoption of and compliance with such Regulations.

This multidisciplinary team, comprised of Legal Services and the Risk Management Division, must investigate all facts needed to properly assess the alleged irregularity. This process ends with the report being filed or submission to the Board of Directors or the Executive Committee, depending on whether a member of a statutory body is implicated or not, of a proposal for application of the measures most appropriate in light of the irregularity in question. The Audit Board must also be informed of all reports received.

The Regulations also contain other provisions, namely with regard to ensuring the confidentiality of whistleblowing, the non-prejudicial treatment of reporting stakeholders and the dissemination of the respective scheme at the Company.

During the 2021 financial year, two potential irregularities were reported. For these, the mechanisms for assessing the facts reported were, or are being, duly followed, the respective investigation and the decision on measures to be taken. The irregularities reported in 2021 relate to issues concerning the alleged hiring of workers and potential differences of

understanding in relations with a forestry supplier.

It should be noted that, in accordance with the mechanisms in place, the proceedings were unsuccessful and were closed.

It should also be noted that the 2020 criminal investigation into alleged corruption in the activity of receiving wood from one of our mills is being handled. In fact, during 2021 and as a result of the aforementioned investigation, NVG dismissed 28 employees with just cause, and, following the dismissals with just cause, the employees filed the appropriate judicial actions to challenge the regularity and lawfulness of the dismissals.

Therefore, at the present date, the NVG is monitoring and supporting the due diligence both from the labor point of view, given the ongoing legal actions, and from the criminal point of view, taking into account the developments of the criminal case, together with the authorities.





III. INTERNAL CONTROL AND RISK MANAGEMENT

50. People, bodies or committees responsible for internal audits and/or implementation of internal control systems.

The Company regards Risk Management as a core process in its business activities. A system for permanent monitoring of risk management has therefore been implemented in the The Navigator Company Group, involving all organisational units, DGR and the Audit Board.

This system is based on a systematic and explicit assessment of business risks by all organisational divisions in The Navigator Company Group and identification of the main controls in place in all business processes. This platform will allow the Company to assess on an ongoing basis the extent to which its internal control system is appropriate to the risks regarded as most critical from time to time.

As part of this periodic assessment, an annual internal audit programme has been instituted, to be implemented by DGR in conjunction with each division involved, to monitor the appropriateness of the internal control system to the perceived risks and to help the organisation to implement programmes to improve this system.

This risk governance system is headed by the Audit Board and the Board of Directors, as detailed below.

BOARD OF DIRECTORS

The Board of Directors has the following responsibilities:

- Review and approve the risk policy defined for The Navigator Company Group, including risk appetite and tolerance;
- Set goals with regard to the assumption of risks, and ensure that they are achieved;
- Approve the risk governance model adopted by The Navigator Company Group;
- Oversee application of the risk policy in The Navigator Company Group;

- Discuss and approve the Company's risk policy and strategic plan, including the determination of acceptable risk levels;
- Approve strategies for dealing with risks, especially very high risks;
- Promote a risk culture within The Navigator Company Group.

AUDIT BOARD

The powers and responsibilities of the Audit Board in this area are:

- To supervise the effectiveness of the risk management system, the internal control system and the internal audit system, proposing adjustments as necessary;
- To evaluate and propose improvements to the risk management and internal control model, processes and procedures
- To monitor the execution of the activity plans in the scope of risk management and internal control;
- To monitor, evaluate and express an opinion on the strategic guidelines, objectives and risk policy defined by the Board of Directors, proposing and implementing periodic control mechanisms and procedures with a view to ensuring that the risks effectively incurred by the company are consistent with the objectives set by the management body;
- To issue an opinion on the work plans and resources allocated to the internal control services, including the control of compliance with the rules applied to the Company and internal audit;
- To be informed of the internal control and risk assessment reports issued by the SROC and to propose the adoption of measures deemed necessary or appropriate in light of such reports;
- To be informed of the risk management follow-up reports issued by the Risk Management Department and to propose the adoption of the measures deemed necessary or convenient in light of those reports with regard to internal control;

- To be aware of and express an opinion on the activity carried out in this area by the Risk Management Department, on the resources allocated to the services that also perform internal control functions, being the recipient, if any, of reports or opinions made by these services when matters relating to accountability, the identification or resolution of conflicts of interest and the detection of potential illegalities and irregularities are at issue.

CHIEF EXECUTIVE OFFICER

The Chief Executive Officer has the following responsibilities:

- Define The Navigator Company Group's risk policy, including its risk appetite;
- Take the risk policy into account when setting the Navigator Group's strategic objectives;
- Provide the means and resources to assure that risk management is effective and efficient;
- Approve the risk management model, processes and procedures;
- Define the risk management governance model to be adopted by the Group, including the division of responsibilities;
- Approve activities plans in the field of risk management;
- Ensure that the main risks to which The Navigator Company Group is exposed are identified and reduced to acceptable levels, in line with the risk appetite and tolerance defined;
- Discuss and approve options for handling risks where the residual risk level is in excess of the risk tolerance levels;
- Oversee and review the work of the Risk Management Division, in the field of risk management;
- Report on results to the Board of Directors.

RISK MANAGEMENT DIVISION

The Risk Management Division has the following responsibilities in this area:



- Define the risk management model, processes and procedures;
- Draw up activities plans in the field of risk management;
- Identify and implement the means and resources (human, procedural and technological) to facilitate risk identification, analysis and management;
- Warn of potential risks when strategic and operational objectives are being defined;
- Help define risk appetite and risk tolerance;
- Help decide on the division of responsibilities in the field of risk management;
- Help identify and characterise risks;
- Monitor risk indicators;
- Help design risk mitigation measures;
- Assess the effectiveness of risk mitigation measures;
- Assess compliance with risk tolerance;
- Ensure compliance with action plans for mitigating risks;
- Draw up risk management monitoring reports.

BUSINESS AREAS/DIVISIONS

Business areas/divisions have the following responsibilities:

- Define risk tolerance;
- Identify and characterise risks;
- Define and monitor risk indicators;
- Define, implement and execute risk mitigation measures, in keeping with the risk mitigation action plans;
- Conduct risk assessments and controls.

At the end of 2021, in accordance with the evolution of best international practices, the company specifically established a Compliance Area, integrated in the Legal, Compliance and Public Affairs Department, underlining the importance of pursuing a compliance policy that frames its activity throughout the value chain, legal and regulatory, in a logic of transparency and justice, within the scope of preventing and combating illegal acts.

This area is responsible for defining a Compliance Model focused on

- Prevention (prevent, detect and correct, starting by establishing unambiguous policies and clear procedures);
- Continuous Improvement (by applying the PDCA methodology - Plan, Do, Check, Act).

The following actions are being developed in order to achieve the intended objectives with the creation of this new area:

- Risk analysis, through the evaluation of the conduct problems that the Company may be subject to according to its area of activity.
- Definition of the action plan, through the planning of a strategy for the implementation of a compliance program, which should describe each step, how it will be carried out, disseminated, monitored and the training of all employees.
- Promoting awareness campaigns and internal communication about the compliance program and code of conduct.

- Contributing to the establishment of communication channels, through the creation and/or dissemination of channels for denunciations and analysis of situations, open to Employees and, to Clients and Suppliers.
- Involving and training all employees, making them aware of the responsibilities of their actions.
- Monitoring the operation of each of the pillars of the compliance program, through monitoring the implementation and testing to ensure its effectiveness.
- Evaluation and correction of problems.

51. Description of the lines of command in this area in relation to other bodies or committees; an organisational chart may be used to provide this information.

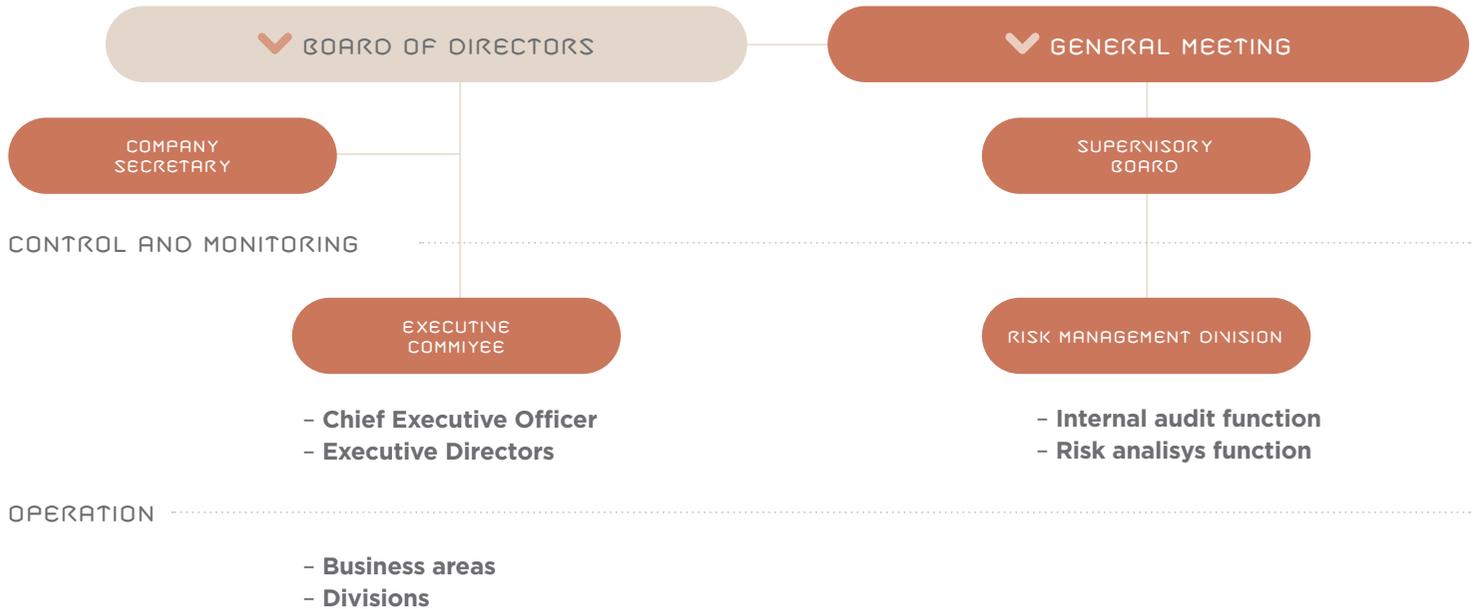
It follows clearly from the previous section that risk management in the Company is the responsibility of the entire organisation; specific duties are detailed above.

In terms of the hierarchical and functional structure, it should be noted that, in addition to reporting to the Chief Executive Officer, the Internal Audit Division (Risk Management Division) also reports to the Supervisory Board, thereby providing the support needed for the Board to exercise its responsibilities. The following chart illustrates the reporting and functional relations within the Company:





SUPERVISION



52. Existence of other divisions with responsibilities in the field of risk control.

The Company has committees which complement the work of the Audit Board and the Chief Executive Officer with regard to control and monitoring of specific risks:

- **Risks Analysis and Monitoring Committee** - pronounces on asset risk prevention systems in place in the Company, in close connection with the risk governance system in the Navigator Group; and assesses the suitability of asset risk insurance

policies in force in the Navigator Group, and the individual policies.

- **Corporate Governance Committee** - oversees application of the Group's corporate governance rules, and also the Code of Ethics and Conduct, as well as supervising internal procedures relating to matters of conflicts of interest, in particular with regard to relations between the Group and its shareholders or other stakeholders.
- **Sustainability Forum** - implements corporate and strategic policy on questions of social and environmental responsibility, and prevention of potential risks in these areas.

- **Ethics Committee** - oversees compliance with the requirements of the Code of Ethics and Conduct and identifies situations which constrain compliance with this code.

53. Identification of the main risks (economic, financial and legal) to which the company is exposed in the course of its business.

In the course of its activity, The Navigator Company Group is exposed to a variety of economic, financial and legal risks. The following is a selection of the principal risks identified:



RISK

(Non-exhaustive selection)

SUMMARY DESCRIPTION

Industrial workplace accidents	Risk of the occurrence of accidents at work potentially resulting in injuries, incapacity or fatalities.
Increase in transport costs	Risk of increase in pulp, paper or tissue transport costs, which may result in a reduction in sales margins or the need to increase prices charged to customers.
Higher demand for raw materials (wood)	Risk associated with an increase in demand for raw material (wood) due to competitors expanding their capacity, triggering an increase in wood prices and a consequent increase in production costs.
Foreign exchange	Risk of variation in the exchange rate between the Euro and other currencies, which can significantly affect the Group's results, either through revenues (sales) or costs (purchases).

... > Continued on next page



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RISK

(Non-exhaustive selection)

SUMMARY DESCRIPTION

Environmental consequences of operations	Risk of occurrences with adverse environmental consequences, directly or indirectly attributed to industrial activities, potentially resulting in a breach of environmental legislation or customer and stakeholder dissatisfaction, namely regarding the local community.
Forest damage	Risk of forest damage resulting from natural or man-made causes, which may jeopardise the quantity of raw materials needed for the Group's activities and consequently lead to increased costs or loss of revenues.
Energy business less competitive due to regulatory issues	Risk of less competitive terms for power sales, caused to a certain extent by the regulatory environment; volatility in regulation of sector may lead to sudden loss (total or partial) of the contribution from this business to the Group's profitability.
Reduction in paper demand due to technological substitution	Risk associated with a reduction in demand for the products sold by the Group, which may result in a significant reduction in sales.
Cybersecurity Flaws	Risk associated with security breaches in the company's computer systems that allow undue and/or unlawful activities by third parties to the detriment of the company.
Failure in wood supplies	Risk of failure in wood supplies, which may result in production stoppages and consequent increase in costs or lost revenues.
Equipment failure	Risk of failure in the operation of production equipment, which may result in production stops and a consequent increase in costs or loss of revenue.
Data security failures	Risk of failures in data security relating to the confidentiality, availability and integrity of data over the process of acquisition, processing, communication, storage and destruction, potentially leading to information losses/leaks, fraud, discontinuity of operations.
Shortage of certified raw material	Risk associated with inability to obtain certified raw material, potentially resulting in a loss of value in end product and consequently in sales values.
Fraud	Risk of fraud in processes involving movements in funds/valuables, causing losses to the Group.
Non-compliance with legislation and regulations	Risk of non-compliance with legislation on tax, employment, environmental, accounting and/or other matters or with industry regulations. Non-compliance with accounting standards.
Irregularities in purchases and payments	Risk of inefficient or inappropriate processes in purchases of materials and services critical for the business, resulting in items being out of stock, financial losses, non-performance by and in relation to suppliers or occurrence of situations of fraud.
Occurrence of fires or other natural disasters	Risk of loss of assets or even personal injury due to fires or other natural phenomena.
Pandemic	Risk of occurrence of pandemic events, with generalized impacts on the Company's business model, both in terms of the health and safety of its employees, demand for its products, supply chains and others.
Loss of new business/product/process opportunities	Risk of failing to capture opportunities to develop new business, products or processes due to ineffective R&D or technology scouting.
Loss of Forestry Yields	Risk of not being able to achieve full production potential of plantations due to failure to apply best available forestry practices.
Losses on client credit	Risk of credit granted to customers, which may result in uncollectable debts and a consequent increase in costs.
Pulp price	Risk associated with pulp price fluctuations, which may result in losses for the Group.
Product quality	Risk associated with product quality, potentially resulting in consumer dissatisfaction and a consequent drop in sales and lost revenues.
Reduction in paper price	Risk of pressure of competition, which may result in a drop-in sales or reduction of market share.
Environmental restrictions on industrial production	Risk of environmental restrictions on industrial production, which may result in changes being required in the production process, thereby increasing costs.
Legal restrictions on forestry production	Risk of legal restrictions being imposed on forestry production, which may result in a reduction in raw material output and a consequent increase in acquisition costs.
Legal restrictions on paper imports	Risk of restriction on paper imports in producer countries through the implementation of cost barriers, potentially resulting in a reduction in sales.
Inadequate sourcing	Risk of inefficiency in managing the relationship with suppliers critical to the business, or excessive dependence on them and which compromises the quality of the services provided, limits the Group's operations or increases operational inefficiencies.
Sustainability of forestry operations	Risk of compromising the future operations of the organisation or of local society and the business community, in general, due to over-use or irrational use of the natural resources involved in forestry operations.
Sustainability of industrial operations	Risk of soil contamination or excess atmospheric emissions of noxious gases, resulting directly or indirectly from the process of supply, sanitation or processing of solid urban waste (e.g. accidents, breakdowns, techniques used) or from natural causes such as floods or droughts at intake points or serious pollution accidents.
Variation in energy prices	Risks associated with changes in the purchase and sale price of energy, resulting in additional costs and lost revenues.





Many of the risk factors identified are beyond The Navigator Company Group's control, especially in the case of market factors which can have a fundamental and negative effect on the market price of the Company's shares, irrespective of the Navigator Group's operational and financial performance.

The risks brought about by climate change, not directly listed in this table, are actually present in many of the ones described here. In fact, and because these risks are, in our risk management structure, directly linked to Navigator's business processes, with mitigation controls described and subject to monitoring, climate change appears here dispersed on multiple fronts. For example, it is obvious that the loss of forest productivity, forest damage or the risk of fire can to a large extent stem from drought or other phenomena; the sustainability of industrial activity or the risk of environmental restrictions on industrial production derive in part from the themes of (de)carbonisation of economies, which Navigator intends to anticipate and which are extensively addressed in another section of this report.

The Company kept its Crisis Management Office active throughout the year to continue to cope with the pandemic crisis, ensuring the health conditions of all employees and allowing all our sites to remain in full operation. This office met 75 times in 2021 and reviewed the Contingency Plan 11 times.

54. Description of the process of identification, assessment, monitoring, control and management of risks.

The Navigator Company Group regards risk management as an essential decision-making tool, involving permanent monitoring of the risks to which it is exposed, raising awareness throughout the Group of a risk culture which seeks to avoid risks but also includes a positive approach to risk-taking.

At the same time, the different divisions/areas benefit from risk management insofar as it allows them to anticipate situations of uncertainty, mitigating the risks of adverse consequences and making the most of risks which offer opportunities. Risk management also provides The Navigator Company Group with greater and more sustained decision-making capability with regard to risk events, allowing it to respond in a coordinated and integrated manner to risks with causes, impacts or vulnerabilities which extend across more than one area.

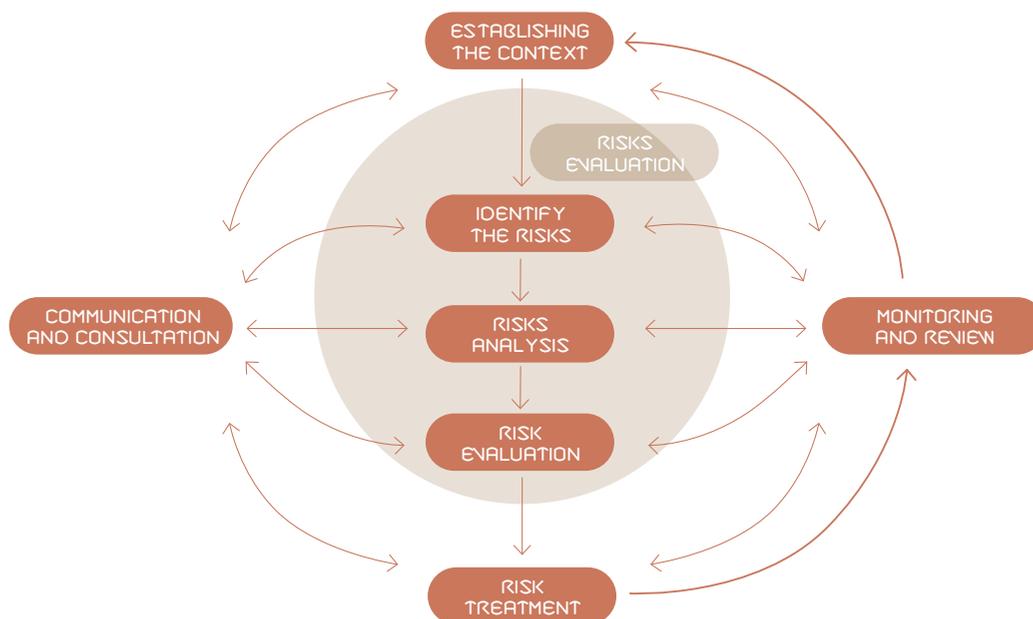
Finally, from the point of view of Internal Audit and the control environment, risk management is of particular importance, through the possibility of continuous assessment of the risk profile of The Navigator Company Group and the strengthening of the level of internal control. Risk management also makes an important contribution to Internal Auditing, pointing it to areas/processes where business risks and concerns are greater "Risk-based

Internal Audit". As an immediate result of this approach, it will be possible to plan and execute audits which take into consideration the risks most relevant to the Navigator Group, by using an audit planning methodology.

The Navigator Company Group's risk management process follows the best internationally accepted risk management practices, models and frameworks, including the "COSO II Integrated framework for Enterprise Risk Management", the "AS/NZS 4360 Risk Management Standard" and the ISO 31000 standard.

In putting together the risk management process, the ISO 31000 standard was taken into account with regard to its main phases, while COSO II was used to organise and structure risks. This process comprises a series of seven inter-related phases, which together comprise an interactive process of ongoing improvement. This takes the form of a process of communication and consultation, and a process of monitoring and review. The diagram below illustrates the flow for the risk management process.





The entire process is built on a computer tool disseminated throughout the Company.

KPMG is in charge of external auditing. The Company's External Auditor checks, in particular, the application of remuneration policies and systems, and the effectiveness and functioning of internal control procedures through the information and documents provided by the Company.

The respective findings are reported by the External Auditor to the Supervisory Board which then reports the shortcomings detected, if any.

In view of the main risks identified, the Risk Management Division has retained its monitoring and control function, which it exercises by conducting internal control.

In this context, during 2021, a set of internal control audits and follow-up on open issues from previous audits were

carried out. In particular, this year's work focused mainly on internal control processes, namely the completion of the work on the processes of treatment of gaseous effluents, including checks of the process of evaluation of biological assets and monitoring of internal control issues identified by the External Auditor. Additionally, work was conducted to evaluate the internal control system, in the context of information systems (IT), made possible by the integration of an IT Auditor in the team in 2021.

55. Main components of internal control and risk management systems implemented at the company for the disclosure of financial information (article 245-A (1) (m)).

The Company has an internal control system for the preparation and disclosure of financial information,

operated by the Supervisory Board, in conjunction with other Divisions/ Business Areas in the Company, in particular the Accounting and Tax Division, the Management Control Division, the Risk Management Division and the Investor Relations Office. In connection with this system, the Supervisory Board assesses financial information each quarter on the basis of reports from the Division preparing them and with support from the opinions formulated by the statutory and external auditors. Meetings are held for this purpose with the Risk Management Division, members of the Executive Committee, the Statutory Auditor and external auditor and the staff in charge of accounts and management planning and control, in order to monitor the processes underway. The elements of the internal control and risk management system are described in item 54.





IV. INVESTOR SUPPORT

56. Office responsible for investor support, composition, functions, information provided and contact details.

The Company has had an Investor Relations Office since November 1995, whose mission is to plan, manage and coordinate all the activities needed to handle contacts, on a permanent and appropriate basis, with the financial community – investors, shareholders, financial analysts and regulatory authorities – and to publish the Company's financial reports and any other information of relevance to the stock market performance of Navigator shares in the capital market.

In keeping with the principles of coherence, integrity, regularity, fairness, credibility and opportunity, the office helps to facilitate the investment decision-making process and sustained value creation for shareholders.

The mission of the Investor Relations Office is to comply with its legal obligations of reporting to the regulator and to the market, and in particular to disclose the Group's profits and activities, reply to information requests from investors, financial analysis and other agents and also to support the Executive Committee in making public The Navigator Company's strategy for growth and development.

As such, this office adequately and rigorously handles the production, processing and timely disclosure of information to the Management, shareholders, investors, other stakeholders, financial analysts and the market in general.

The Investor Relations Office comprises of a single person, who also acts as market relations officer and whose contact details are provided in the following item.

All mandatory disclosures, such as information on the Company name, its status as a public company, registered offices and other details required by article 171 of the Companies Code, are available on the Navigator Group's website, at www.thenavigatorcompany.com/. Also available in the investors' section of the Navigator website, in Portuguese and English, are disclosures of quarterly results, half-yearly and annual reports and accounts, together with the respective statements and press releases, description of statutory bodies, the financial calendar, the Company's Articles of Association, notices of General Meetings, and all motions tabled for discussion and vote at General Meetings, resolutions approved and statistics relating to attendance, together with relevant developments.

57. Investor Relations Officer.

The Company's investor relations officer was, until September 30, 2021, Joana de Avelar Pedrosa Rosa Lã Appleton; presently, Ana Rosa Pinelo Esteves Canha is the investor relations officer and can be contacted by phone at (+351) 219 017 434 or through the following e-mail address: ana.canha@thenavigatorcompany.com. These contacts are available on Navigator's website, in the Investors area.

58. Information on the proportion and response time to information requests during the year or pending from previous years.

Information requests to the Investor Relations Office are primarily done by email, although some phone calls are also received. All requests are answered or forwarded to the appropriate areas, with an average response time of less than three working days.

Throughout 2021, approximately 75 information requests were received by email and 70 by telephone, with 15 meetings and 5 virtual conferences with investors having been held. On 31 December 2021, all information requests received had been considered completed, so there were no pending requests up to that date.



V. WEBSITE

59. Address(es).

Navigator's website is at:
www.thenavigatorcompany.com.

60. Location information on the company name, public company status, registered office and other items referred to in article 171 the Companies Code.

The above information is available in the Investors' area of Navigator's website at www.thenavigatorcompany.com/Investidores/Accao-Navigator.

61. Location of the articles of association and operating regulations of boards and/or committees.

The above information is available in the Investors' area (Corporate Governance section) of Navigator's website at www.thenavigatorcompany.com/Investidores/Governo-da-Sociedade.

62. Location of information on the identities of members of statutory bodies, the market relations officer and the Investor Support Office or equivalent structure, and their respective duties and means of access.

The above information is available in the Investors' area (specifically in the Corporate Governance section) as well as in the area entitled "Profile" of Navigator's website, respectively, at www.thenavigatorcompany.com/Investidores/Governo-da-Sociedade and www.thenavigatorcompany.com/Investidores/Contactos.

63. Location for consultation of financial statements and reports, which must be accessible for no less than five years, together with the six-monthly corporate diary, disclosed at the start of each semester, including, amongst other things, General Meetings, disclosure of annual, half-yearly and (if applicable) quarterly accounts.

Navigator's quarterly, half-yearly and annual results, published since 2003, are available in the Investors' area (in the section entitled "Financial information"), at www.thenavigatorcompany.com/Investidores/Informacao-Financeira. There is a specific tab in the investors' area for the corporate diary for the current year, available at www.thenavigatorcompany.com/Investidores/Calendario.

64. Location for publishing the meeting notice for the General Meeting and all preparatory and subsequent information related to it.

General Meeting notices and all related preparatory and subsequent information are available in the Investors' area (in a separate tab entitled "General Meetings") at www.thenavigatorcompany.com/Investidores/Assembleias-Gerais.

65. Location for publishing a historical archive of decisions made at the company's general meetings, share capital representation and voting results for the 3 preceding years.

The above information is available at the same location as information on General Meetings, i.e. in the investors' area (in a separate tab entitled "General Meetings") at www.thenavigatorcompany.com/Investidores/Assembleias-Gerais.



D. REMUNERATION AND REMUNERATION REPORT

Navigator opted, under the terms of article 26º-G paragraph 8 of the Securities Code, to include in this chapter of the Corporate Governance

Report the Report on Remuneration of the Navigator's management and supervisory bodies, thus including in the relevant points of this chapter the

necessary information to comply with the referred to legal provision.

I. POWERS TO DETERMINE REMUNERATION

66. Indication of the powers for determining the remuneration of statutory bodies, members of the executive committee or managing director and company managers.

Powers to determine the remuneration of the Board of Directors and the Audit Board lie with the Remuneration Committee.

Powers to determine the remuneration of company managers lie with the Board of Directors.

II. REMUNERATION COMMITTEE

67. Composition of the Remuneration Committee, including identification of individuals or organisations contracted to provide support, and declaration regarding the independence of each member and adviser.

The Remuneration Commission is composed of Mr. José Gonçalo Ferreira Maury, Mr. João Rodrigo Appleton Moreira Rato and Mr. João do Passo Vicente Ribeiro, and does not have any persons hired to assist it. The company may freely indicate the hiring of services that are deemed necessary or convenient, within the company's budget limits. In this case, it must ensure that the services are provided independently and that the respective providers are not hired to provide other services to the company itself or to others that are in a group or control relationship without the express authorization of the committee. The company considers that the composition of the Remuneration Committee ensures its independence in

relation to the administration, as all its members are independent.

With regard to Mr. José Maury, he left his post in 2014 at Egon Zehnder, a company specializing in human resources with which Navigator and other related companies have had a number of contractual arrangements over the years. In view of the time separation referred to, we consider that the independence of this member of the Committee has not been jeopardized.

In the company, the Remuneration Committee provides all information or clarification to the shareholders at the respective Annual General Meetings or at any other General Meeting if the respective agenda includes a matter relating to the remuneration of members of the company's governing bodies and committees, or if this is requested by shareholders, and does so through the presence of at least one of its members. This was the case at the Annual General Meeting of May 11, 2021, which was attended by all members by electronic means.

68. Expertise and experience of the members of the Remuneration Committee in the field of remuneration policy.

All of the Remuneration Committee's members have extensive experience in and knowledge of matters concerning remuneration for members of Statutory Bodies, due to the positions they have held over the course of their professional careers.

Furthermore, one of the members of this Committee, Mr. José Maury, Chairman of this Committee, has vast knowledge and experience in the matter of remuneration policy, having been for several years a partner of the firm Egon Zehnder, which has wide experience and is a leader in executive recruitment, and is a speaker on remuneration issues in several courses, which involves in-depth and permanently updated knowledge of the evaluation processes and criteria and the associated remuneration packages.



III. REMUNERATION STRUCTURE

69. Description of the remuneration policy for members of the management and supervisory bodies as referred to in article 2 of Law 28/2009 of 19 June.

The remuneration policy for the management and supervisory bodies (“Remuneration Policy”) for the year 2021, prepared by the Remuneration Committee, was approved at the Annual General Meeting of May 11, 2021, and corresponds to Annex II of this Report, and there is no departure from the procedure for applying the approved remuneration policy or any derogations to it.

70. Information on the means of structuring remuneration to align the interests of managing board’s members with the long-term interests of the company, and how this is based on performance assessment, discouraging the assumption of excessive risk.

The way in which the remuneration of the corporate bodies was structured and how the performance assessment of the executive board was based in 2021 followed the model and the principles - duties performed, the state of the company’s affairs and market criteria - set out in the Remuneration Policy for members of Navigator’s management and supervisory bodies in force, namely in chapters III and IV and V, to which reference is made. The process and the bodies involved in assessing the performance of executive directors are described in point 24 above.

The remuneration system in force in Navigator ensures its business strategy and also, in the long term, the alignment of the interests of the members of the Board of Directors with the interests of the company and its sustainability, in particular because the remuneration is fair and equitable within the scope of the principles set out and because it links the members of the Board of Directors to results through a variable remuneration

component which is based on results but also takes into account the behavioural skills of each director such as their alignment with the long-term interests of the company and its sustainability.

In relation to remuneration components: (i) the remuneration of the members of the Board of Directors consists of a fixed component, corresponding to an annual amount, payable throughout the year, and, for the executive directors, also includes a variable component which may correspond to a percentage not exceeding five per cent of the net profit of the previous year in accordance with the articles of association, (ii) the remuneration of the members of the Audit Board corresponds to an annual fixed amount, payable throughout the year, and (iii) the remuneration of the members of the Board of the General Meeting consists only of a fixed amount determined according to the meetings actually held.

With regard to the variable component of the remuneration of executive directors, this is based on a target value applicable to each director and which is due under the conditions of performance of the individual and of the company which correspond to the expectations and objectives previously set. This target value is defined by weighting the principles mentioned above - market, specific duties, the company’s situation -, with emphasis on comparable market situations in functions of equivalent relevance. The weightings of the actual performance against expectations and goals, which determine the variation in relation to the target, are based on a set of KPIs, as mentioned in point 25 above, quantitative and qualitative, related to the performance of the company (general business indicators) and of the director in question (specific goals and behavioural indicators). Within the general business indicators, EBITDA, net income, cash flow and Total Shareholder Return vs. This system

has ensured that Navigator has no discretionary variable remuneration.

In addition to the statutory limit on directors’ profit sharing, the company also has mechanisms for limiting variable remuneration: (i) the variable component is eliminated in the event of the results showing a deterioration which is considered to be significant in the Company’s performance in the last reporting period or when such a deterioration may be expected in the period underway, and (ii) the amount of the variable component assignable has a cap defined in order to prevent good performance at a given moment, with immediate remuneration advantages for the directors, being at the expense of good performance in the future. In view of the foregoing, it is clear that the criteria for assigning remuneration contribute towards implementing the strategy defined by Navigator, and also towards the long term interests and sustainability of the company.

Although the company has no independent remuneration mechanism with the specific aim of discouraging excessive risk-taking, Navigator does not include in its directors’ performance targets any specific objectives which encourage excessive risk-taking, nor has it instituted any mechanism which allows future remuneration to be paid in advance. Risk is a characteristic inherent to any act of management and, as such, is unavoidably and permanently subject to consideration in any management decision. Its qualitative or quantitative assessment as good or bad cannot be made in isolation in itself, but only in its result in the performance of the company over time, thus being confused with long-term interests, and therefore benefiting from the incentives to general long-term alignment and sustainability referred to above.





71. Reference, if applicable, to the existence of a variable remuneration component and information on any impact on this from performance assessments.

The remuneration of Executive Directors effectively includes a variable component which depends on a performance assessment, as described in the previous point and in the Remuneration Policy, in particular in items 3 and 7 of chapter IV. Point 24. above describes the process and the corporate bodies involved in the performance evaluation of executive directors.

The individual and qualitative component of the performance evaluation had, in corporate year 2021, a 35% impact on this component of remuneration.

With regard to non-executive directors, it should be noted that although it is only composed of a fixed part, it may be differentiated by virtue of the accumulation of functions and added responsibilities, namely through the performance of functions in specialized committees or commissions.

There are no maximum remuneration limits, except for the limit on management profit-sharing, pursuant to the Articles of Association and no mechanism has been set up allowing the Company to ask for the return of paid up variable compensation.

The remuneration of Audit Board members has no variable component.

72. Deferred payment of the variable remuneration component, with reference to the deferral period.

In the Company there is no deferral of payment of the variable component of remuneration.

73. Criteria applied in allocating variable remuneration in shares and on the continued holding by executive directors of these shares, on any contracts concluded with regard to these shares, specifically hedging or transferring risk, the respective limits and the respective proportion represented of total annual remuneration.

In the Company, the variable remuneration includes no component consisting of shares.

74. Criteria applied on the allocating of variable remuneration in options and an indication of the deferral period and value.

In the Company, the variable remuneration includes no component consisting of shares.

75. Main parameters and grounds for any annual bonus system and any other non-cash benefits.

The criteria for setting annual bonuses are those relating to the variable remuneration as described in item 7 of chapter IV of the Remuneration Policy, and in items 25 and 70 above.

In addition to the variable component that may be attributed to the members of the executive management bodies, no other non-pecuniary benefits are attributed to the members of the management and supervisory bodies, without prejudice to the means made available to them for the performance of their duties and a health and personal accident insurance policy in line with market practices.

76. Main features of complementary or early retirement schemes for directors, and the date of approval by the General Meeting for each individual.

In the company there are currently no complementary pension or early retirement schemes for directors.

In 2019, a proposal was submitted to the Insurance and Pension Fund Supervisory Authority (ASF) to alter

the Pension Fund Contract whereby The Navigator Company Pension Plan was altered, so that directors would no longer be entitled to a pension supplement under the Plan. This change was approved by ASF in 2022 with retrospective effects from 2 December 2021.

However, under the terms of the Regulation of The Navigator Company Pension Plan (former Portucel SA Pension Plan) in force until the amendment of the Plan, the Directors of the Company who received as such, and who had fulfilled, at least, a complete mandate under the statutory terms, were entitled, after retiring or in a situation of disability, if it occurred during the term of the mandate, to a monthly supplement of retirement pension for old age or disability, respectively.

If the disability occurred after the term of office, the members in question of the Board of Directors would only be entitled to the disability pension supplement if they were awarded the corresponding disability pension by the Social Security authority with which they were enrolled, and if so requested from the Company.

This complementary pension was set on the basis of a formula which considered gross monthly remuneration and length of service; no less than 10 years' service is required and no more than 30 years' service will be considered.

On 31 December 2021, Manuel Soares Ferreira Regalado was the only Director who benefited from The Navigator Company's Pension Plan.

In addition, the Board members António José Pereira Redondo, Adriano Augusto da Silva Silveira and João Lé are participants in the pension plan of Navigator Brands, SA, one of the Company's subsidiaries, in their capacity as Employees of that company before holding management positions.

Due to the specific nature of the Navigator Group's pension plan, to date, the General Meeting has in no way intervened in approving the main



characteristics of the specific rules applicable to Directors' retirement.

In this regard, it should be noted that the Company was a public company until 1991, with the activity and form of operation regulated by the special law applicable to this type

of companies, and it was in this period that the specific rules applied to the retirement of members of the Board were approved.

However, it is important to mention that the retirement pension supplement plans in force in the Company are

described in note 7 of the annexes to the consolidated accounts for the year, which are part of the Report and Accounts subject to approval by the General Meeting.

IV. DISCLOSURE OF REMUNERATION

77. Indication of the annual amount of remuneration earned, in aggregate and individual form, by the members of the management bodies of the company, from the company, including fixed and variable remuneration and, in relation to this, mention of the different components that gave rise to it.

Indicated below is the amount of remuneration earned in 2021, with variable remuneration paid in 2021 but relating to performance in 2020 and 2021, by members of the Company's Board of Directors, from Navigator, with a distinction between fixed and variable remuneration, but without distinguishing the different

components that gave rise to the variable remuneration, because the variable component is defined as a whole, weighting the elements explained in the Remuneration Policy, without identifying components.

Amounts in euros

Board of Directors	Fixed Remuneration		Variable Remuneration	
	AMOUNT	RELATIVE PERCENTAGE	AMOUNT ⁴⁴	RELATIVE PERCENTAGE
António José Pereira Redondo	668,348.94	44.31%	839,967.14	55.69%
Adriano Augusto da Silva Silveira	319,214.00	33.66%	628,891.25	66.33%
João Paulo Cabete Gonçalves Lé	319,214.00	37.85%	524,140.94	62.15%
João Paulo Araújo Oliveira	319,805.66	35.45%	582,448.09	64.55%
José Fernando Morais Carreira de Araújo	319,213.16	34.75%	599,172.44	65.25%
Nuno Miguel Moreira de Araújo Santos	319,198.74	40.24%	474,022.49	59.76%
Manuel Soares Ferreira Regalado	77,000.00	100%	0.00	0%
Maria Teresa Aliu Presas	77,000.00	100%	0.00	0%
Mariana Rita Antunes Marques dos Santos	105,000.00	100%	0.00	0%
Sandra Maria Soares Santos	77,000.00	100%	0.00	0%
Vítor Manuel Galvão Rocha Novais Gonçalves	77,000.00	100%	0.00	0%

The table above shows the annual amount corresponding to the period during which the members of the Board of Directors held office.

⁴⁴ The amounts indicated include a portion of the variable remuneration relating to 2019 performance, paid in 2021.





The tables below set out, for the purposes of Article 26.2.c) of the Securities Code, the annual variations over the last five financial years in the remuneration paid individually by the Company to the members of the Board

of Directors, as well as the average remuneration of the full-time equivalent of the Company's Collaborators, and the Company's performance indicators:

Amounts in euros

Board of Directors		2017	2018	2019	2020	2021
António José Pereira Redondo	Fixed Remuneration	309,838	314,486	319,203	655,699	668,349
	Variable Remuneration	527,175	523,551	548,702	185,984	839,967
	% Variation	2.0%	0.1%	3.6%	-3.0%	79.2%
Adriano Augusto da Silva Silveira	Fixed Remuneration	397,108	397,108	297,108	313,172	319,214
	Variable Remuneration	0,00	0,00	0,00	117,000	628,891
	% Variation	-29.0%	0.0%	-25.2%	44.8%	120.4%
João Paulo Cabete Gonçalves Lé	Fixed Remuneration	-	-	-	315,392	319,214
	Variable Remuneration	-	-	-	15,074	524,141
	% Variation	-	-	-	100.0%	155.2%
João Paulo Araújo Oliveira	Fixed Remuneration	309,834	314,482	319,190	313,157	319,806
	Variable Remuneration	530,754	456,349	485,485	121,627	582,448
	% Variation	48.2%	-8.3%	4.4%	-46.0%	107.5%
José Fernando Morais Carreira de Araújo	Fixed Remuneration	309,848	314,496	319,213	313,171	319,213
	Variable Remuneration	543,455	489,410	554,110	175,663	599,172
	% Variation	9.5%	-5.8%	8.6%	-44.0%	87.9%
Nuno Miguel Moreira de Araújo Santos	Fixed Remuneration	309,834	314,482	319,199	313,157	319,199
	Variable Remuneration	512,920	562,493	415,447	128,915	474,022
	% Variation	26.8%	6.6%	-16.2%	-39.8%	79.4%
Manuel Soares Ferreira Regalado	Fixed Remuneration	77,000	77,000	77,000	75,543	77,000
	Variable Remuneration	177,015	0	0	0	0
	% Variation	-63.6%	-69.7%	0.0%	-1.9%	1.9%
Maria Teresa Aliu Presas	Fixed Remuneration	-	-	56,023	75,522	77,000
	Variable Remuneration	-	-	-	-	-
	% Variation	-	-	100.0%	34.8%	2.0%
Mariana Rita Antunes Marques dos Santos	Fixed Remuneration	-	-	76,395	102,984	105,000
	Variable Remuneration	-	-	-	-	-
	% Variation	-	-	100.0%	34.8%	2.0%
Sandra Maria Soares Santos	Fixed Remuneration	-	-	56,023	75,522	77,000
	Variable Remuneration	-	-	-	-	-
	% Variation	-	-	100.0%	34.8%	2.0%
Vítor Manuel Galvão Rocha Novais Gonçalves	Fixed Remuneration	98,000	98,000	98,000	96,145	77,000
	Variable Remuneration	-	-	-	-	-
	% Variation	-21.5%	0.0%	0.0%	-1.9%	-19.9%
Pedro Mendonça de Queiroz Pereira	Fixed Remuneration	830,914	689,200	-	-	-
	Variable Remuneration	987,021	967,061	-	-	-
	% Variation	3.9%	-8.9%	-	-	-
Diogo António Rodrigues da Silveira	Fixed Remuneration	510,062	517,713	259,033	-	-
	Variable Remuneration	636,559	620,627	653,534	-	-
	% Variation	2.3%	-0.7%	-19.8%	-	-
Luís Alberto Caldeira Deslandes	Fixed Remuneration	158,158	117,579	77,000	-	-
	Variable Remuneration	-	-	-	-	-
	% Variation	0.0%	-25.7%	-34.5%	-	-



Amounts in euros

Audit Board		2017	2018	2019	2020	2021
José Manuel Vitorino	Fixed Remuneration	16.002	19.854	21.994	21.994	21.994
	% Variation	2.1%	24.1%	10.8%	0.0%	0.0%
Gonçalo Picão Caldeira	Fixed Remuneration	16.002	16.002	16.002	16.002	16.002
	% Variation	2.1%	0.0%	0.0%	0.0%	0.0%
Maria da Graça Gonçalves	Fixed Remuneration	-	9.399	16.002	16.002	16.002
	% Variation	-	100.0%	70.3%	0.0%	0.0%
Miguel Camargo de Sousa Eiró	Fixed Remuneration	21,994	31,957	-	-	-
	% Variation	1.5%	45.3% ⁴⁵	-	-	-

Amounts in euros

Company Collaborators		2017	2018	2019	2020	2021
Total Remuneration 1	Average Remuneration (€)	33,668	35,840	30,810	31,236	33,477
	% Variation	4.9%	6.5%	-14.0%	1.4%	7.2%

Amounts in euros

Group Performance		2017	2018	2019	2020	2021
		%	%	%	%	%
Performance Indicators	EBITDA	403,838,089	455,217,531	372,091,044	285,507,801	354,716,330
	% Variation	1.6%	12.7%	-18.3%	-23.3%	24.2%
	Earnings per Share	0.29	0.31	0.24	0.15	0.24
	% Variation	-4.5%	8.4%	-24.7%	-35.1%	55.6%

78. Amounts paid on any basis by other controlled, controlling or group companies or companies under common control.

It should be clarified that the amounts referred to in this item do not relate only to companies controlled by the Company. They also include amounts over which the Company and its officers have no control, as they are the concern of its shareholders, the shareholders of shareholders and other companies controlled by shareholders, where a controlling relationship is involved.

The following directors earned remunerations in other controlling companies or companies under common control: João Nuno de Sottomayor Pinto de Castello Branco, Ricardo Miguel dos Santos Pacheco

Pires, Vítor Manuel Galvão Rocha Novais Gonçalves and Vítor Paulo Paranhos Pereira, in the total amounts of 1,695,300.21 euros, 902,102.90 euros, 898,128.55 euros and 77,825.00 euros, respectively. It is clarified that the members of the Board of Directors did not receive remuneration in other companies in a group relationship.

79. Remuneration paid in the form of profit sharing and/or payment of bonuses, and the grounds on which these bonuses and/or profit sharing were granted.

The amount of the remuneration paid by the Company in the form of profit-sharing and/or payment of bonuses corresponds to the variable remuneration referred to in item 77 of this Report, which amounts were

determined by the Remuneration Committee based on the actual application of the criteria described in item 7 of chapter IV of the Remuneration Policy.

80. Compensation paid or due to former executive directors for their dismissal during the year.

No compensation was paid during the year, nor is any compensation due, to former Executive Directors for their dismissal.

81. Indication of the annual remuneration earned, on an aggregate and individual basis, by the members of the Company's supervisory bodies, for the purposes of Law 28/2009 of 19 June.

⁴⁵ The apparent increase in the fixed remuneration of the Chairman of the Audit Board in 2018 was due to the fact that he terminated his term of office

early and therefore earned the remuneration he would have received until the end of the period for which he was elected.





Audit Board	Fixed Remuneration		Variable Remuneration	
	AMOUNT	RELATIVE PERCENTAGE	AMOUNT	RELATIVE PERCENTAGE
José Manuel Vitorino	21,994	100%	0	0%
Gonçalo Picão Caldeira	16,002	100%	0	0%
Maria da Graça Gonçalves	16,002	100%	0	0%

The chart above indicates the annual amount corresponding to the period in which members of the Supervisory Board performed their functions.

This information is in the Remuneration Report to be submitted

to the annual General Meeting of Shareholders, to take place this year.

82. Indication of remuneration earned in the reporting period by the Chairman of the General Meeting.

The Chairman of the General Meeting only receives a fixed remuneration.

In 2021, the Chairman of the General Meeting earned a remuneration of 3,000 euros (three thousand euros).

V. AGREEMENTS WITH IMPLICATIONS FOR REMUNERATION

83. Contractual limits on severance pay for directors, and the respective relationship with the variable remuneration component.

The Company has no contract with directors limiting or otherwise altering the supplementary legal rules on fair or unfair termination; the Remuneration Policy approved by the Company's Remuneration Committee provides that the supplementary legal rules will apply in case of termination of directors' term in office.

Therefore, considering the absence of individual contracts with directors in this regard and the provisions of the Remuneration Policy approved by the Company's Remuneration Committee, where the removal of a

director is not due to serious breach of their duties nor to their unfitness for the normal exercise of their functions, the Company will be obliged to pay compensation in accordance with the general terms of the law, although such compensation shall not exceed the value of the remuneration they would presumably have received through to the end of their term of office.

Dismissal before the expiry of the mandate does not entitle the director, either directly or indirectly, to compensation beyond the statutory amounts.

84. Reference to the existence and description, with indication of the amounts involved, of agreements

between the company and the members of the management body and directors, as defined by article 248-B (3) of the Securities Code, which provide for compensation in the event of dismissal, unfair dismissal or termination of employment as a result of a change in control of the company. (article 245-A, (1) (I)).

There are also no agreements between the Company and Board members or managers, which provide for compensation in the event of resignation, dismissal without due cause or termination of employment contract as a result of a change of control of the Company.

VI. STOCKS OR STOCK OPTION PLANS

85. Identification of plan and beneficiaries.

The company has no stock or stock option plans.

86. Description of plan (terms of allocation, non-transfer of share clauses, criteria on the price of shares and the price of exercising options, the period during which the options may be exercised, the

characteristics of the shares to be distributed, the existence of incentives to purchase shares and/or exercise options).

Not applicable.

87. Stock-option rights for which the company's workers and Employees are the beneficiaries.

Not applicable.

88. Control mechanisms in an employee ownership scheme insofar as voting rights are not directly exercised by Employees (article 245-A (1) (e)).

There is no employee ownership scheme in Navigator.



E. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

I. CONTROL MECHANISMS AND PROCEDURES

89. Procedures implemented by the Company for controlling related party transactions (reference is made for this purpose to the concept deriving from IAS 24).

The Company has a Regulation on Conflicts of Interest and Related Party Transactions through which rules were defined relating to conflicts of interest and transactions with related parties, to which the Company is party, which supplement internal mechanisms which the Company has in place for the purposes of complying with international accounting standards (IAS 24 - Related Party Disclosures), and shall apply notwithstanding the obligations of the Company and its managers with regard to insider information, the legal framework governing company business deals with directors, rules of procedure relating to the Internal Whistleblowing Regulations and other legislation applicable in this regard. This regulation was amended in 2020, due to the changes resulting from Law no. 50/2020, of August 25, and in 2021, by resolution of the Board of Directors of December 2021, with a favourable and binding opinion from the Audit Board, which now includes the applicable legal and regulatory regime in force on this matter.

Such regulations are available for consultation on the company website (www.thenavigatorcompany.com/Investidores/Governo-da-Sociedade).

In accordance with the Regulation on Conflicts of Interest and Related Party Transactions, Related Party Transactions are the transactions that are defined as such by the international accounting standards adopted in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council, of 19 July, and in particular by the International Accounting Standard (IAS) 24 (Related

Party Disclosures). They are subject to the following approval procedures:

The following Transactions are approved by the Executive Committee:

- a) Loans granted to the Company by shareholder companies with a value of less than or equal to one hundred million euros;
- b) Transactions under the taxation regime for company groups, with a value of less than or equal to one hundred million euros;
- c) Transactions with controlled companies that consolidate accounts with the Company, with an individual or accumulated annual value of less than or equal to two percent of the controlled company's revenue, assessed according to the latest approved annual accounts;
- d) Loans to controlled companies that consolidate accounts with the Company and, thus, holds their debt, (i) with a maturity of less than six months, (ii) individual or cumulative annual value of less than one fifth of the controlled company's revenue, assessed according to the latest approved annual accounts and not exceeding one hundred million euros and (iii) as long as the controlled company ensures credit lines for the reimbursement of the operation, and
- e) All other Transactions with an individual or cumulative annual amount of less than or equal to one million euros.

Transactions that (i) do not fall within the scope of sub-paragraphs a) to e) of the previous paragraph 1. or (ii) fall within that paragraph but are not carried out within the Company's ordinary course of business, are adopted by the Board of Directors, subject to prior approval by the Audit Board.

Under said Regulation, only Transactions carried out under market

conditions and in full respect of the justified interest of the Company shall be permitted.

With regard to the procedures for information, verification and formalization of transactions with related parties, the Regulation provides that:

- The Board of Directors is informed every six months of the decisions regarding transactions in which it has not participated;
- The Audit Board is informed of the transactions that the Company carries out for the purposes of verifying the compliance of the transactions with the above described regime and with the applicable legislation and regulations, and the related parties will not be able to participate in the verification in question;
- It is also incumbent upon the Company's Managers who intervene in the formalization of transactions with related parties to ensure that the transactions are previously submitted to the deliberations required by the regulation and in the applicable legislation and regulation, and
- The formalization and execution of resolutions on transactions with related parties must be subject to special monitoring by the Executive Committee.

The Company will disclose the transactions that must be disclosed under applicable legislation and regulations, namely because they have not met any of the legal requirements or due to the amount in question, in accordance with and in the period provided for in the applicable laws and regulations.

The Regulation will not apply to transactions treated as exempt by applicable law and regulation.

With regard to the procedures applicable in the area of conflicts of





interest, the regulation provides that a situation of conflict exists whenever any manager is in a position that, viewed objectively, may compromise his independence and cause in his judgment an influence of interests that differ from the interests of the Company, be they financial or not, his own or belonging to third parties, and that, for the purposes of its adequate prevention, identification and resolution, the Manager must:

- Communicate the existence of a conflict of interest, even if potential, to his superior or, in the case of a member of a collegiate body, to the body in question, in accordance with the relevant operating regulations, and
- Refrain from interfering or participating in the decision-making process whenever they are in conflict of interest, and record this impediment in the minutes or other

written document that registers the decision, without prejudice to the duty to provide information and clarifications the body concerned and its members request.

In addition, all regulations governing the operation of the corporate bodies and internal commissions contain provisions on conflicts of interest in accordance with the rules described above.

90. Indication of transactions subject to control in the reporting period.

In 2021, there were no other transactions subject to control given that, in accordance with the criteria referred to in item 91 below, none of the Company's transactions with qualifying shareholders or any other related entities, under article 20 of the Securities Code, were subject to prior clearance by the Supervisory Board.

It should also be noted that there was no business between the Company and qualifying shareholders outside normal market conditions.

91. Description of the procedures and criteria applicable to intervention by the supervisory body for the purposes of prior evaluation of transactions to be carried out between the Company and qualifying shareholders or related entities, under article 20 of the Securities Code.

The procedures and criteria applicable to intervention by the supervisory body for the purposes of prior evaluation of transactions to be carried out between the Company and qualifying shareholders or related entities, under article 20 of the Securities Code, are described in item 89.

II. DETAILS OF TRANSACTIONS

92. Indication of the place in the financial reports and account where information is available on related party transactions, in accordance with IAS 24, or, alternatively, reproduction of this information.

The information available on related party transactions is included in the Company's Report and Accounts, in no. 11.3 of the Notes to the Consolidated Financial Statements.



PART II

CORPORATE GOVERNANCE ASSESSMENT

1. IDENTIFICATION OF THE CORPORATE GOVERNANCE CODE ADOPTED

In 2018, Navigator adopted the Corporate Governance Code of the Portuguese Institute of Corporate Governance (“IPCG”) of 2018, in accordance with and for purposes

of article 2 of CMVM Regulation no. 4/2013.

The adopted Code was revised by the IPCG in 2020. It is released by the IPCG and can be accessed on

the respective website, at cam.cgov.pt/images/ficheiros/2020/revisão_codigo_en_2018_ebook-05.11.2020.pdf

2. ANALYSIS OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE ADOPTED

Navigator has adopted most of the IPCG Corporate Governance Code Recommendations. The Principles and Recommendations of this Code are listed in the table below, with indication

of the Recommendations adopted, not applicable and not adopted, and reference is made to the points in this Report where the matter is developed. In relation to the Recommendations not

adopted, justification for non-adoption and a mechanism equivalent to the adopted “explain”.

	Compliance	Comments
CHAPTER I - GENERAL PROVISIONS		
GENERAL PRINCIPLE		
Corporate Governance should promote and enhance the performance of companies, as well as of the capital markets, and strengthen the trust of investors, employees and the general public in the quality and transparency of management and supervision, as well as in the sustained development of the companies.		
I.1. COMPANY'S RELATIONSHIP WITH INVESTORS AND DISCLOSURE		
PRINCIPLE		
Companies, in particular its directors, should treat shareholders and other investors equitably, namely by ensuring mechanisms and procedures are in place for the suitable management and disclosure of information.		
RECOMMENDATION		
I.1.1. The Company should establish mechanisms to ensure the timely disclosure of information to its governing bodies, shareholders, investors and other stakeholders, financial analysts, and to the markets in general.	Adopted	Part I, nos. 21, 22, 38 and 56 to 65
I.2. DIVERSITY IN THE COMPOSITION AND FUNCTIONING OF THE COMPANY'S GOVERNING BODIES		
PRINCIPLES		
I.2.A. Companies ensure diversity in the composition of its governing bodies, and the adoption of requirements based on individual merit, in the appointment procedures that are exclusively within the powers of the shareholders.		
I.2.B. Companies should be provided with clear and transparent decision structures and ensure a maximum effectiveness of the functioning of their governing bodies and commissions.		
I.2.C. Companies ensure that the functioning of their bodies and committees is duly recorded, namely in minutes, to allow an understanding not only of the meaning of the decisions taken, but also of their grounds and opinions expressed by their members.		

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	Compliance	Comments
RECOMMENDATIONS		
I.2.1. Companies should establish standards and requirements regarding the profile of new members of their governing bodies, which are suitable according to the roles to be carried out. Besides individual attributes (such as competence, independence, integrity, availability, and experience), these profiles should take into consideration general diversity requirements, with particular attention to gender diversity, which may contribute to a better performance of the governing body and to the balance of its composition.	Adopted	Part I, no. 16
I.2.2. The company's managing and supervisory boards, as well as their committees, should have internal regulations — namely regulating the performance of their duties, their Chairmanship, periodicity of meetings, their functioning and the duties of their members —, disclosed in full on the company's website. Minutes of the meetings of each of these bodies should be drawn out.	Adopted	Part I, nos. 22, 27, 29, 34 and 38
I.2.3. The composition and the number of annual meetings of the managing and supervisory bodies, as well as of their committees, should be disclosed on the company's website.	Adopted	Part I, nos 22, 27, 34 and 61
I.2.4. A policy for the communication of irregularities (whistleblowing) should be adopted that guarantees the suitable means of communication and treatment of those irregularities, with the safeguarding of the confidentiality of the information transmitted and the identity of its provider, whenever such confidentiality is requested.	Adopted	Part I, nos. 49, 50, 54 and 89

I.3. RELATIONSHIPS BETWEEN THE COMPANY BODIES

PRINCIPLE

The members of the governing bodies, especially the directors, must create the conditions so that, in accordance with the responsibilities of each body, the taking of thoughtful and efficient measures is ensured and, in the same way, so that the various bodies of the company act in a harmonious, articulated and with adequate information for the exercise of the respective functions.

RECOMMENDATIONS

I.3.1. The bylaws, or other equivalent means adopted by the company, should establish mechanisms that, within the limits of applicable laws, permanently ensure the members of the managing and supervisory boards are provided with access to all the information and company's collaborators, in order to appraise the performance, current situation and perspectives for further developments of the company, namely including minutes, documents supporting decisions that have been taken, calls for meetings, and the archive of the meetings of the managing board, without impairing the access to any other documents or people that may be requested for information.	Adopted	Part I, nos. 21, 22 and 38
I.3.2. Each of the company's boards and committees should ensure the timely and suitable flow of information, especially regarding the respective calls for meetings and minutes, necessary for the exercise of the competences, determined by law and the bylaws, of each of the remaining boards and committees.	Adopted	Part I, nos. 21, 22, 27 and 38

I.4. CONFLICTS OF INTERESTS

PRINCIPLE

The existence of current or potential conflicts of interest, between members of the company's boards or committees and the company, should be prevented. The non-interference of the conflicted member in the decision process should be guaranteed.

RECOMMENDATIONS

I.4.1. The members of the managing and supervisory boards and the internal committees are bounded, by internal regulation or equivalent, to inform the respective board or committee whenever there are facts that may constitute or give rise to a conflict between their interests and the company's interest.	Adopted	Part I, no. 89
I.4.2. Procedures should be adopted to guarantee that the member in conflict does not interfere in the decision-making process, without prejudice to the duty to provide information and other clarifications that the board, the committee or their respective members may request.	Adopted	Part I, no. 89

I.5. RELATED PARTY TRANSACTIONS

PRINCIPLE

Due to the potential risks they entail, transactions with related parties must be justified in the interests of society and carried out under market conditions, subject to the principles of transparency and adequate supervision.





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	Compliance	Comments
RECOMMENDATIONS		
I.5.1. The managing body should disclose in the corporate governance report or by other means publicly available the internal procedure for verifying transactions with related parties.	Adopted	Part I, nos. 38 and 89 to 91
I.5.2. The managing body should report to the supervisory body the results of the internal procedure for verifying transactions with related parties, including the transactions under analysis, at least every six months.	Adopted	Not applicable Recommendation, due to the provisions of Note 3 on Interpretation of the of the Corporate Governance Code IPCG 2018 (revised in 2020)

CHAPTER II. SHAREHOLDERS AND THE GENERAL MEETING

PRINCIPLES

- II.A.** As an instrument for the efficient functioning of the company and the fulfilment of the corporate purpose of the company, the suitable involvement of the shareholders in matters of corporate governance is a positive factor for the company's governance.
- II.B.** The company should stimulate the personal participation of shareholders in general meetings, which is a space for communication by the shareholders with the company's boards and committees, and for reflection about the company itself.
- II.C.** The company should implement adequate means for the participation and remote voting by shareholders in meetings.

RECOMMENDATIONS

II.1. The company should not set an excessively high number of shares to confer voting rights, and it should make its choice clear in the corporate governance report every time its choice entails a diversion from the general rule: that each share has a corresponding vote.	Adopted	Part I, nos. 12 and 13
II.2. The company should not adopt mechanisms that make decision making by its shareholders (resolutions) more difficult, specifically, by setting a quorum higher than that established by law.	Adopted	Part I, no. 14
II.3. The company should implement adequate means for the remote participation by shareholders in the general meeting, which should be proportionate to its size.	Adopted	Part I, no. 12
II.4. The company should also implement adequate means for the exercise of remote voting, including by correspondence and electronic means.	Adopted	Part I, no. 12
II.5. The bylaws, which specify the limitation of the number of votes that can be held or exercised by a sole shareholder, individually or in coordination with other shareholders, should equally provide that, at least every 5 years, the amendment or maintenance of this rule will be subject to a shareholder resolution – without increased quorum in comparison to the legally established – and in that resolution, all votes cast will be counted without observation of the imposed limits.	Adopted	Part I, nos. 5, 13 and 14
II.6. The company should not adopt mechanisms that imply payments or assumption of fees in the case of the transfer of control or the change in the composition of the managing body, and which are likely to harm the free transferability of shares and a shareholder assessment of the performance of the members of the managing body.	Adopted	Part I, nos. 4, 83 and 84

CHAPTER III - NON-EXECUTIVE MANAGEMENT, MONITORING AND SUPERVISION

PRINCIPLES

- III.A.** The members of governing bodies who possess non-executive management duties or monitoring and supervisory duties should, in an effective and judicious manner, carry out monitoring duties and incentivise executive management for the full accomplishment of the corporate purpose, and such performance should be complemented by committees for areas that are central to corporate governance.
- III.B.** The composition of the supervisory body and the non-executive directors should provide the company with a balanced and suitable diversity of skills, knowledge, and professional experience.
- III.C.** The supervisory body should carry out a permanent oversight of the company's managing body, also in a preventive perspective, following the company's activity and, in particular, the decisions of fundamental importance.

RECOMMENDATIONS

III.1. Without prejudice to the legal powers of the chair of the managing body, if he or she is not independent, the independent directors should appoint a coordinator from amongst them, namely, to: (i) act, when necessary, as an interlocutor near the chair of the board of directors and other directors, (ii) make sure there are the necessary conditions and means to carry out their functions; and (iii) coordinate the independent directors in the assessment of the performance of the managing body, as established in recommendation V.1.1.	Not adopted	Explanation of recommendations not adopted below.
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	Compliance	Comments
III.2. The number of non-executive members in the managing body, as well as the number of members of the supervisory body and the number of the members of the committee for financial matters should be suitable for the size of the company and the complexity of the risks intrinsic to its activity, but sufficient to ensure, with efficiency, the duties which they have been attributed. The formation of such suitability judgment should be included in the corporate governance report.	Adopted	Part I, nos. 18, 31, 50, 51 and 54
III.3. In any case, the number of non-executive directors should be higher than the number of executive directors.	Adopted	Part I, no. 18
III.4. Each company should include a number of non-executive directors that corresponds to no less than one third, but always plural, who satisfy the legal requirements of independence. For the purposes of this recommendation, an independent person is one who is not associated with any specific group of interest of the company, nor under any circumstance likely to affect his/her impartiality of analysis or decision, namely due to: <ul style="list-style-type: none"> i. having carried out functions in any of the company's bodies for more than twelve years, either on a consecutive or non- consecutive basis; ii. having been a prior staff member of the company or of a company which is considered to be in a controlling or group relationship with the company in the last three years; iii. having, in the last three years, provided services or established a significant business relationship with the company or a company which is considered to be in a controlling or group relationship, either directly or as a shareholder, director, manager or officer of the legal person; iv. having been a beneficiary of remuneration paid by the company or by a company which is considered to be in a controlling or group relationship other than the remuneration resulting from the exercise of a director's duties; v. having lived in a non-marital partnership or having been the spouse, relative or any first degree next of kin up to and including the third degree of collateral affinity of company directors or of natural persons who are direct or indirect holders of qualifying holdings, or vi. having been a qualified holder or representative of a shareholder of qualifying holding. 	Adopted	Part I, no. 18
III.5. The provisions of paragraph (i) of recommendation III.4 does not inhibit the qualification of a new director as independent if, between the termination of his/her functions in any of the company's bodies and the new appointment, a period of 3 years has elapsed (cooling-off period).	Not applicable	Part I, no. 18
III.6. The supervisory body, in observance of the powers conferred to it by law, should assess and give its opinion on the strategic lines and the risk policy prior to its final approval by the management body.	Adopted	Part I, nos. 38 and 50
III.7. Companies should have specialised committees, separately or cumulatively, on matters related to corporate governance, appointments, and performance assessment. In the event that the remuneration committee provided for in article 399 of the Commercial Companies Code has been created and should this not be prohibited by law, this recommendation may be fulfilled by conferring competence on such committee in the aforementioned matters.	Adopted	Part I, nos. 21, 27 and 29

CHAPTER IV - EXECUTIVE MANAGEMENT

PRINCIPLES

IV.A. As way of increasing the efficiency and the quality of the managing body's performance and the suitable flow of information in the board, the daily management of the company should be carried out by directors with qualifications, powers and experience suitable for the role. The executive board is responsible for the management of the company, pursuing the company's objectives and aiming to contribute towards the company's sustainable development.

IV.B. In determining the number of executive directors, it should be taken into account, besides the costs and the desirable agility in the functioning of the executive board, the size of the company, the complexity of its activity, and its geographical spread.

RECOMMENDATIONS

IV.1. The managing body should approve, by internal regulation or equivalent, the rules regarding the action of the executive directors applicable to their performance of executive functions in entities outside of the group.	Adopted	Part I, no. 22
IV.2. The managing body should ensure that the company acts consistently with its objects and does not delegate powers, namely, in what regards: i) the definition of the strategy and main policies of the company; ii) the organisation and coordination of the business structure; iii) matters that should be considered strategic in virtue of the amounts involved, the risk, or special characteristics.	Adopted	Part I, nos. 21 e 22
IV.3. In the annual report, the managing body explains in what terms the strategy and the main policies defined seek to ensure the long-term success of the company and which are the main contributions resulting therein for the community at large.	Adopted	Part I, no. 21 Management Report

Sustainability Report,
notable: pages 3, 4-6, 8, 10,
22, 48, 50, 52, section 6

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Compliance

Comments

CHAPTER V - EVALUATION OF PERFORMANCE, REMUNERATION AND APPOINTMENT

V.1. ANNUAL EVALUATION OF PERFORMANCE

PRINCIPLE

The company should promote the assessment of performance of the executive board and of its members individually, and also the assessment of the overall performance of the managing body and its specialized committees.

RECOMMENDATION

The managing body should annually evaluate its performance as well as the performance of its committees and executive directors, taking into account the accomplishment of the company's strategic plans and budget plans, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the company's other bodies and committees.

Adopted

Part I, nos. 22, 24 and 25

V.2. REMUNERATIONS

PRINCIPLES

V.2.A. The remuneration policy of the members of the managing and supervisory boards should allow the company to attract qualified professionals at an economically justifiable cost in relation to its financial situation, induce the alignment of the member's interests with those of the company's shareholders — taking into account the wealth effectively created by the company, its financial situation and the market's — and constitute a factor of development of a culture of professionalization, sustainability, promotion of merit and transparency within the company.

V.2.B. Directors should receive compensation:

- i) that suitably remunerates the responsibility taken, the availability and the expertise placed at the disposal of the company;
- ii) that guarantees a performance aligned with the long-term interests of the shareholders and promotes the sustainable performance of the company; and
- iii.) that rewards performance.

RECOMMENDATIONS

V.2.1. The company should create a remuneration committee, the composition of which should ensure its independence from the management, which may be the remuneration committee appointed under the terms of article 399 of the Commercial Companies Code.

Adopted

Part I, nos. 24, 27, 66 and 67

V.2.2. The remuneration should be set by the remuneration committee or the general meeting, on a proposal from that committee.

Adopted

Part I, nos. 24, 27, 66 and 67

V.2.3. For each term of office, the remuneration committee or the general meeting, on a proposal from that committee, should also approve the maximum amount of all compensations payable to any member of a board or committee of the company due to the respective termination of office. The said situation as well as the amounts should be disclosed in the corporate governance report or in the remuneration report.

Not adopted

Explanation of recommendations not adopted below

V.2.4. In order to provide information or clarifications to shareholders, the chair or, in case of his/her impediment, another member of the remuneration committee should be present at the annual general meeting, as well as at any other, whenever the respective agenda includes a matter linked with the remuneration of the members of the company's boards and committees or, if such presence has been requested by the shareholders.

Adopted

Part I, no. 76

V.2.5. Within the company's budgetary limitations, the remuneration committee should be able to decide, freely, on the hiring, by the company, of necessary or convenient consulting services to carry out the committee's duties.

Adopted

Part I, no. 66

V.2.6. The remuneration committee should ensure that those services are provided independently and that the respective providers do not provide other services to the company, or to others in controlling or group relationship, without the express authorization of the committee.

Adopted

Part I, no. 66

V.2.7. Taking into account the alignment of interests between the company and the executive directors, a part of their remuneration should be of a variable nature, reflecting the sustained performance of the company, and not stimulating the assumption of excessive risks.

Adopted

Part I, no. 70, 71 and 75, Annex II

V.2.8. A significant part of the variable component should be partially deferred in time, for a period of no less than three years, being necessarily connected to the confirmation of the sustainability of the performance, in the terms defined by a company's internal regulation.

Not adopted

Explanation of recommendations not adopted below

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	Compliance	Comments
V.2.9. When variable remuneration includes the allocation of options or other instruments directly or indirectly dependent on the value of shares, the start of the exercise period should be deferred in time for a period of no less than three years.	Not applicable	Part I, nos 73 e 74
V.2.10. The remuneration of non-executive directors should not include components dependent on the performance of the company or on its value.	Adopted	Part I, no. 71
V.3. APPOINTMENTS		
PRINCIPLE		
Regardless of the manner of appointment, the profile, the knowledge, and the curriculum of the members of the company's governing bodies, and of the executive staff, should be suited to the functions carried out.		
RECOMMENDATIONS		
V.3.1. The company should, in terms that it considers suitable, but in a demonstrable form, promote that proposals for the appointment of the members of the company's governing bodies are accompanied by a justification in regard to the suitability of the profile, the skills and the curriculum vitae to the duties to be carried out.	Adopted	Part I no. 16
V.3.2. The overview and support to the appointment of members of senior management should be attributed to a nomination committee unless this is not justified by the company's size.	Adopted	Part I no. 29
V.3.3. This nomination committee includes a majority of non- executive, independent members.	Not adopted	Explanation of recommendations not adopted below
V.3.4. The nomination committee should make its terms of reference available, and should foster, to the extent of its powers, transparent selection processes that include effective mechanisms of identification of potential candidates, and that those chosen for proposal are those who present a higher degree of merit, who are best suited to the demands of the functions to be carried out, and who will best promote, within the organisation, a suitable diversity, including gender diversity.	Adopted	Part I, no. 16 and 29

CHAPTER VI - INTERNAL CONTROL**PRINCIPLE**

Based on its mid and long-term strategies, the company should establish a system of risk management and control, and of internal audit, which allow for the anticipation and minimization of risks inherent to the company's activity.

RECOMMENDATIONS

VI.1. The managing body should debate and approve the company's strategic plan and risk policy, which should include the establishment of limits on risk-taking.	Adopted	Part I no. 22, 24 and 50
VI.2. The supervisory board should be internally organised, implementing mechanisms and procedures of periodic control that seek to guarantee that risks which are effectively incurred by the company are consistent with the company's objectives, as set by the managing body.	Adopted	Part I no. 38, 50 and 54
VI.3. The internal control systems, comprising the functions of risk management, compliance, and internal audit should be structured in terms adequate to the size of the company and the complexity of the inherent risks of the company's activity. The supervisory body should evaluate them and, within its competence to supervise the effectiveness of this system, propose adjustments where they are deemed to be necessary.	Adopted	Part I no. 50, 51, 52, 54 and 55
VI.4. The supervisory body should provide its view on the work plans and resources allocated to the services of the internal control system, including the risk management, compliance and internal audit functions, and may propose the adjustments deemed to be necessary.	Adopted	Part I no. 38 and 50
VI.5. The supervisory body should be the recipient of the reports prepared by the internal control services, including the risk management functions, compliance and internal audit, at least regarding matters related to the approval of accounts, the identification and resolution of conflicts of interest, and the detection of potential irregularities.	Adopted	Part I no. 45 and 50
VI.6. Based on its risk policy, the company should establish a risk management function, identifying (i) the main risks it is subject to in carrying out its activity; (ii) the probability of occurrence of those risks and their respective impact; (iii) the devices and measures to adopt towards their mitigation; and (iv) the monitoring procedures, aiming at their accompaniment.	Adopted	Part I no. 38, 49, 50, 51, 52, 53, 54 and 55
VI.7. The company should establish procedures for the supervision, periodic evaluation, and adjustment of the internal control system, including an annual evaluation of the level of internal compliance and the performance of that system, as well as the perspectives for amendments of the risk structure previously defined.	Adopted	Part I no. 38, 49, 50, 51, 52, 53, 54 and 55

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Compliance

Comments

CHAPTER VII - FINANCIAL INFORMATION

VII.1. FINANCIAL INFORMATION

PRINCIPLES

VII.A. The supervisory body should, with independence and in a diligent manner, ensure that the managing body complies with its duties when choosing appropriate accounting policies and standards for the company, and when establishing suitable systems of financial reporting, risk management, internal control, and internal audit.

VII.B. The supervisory body should promote an adequate coordination between the internal audit and the statutory audit of accounts.

RECOMMENDATION

VII.1.1. The supervisory body's internal regulation should impose the obligation to supervise the suitability of the preparation process and the disclosure of financial information by the managing body, including suitable accounting policies, estimates, judgments, relevant disclosure and its consistent application between financial years, in a duly documented and communicated form.	Adopted	Part I no. 38
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VII.2. STATUTORY AUDIT OF ACCOUNTS AND SUPERVISION

PRINCIPLE

The supervisory body should establish and monitor clear and transparent formal procedures on the relationship of the company with the statutory auditor and on the supervision of compliance, by the auditor, with rules regarding independence imposed by law and professional regulations.

RECOMMENDATIONS

VII.2.1. By internal regulations, the supervisory body should define, according to the applicable legal regime, the monitoring procedures aimed at ensuring the independence of the statutory auditor.	Adopted	Part I no. 37, 38 and 46
VII.2.2. The supervisory body should be the main interlocutor of the statutory auditor in the company and the first recipient of the respective reports, having the powers, namely, to propose the respective remuneration and to ensure that adequate conditions for the provision of services are ensured within the company.	Adopted	Part I no. 38 and 45
VII.2.3. The supervisory body should annually assess the services provided by the statutory auditor, their independence and their suitability in carrying out their functions, and propose their dismissal or the termination of their service contract by the competent body when this is justified for due cause.	Adopted	Part I no. 38 and 45

EXPLANATION OF NON ADOPTION OF ADOPTED RECOMMENDATIONS

III.1. Without prejudice to the legal powers of the chair of the managing body, if he or she is not independent, the independent directors should appoint a coordinator from amongst them, namely, to: (i) act, when necessary, as an interlocutor near the chair of the board of directors and other directors, (ii) make sure there are the necessary conditions and means to carry out their functions; and (iii) coordinate the independent directors in the assessment of the performance of

the managing body, as established in recommendation V.1.1.

Taking into consideration the specificities of the Company, notably its family owned nature and capital concentration, and the total number of non-executive directors, and, among these, independent directors, as well as the characteristics and position of the Chairman of the Board of Directors, the Company believes that the appointment of a coordinator would not be appropriate and would simply aim for the mere formal adoption of this recommendation, with which the company does not agree.

In fact, and as has been mentioned in this report, the Company has implemented several rules and mechanisms which allow for a regular liaison between different members of the Board of Directors, notably in what concerns the Chairman and other directors, and the existence of required conditions and means for the performance of their functions.

Therefore, this recommendation is not formally adopted by the Company, although all its objectives are attained.





V.2.3. For each term of office, the remuneration committee or the general meeting, on a proposal from that committee, should also approve the maximum amount of all compensations payable to any member of a board or committee of the company due to the respective termination of office. The said situation as well as the amounts should be disclosed in the corporate governance report or in the remuneration report.

This recommendation is not complied with since the Remuneration Committee, although it is a matter within its power, did not define the maximum amount of all compensation to be paid to the member of any body or committee of the Company due to the respective termination of duties.

In fact, the Remuneration Committee has never, until today, felt the need to create a self-limitation in relation to the aforementioned maximum amount regardless of the form of termination of duties that is at stake. The specific circumstance to which this limitation refers does not take place frequently and, when it happens, the sensitivity and specificity is always so great that it cannot fail to impose a case-by-case assessment, even if integrated into the general remuneration regime and with historical weighting.

It should be noted, however, that where the dismissal of directors does not result from a serious violation of the duties of the director or from inability to carry out the normal duties, the company will be obliged to pay compensation under the general terms of law, that may not exceed the amount of remuneration that it would presumably receive until the end of the period for which it was elected.

V.2.8. A significant part of the variable component should be partially deferred in time, for a period of no less than three years, being necessarily connected to the confirmation of the sustainability of the performance, in the terms defined by a company's internal regulation.

The explanation for the non-adoption of this recommendation is set out in the remuneration policy in force, which corresponds to Annex II to this Report, and reads as follows:

“Several writings sustain profusely the deferral of the payment of the variable part of remuneration to a later time, which will enable the establishment of a direct relation between remuneration and the impact of management on the Company over a longer period.

We accept this principle as theoretically sound, but the historical element, associated to the stability and the practice that has been followed successfully for years without the element of deferral, leads us to not adopt that option for the time being.

As for the obligation to refund variable remuneration already delivered, and without prejudice to the applicable legal regime, no mechanism is in place to allow the company to request the same from the respective members of the management.”

The recommendation is thus not adopted by the Company, albeit it guarantees the substance which would justify it even more than it would with its adoption.

In addition, it is noted that Navigator's yearly consolidated results have always been, repeatedly and consistently, highly positive, evidencing the sustainability in performance that the Recommendation seeks to

preserve. As a result, thereof, the possible partial deferral for a period of not less than three years, of the variable component of remuneration, would have no impact on the right to a variable component of Navigator directors.

However, it is important to clarify that Navigator is analysing the deferral model for the payment of part of the variable remuneration with a view to its eventual implementation.

V.3.3. This nomination committee includes a majority of non-executive, independent members.

The Nomination and Appraisal Committee of the Company is entirely composed of non-executive directors, but only one is independent – Mariana Rita Antunes Marques dos Santos. In the selection of the members of this committee, emphasis was placed on the diversity of profiles (age, gender, qualifications, experience and professional background), ensuring that all have exempt analysis and decision power and evidenced integrity of character.

The Company considers that this diversity of profiles, coupled with the fact that the Appointments and Appraisals Committee resorts, whenever necessary, to market studies and the analysis of comparable situations within the group, is enough to ensure that its analyses are in line with best practices and strengthen independent and impartial decision-making.



PART III

OTHER INFORMATION

There are no other elements or additional information that are relevant to the understanding of the governance model and practices adopted.

Annex 1

*Disclosures referred to in article 447
of the Companies' Code*

1) DISCLOSURES REFERRED TO IN ARTICLES 447 OF THE COMPANIES' CODE (with reference to 2021)

Securities issued by Company and held by company officers:

- António José Pereira Redondo:
6,000 shares
- Adriano Augusto da Silva Silveira:
2,000 shares

2) INFORMATION ON OWN SHARES (required by Articles 66 and 324 no. 2 of the Companies Code)

On 31 December 2021, the Company did not hold any shares in its own share capital.

Annex 2

Remuneration Policy

REMUNERATION POLICY FOR THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES OF NAVIGATOR (2021 TO 2024)

I. INTRODUCTION

The Remuneration Committee of Navigator has been drawing up the remuneration policy statement since 2008, originally in the context of a recommendation from the Securities Market Commission (Comissão de Mercado de Valores Mobiliários - CMVM), from 2009 according to Law no. 28/2009, of 19 June, and more recently in line with the recommendations of the 2018 Corporate Governance Code of the Portuguese Corporate Governance Institute.

With the entry into force of Law no. 50/2020, of 25 August, and the consequent repeal of Law no.

28/2009, of 19 June, the Navigator Remuneration Committee must prepare a Remuneration Policy for the members of its management and supervisory bodies in accordance with the new legal regime.

It should be noted that, with the 2020 revision to the Corporate Governance Code of the Portuguese Institute of Corporate Governance, and in view of the necessary harmonization with Law no. 50/2020, of 25 August, the content of the policy remuneration is no longer based on a recommendation.

This Remuneration Policy thus reflects the work carried out by the

Remuneration Committee, based on the previous statement on the remuneration policy and taking into account the aforementioned new framework.

Considering Navigator's trajectory, this Committee continued to choose to reconcile, on the one hand, new trends in terms of management remuneration options, and on the other, the weight of history, previous options and the own features of this company.

The elaboration of the remuneration policy is the exclusive responsibility of the Remuneration Committee, composed of three members, all of whom are independent





from the management, and must be approved by the General Meeting, at least every four years and at every material change to it.

In its performance, namely in determining, reviewing and applying

the Policy, the Remuneration Committee observes the applicable legislation and the policies and regulations in force at Navigator, namely, the regulation on Conflicts of Interest and Related Parties

Transactions, which sets out operating rules with a view to preventing, identifying and resolving conflicts of interest between society and its managers.

II. LEGAL AND STATUTORY REGIME

This policy is issued within the legal framework of the above mentioned Law 50/2020, of 25 August, which amended the Securities Code.

As for that legal diploma, in addition to what it determines as to the frequency of the policy, its approval and the disclosure of its content, it determines, in number 2 of article 26-C of the Securities Code, in respect of its content, that the Policy have in consideration:

- a) An explanation of how it contributes to the company's business strategy, its long-term interests and sustainability;
- b) An explanation of how the employment and pay conditions of employees of the company were taken into account when establishing the remuneration policy;
- c) A description of the different components of fixed and variable remuneration,
- d) A explanation of all bonuses and other benefits, in whatever form, which can be awarded to members of the management and supervisory bodies, and indicate their relative proportion;
- e) An indication of the duration of the contracts or arrangements with members of the management and supervisory bodies, the applicable notice periods, termination clauses and payments linked to their termination;
- f) Indication of the main characteristics of supplementary pension or early retirement schemes.

In addition, paragraph 3 of article 26-C of the Securities Code stipulates

that, in case the provision of variable remuneration to directors is foreseen, the remuneration policy must identify:

- a) The criteria applied to the attribution of variable remuneration, including financial and non-financial criteria and, if applicable, the criteria related to corporate social responsibility, in a clear and comprehensive manner, and explain how these criteria contribute to the company's corporate strategy, to its long-term interests and to its sustainability;
- b) The methods to be applied to determine to which extent the performance criteria have been met;
- c) The deferral periods and the possibility for the company to request the refund of the variable remuneration already delivered.

On the other hand, number 4 of article 26-C of the Securities Code establishes that, in case the provision of a share-based remuneration component is foreseen, the remuneration policy must identify:

- a) The periods for acquiring rights;
- b) If applicable, the period for keeping shares after acquiring said rights;
- c) The way in which share-based remuneration contributes to the company's corporate strategy, its long-term interests and its sustainability.

In addition to the aforementioned Law no. 50/2020, of 25 August, any definition of remuneration cannot fail to take into account both the general

legal regime and the specific regime adopted in the company's articles of association, when applicable.

The legal regime for the Board of Directors is essentially established in article 399 of the Commercial Companies Code, and it essentially establishes the following:

- The setting of remunerations is the responsibility of the general meeting of shareholders or of a commission appointed by it.
- That definition of the remuneration must take into account the functions performed and the economic situation of the company.
- The remuneration may be fixed or consist partially of a percentage of the profits of the financial year, but the maximum percentage intended for the directors must be authorized by a clause of the articles of association and not cover distributions of reserves or any part of the profit of the year that could not, by law, be distributed to shareholders.

For the Audit Board and for the members of the Board of the General Meeting, the law determines that the remuneration must consist of a fixed amount, and that it be determined in the same way by the general meeting of shareholders or by a committee appointed by the same, taking into account functions performed and the economic situation of the company.

As for the articles of association, in the case of Navigator, there is a specific article only for the Board of Directors, twenty-one, which simultaneously governs the retirement scheme, and has, in the part that matters here, the following content:



“Article 21 - 1 - The remunerations of the directors, which may be different, shall be established by a remunerations

committee elected by the General Meeting for such purpose, for periods of four years.”

This is the formal framework within which the remuneration policy must be defined.

III. GENERAL PRINCIPLES

The general principles to be observed when setting the remuneration of the Company officers are essentially those which in very general terms derive from the law: on the one hand, the duties performed and on the other the state of the Company's affairs. If we add to these the general market terms for similar situations, we find that these appear to be the three main general principles:

a) Duties performed

The functions performed by each Company officer include functions in the formal sense, but also the functions in the broader sense of the specific level of responsibility of the function carried out, taking into account criteria as varied as, for example, commitment and dedicated time, the nature, dimension, complexity and required skills for the function or the added value to the Company resulting from

a given type of intervention or an institutional representation.

The fact that time is spent by the officer on duties in other controlled companies also cannot be taken out of the equation, due to the added responsibility this represents and in terms of the existence of another source of income.

b) The state of the Company's affairs

The size of the Company and the inevitable complexity of the associated management responsibilities, are clearly relevant aspects of the state of affairs, understood in the broadest sense. And these aspects have implications in the need to remunerate a responsibility which is greater in larger companies with complex business models and for the capacity to remunerate management duties appropriately.

c) Market Criteria

It is unavoidably necessary to match supply to demand when setting any level of pay, and the officers of a corporation are no exception.

It is essential to have the ability to attract, develop and retain competent professionals, which requires that the Remuneration Policy be competitive and attractive in order to ensure the legitimate individual interests, but essentially those of the Company, and the generation of sustainable value to shareholders.

In the case of this Company, in view of its characteristics and size, the market criteria and practices to be considered are those prevailing internationally, as well as those to be observed in Portugal.

IV. COMPLIANCE OF PRINCIPLES WITH THE LEGAL REGIME

Having stated the adopted general principles, it is now necessary to frame the principles in the applicable legal regime.

1. Paragraph a) of number 2 of article 26-C of the Securities Code. Strategy, long-term interests and sustainability.

Practice has shown that the remuneration system in force at Navigator is successful in ensuring its corporate strategy and, in the long term, in aligning the interests of the members of the management body with the interests of the company and its sustainability, especially for the reasons set out below.

Firstly, for it is a remuneration that is sought to be fair and balanced within the principles set out, and secondly, by associating the members of the management body to the results through a variable component of the remuneration, which has the results as its main factor, but also takes into account the behaviour skills of each director, such as their alignment with the long-term interests of the company.

2. Paragraph b) of number 2 of article 26-C of the Securities Code. Employment and pay conditions of employees.

The alignment between this Policy and the pay and employment

conditions of Navigator employees is ensured given that both remuneration systems are based on the same General Principles set out in this Remuneration Policy, in particular market conditions in the reference markets for the functions performed.

3. Paragraph c) of number 2 of article 26-C of the Securities Code. Fixed and variable components of the remuneration.

The remuneration of the members of the Board of Directors consists of a fixed component, corresponding to an annual amount, payable throughout the year, and, for Executive Directors, it also incorporates a variable component





that may correspond to a percentage not exceeding five per cent of the previous year's net result.

The remuneration of the members of the Audit Board corresponds to a fixed annual amount, payable throughout the year.

Finally, the remuneration of the members of the Board of the General Meeting consists only of a fixed amount, determined in accordance with the meetings that are actually held.

It should be noted that the specific values of the remunerations are fixed in compliance with the principles defined above in chapter III of this Policy.

4. Paragraph d) of number 2 of article 26-C of the Securities Code. Bonuses and other benefits.

In addition to the variable component that may be attributed to the members of the management bodies, no other non-cash benefits are attributed to the members of the management and supervisory bodies, without prejudice to the means made available to them for the exercise of their functions. and health and personal accident insurance in line with market practices.

5. Paragraph e) of number 2 of article 26-C of the Securities Code. Arrangements relating to the termination of Directors' functions

There are not and have never been fixed by this Committee any arrangements relating to the dismissal or termination of Directors' functions. This fact is the natural result of the particular situations existing in the company, and not a position of principle taken by this Committee against the existence of agreements of this nature. Therefore, only the supplementary legal regime defined in the Companies' Code applies, which governs the payment of any amounts to directors in case of termination of their mandates before expiry of the term in office.

6. Paragraph f) of number 2 of article 26-C of the Securities Code. Supplementary pension or early retirement schemes.

At Navigator there are presently no Supplementary pension or early retirement schemes for Directors.

7. Paragraph a) of number 3 of article 26-C of the Securities Code. Criteria for the variable component.

The definition, by this Committee, of a variable component of remuneration is based on a target amount applied to each Director which is due in accordance with the individual's performance and performance of the Company, that meet the expectations and the criteria defined previously. The target amount is weighed by the aforementioned principles - market, specific functions, state of the Company -, in particular comparable market circumstances in positions equivalent in function. Another important factor that is taken into account when setting the targets is Navigator's option not to provide any share or share acquisition option plans.

Actual performance compared to the expectations and goals, which determine variations vis-à-vis the target, is weighed against a set of quantitative and qualitative KPIs of the Company's performance (general business indicators) and of the relevant board member (specific targets and behaviour indicators). Within the general business indicators, EBITDA, net results, cash flow and Total Shareholder Return vs Peers are particularly relevant, and in the behavioral skills, the alignment of each director with the long-term interests of the company is highlighted.

In addition to those criteria, in accordance with commitments undertaken by the Company within its sustainability strategy and recognizing the importance of an efficient use of energy, and the need to reduce fossil CO₂ emissions from its economic activities, the implementation of

a corporate program for energy efficiency, approved in 2016, is also included in the weighing.

In addition to the limit on management's profit sharing for the year, the Company also has mechanisms for limiting variable remuneration.

On the one hand, the variable component is eliminated if the results show a deterioration considered relevant to the company's performance in the last year or when it is expectable in the year in course. And, on the other hand, the amount of the attributable variable component has a cap defined in order to prevent that the positive performance at a time, with immediate remuneration advantages for the management, be made at the sacrifice of a good future performance.

In view of the above, it is clear that the criteria for the attribution of remuneration contribute to the implementation of the strategy defined by Navigator, as well as to the long-term interests and the sustainability of the Company.

8. Paragraph b) of number 3 of article 26-C of the Securities Code. Compliance with performance criteria.

The performance criteria referred to in the previous paragraph are applied mathematically in their quantitative part, and through valuation assessments with regard to the qualitative part.

Within the process of determining the variable remuneration, the Remuneration Committee prepares this Policy, and the performance assessment of each executive director follows an internal structured process under the responsibility / leadership of the respective person in charge (i.e., under the responsibility of the person who chairs the team, in the case of the members of the Executive Committee, and under the responsibility of the Chairman of the Board of Directors, in the case of the Chairman of the Executive Committee) and in which



also participate the non-executive directors that the responsible person deems relevant to involve.

This process also involves the Appointments and Appraisals Committee, which is responsible for monitoring the management's performance appraisal and remuneration attribution system and giving its opinion on the individual performance appraisal proposals of the executive management.

Finally, the Remuneration Committee is responsible for confirming, with regard to performance assessment, the respective factors of achievement and ensuring the overall consistency of the process, setting the variable remuneration.

9. Paragraph c) of number 3 of article 26-C of the Securities Code. Deferral and repayment of remuneration.

Several writings sustain profusely the deferral of the payment of the variable part of remuneration to a later time, which will enable the establishment of a direct relation between remuneration and the impact of management on the Company over a longer period.

We accept this principle as theoretically sound, but the historical element, associated to the stability and the practice that has been followed successfully for years without the element of deferral, leads us to not adopt that option for the time being.

As for the obligation to refund variable remuneration already delivered, and without prejudice to the applicable legal regime, no mechanism is in place to allow the company to request the same from the respective members of the management.

10. Number 4 of article 26-C of the Securities Code. Stock plans.

At Navigator, remuneration does not include a stock component.

VI. SPECIFIC OPTIONS

The specific options for the proposed remuneration policy can therefore be summarized as follows:

- 1 In setting all remunerations, the general principles set out above will be observed: functions performed, the state of the company and market criteria.
- 2 Executive Directors
 - The remuneration of the executive directors will consist of a fixed component and a variable component;
 - The fixed component of the remuneration will consist of an annual amount, payable throughout the year;
 - The variable component of remuneration is associated with both the performance of Navigator and the individual performance of each director;

- The process of attributing variable remuneration to executive directors, which is monitored by the Appointments and Appraisals Committee, must follow the criteria defined by the Remuneration Committee, and must not exceed the overall value of five percent of the result consolidated net in IFRS format.
- 3 Non-Executive Directors
 - The remuneration of non-executive directors will only consist of a fixed component, which may be differentiated due to the accumulation of functions and increased responsibilities, for example members of specialized committees or committees;
 - The fixed component of remuneration will consist of an annual amount, payable throughout the year,

- or a predetermined amount for each participation in the Board of Directors' meeting.
- 4 Audit Board
 - The remuneration of the members of the Audit Board will consist only of a fixed component, which will consist of a fixed annual amount, payable throughout the year.
- 5 Board of the General Meeting
 - The remuneration of the members of the Board of the General Meeting will consist only of a fixed component, which will consist of a predetermined amount for each meeting, where the amount for the second and subsequent meetings that take place during the same year is lower than the amount for the first meeting.

Lisbon, 6 April 2021

The Remuneration Committee
José Gonçalo Ferreira Maury
João Rodrigo Appleton Moreira Rato
João do Passo Vicente Ribeiro





Annex 3

Code of Ethics and Conduct

CODE OF ETHICS AND CONDUCT

I. GENERAL OBJECTIVES AND VALUES

1. The Code of Ethics and Conduct as the basis of the culture of The Navigator Group

The pursuit of the aims set out in this Code of Ethics and Conduct, respect for its values and compliance with its rules of conduct together form the professional ethos of The Navigator Group business universe.

The Code of Ethics and Conduct is to be viewed as setting standards of conduct interpreted as a benchmark for behaviour, which The Navigator Group and all its Collaborators should follow and respect.

2. Fundamental Mission and Objectives

The Navigator Group aspires to extend the leadership earned in the printing and writing paper business to other businesses, thereby asserting Portugal in the world, as a global company, renown for developing, in an innovative and sustainable manner, the forest and providing products and services which contribute to the prosperity of individuals.

The fundamental aims pursued by The Navigator Group are based on the sustained creation of value

and the protection of shareholders' interests, with an appropriate level of investor return, by offering the highest standards of quality in the supply of goods and services to customers, and through the recruitment, motivation and development of the most able and highly skilled professionals. The Navigator Group will always promote a meritocratic culture which allows the personal and professional development of its Collaborators and, through their commitment, position the Group at the forefront of the markets in which it operates, maintaining a policy on the sustainable management of natural resources, mitigation of environmental impacts and fostering social development in the areas in which it carries on its business operations.

Due to their being core principles and of a general nature, the matters governed in the Code of Ethics and Conduct may be detailed in internal guidelines, policies and procedures, or in specific codes of conduct.

3. Values

The principles and rules of conduct set out in the Code of Ethics and

Conduct result from the establishment of values deemed to be fundamental to The Navigator Group, and which should be permanently pursued within its corporate activity, in particular:

- (a) Trust – We believe in people, we welcome everyone's contribution, we respect their identity, promoting development, cooperation and communication;
- (b) Integrity – We are guided by principles of transparency, ethics and respect in our dealings amongst ourselves and with others;
- (c) Entrepreneurship – We are passionate about what we do, we like to get out of our comfort zone, we have the courage to take decisions and to accept risks in a responsible way;
- (d) Innovation – We seek to bring out everyone's skills and creative potential to do the impossible;
- (e) Sustainability – Corporate, social and environmental sustainability is our business model;
- (f) Excellence – In our work we focus on quality, efficiency, safety and getting it right.

II. SCOPE OF APPLICATION AND INTERPRETATION

4. Scope of Application

The Code of Ethics and Conduct applies to all Collaborators of all entities in The Navigator Group.

The rules set out herein should govern the ethical and professional conduct of all those working in The Navigator Group, in the pursuance of its corporate activity and in their relationships with third parties, and

are an essential tool of the corporate policy and culture followed and fostered by The Navigator Group.

5. Interpretation

For the purposes of this Code of Ethics and Conduct, the following defined terms shall have the following meanings:

- (a) Collaborators – all persons who work in or provide services, in a permanent or merely casual form, to companies in The Navigator Group, including, notably, members of corporate bodies, employees, service providers, representatives and auditors or consultants;
- (b) Clients – natural or legal entities to which companies in The



Navigator Group supply their products or provide their services;

(c) Suppliers – natural or legal entities which supply products or provide services to The Navigator Group companies;

(d) Stakeholders – natural or legal entities with which The Navigator Group companies deal in their business, institutional or social activities, including shareholders, members of corporate bodies,

Collaborators, Clients, Suppliers, business partners or members of the communities with whom The Navigator Group interacts.

II. RULES OF CONDUCT

6. Compliance with Legislation and Regulation

The activity of The Navigator Group and its Collaborators shall be based on strict compliance with legal, statutory and regulatory regulations, applicable to the activity and companies of The Navigator Group, in the jurisdictions of the countries where they operate.

7. Public Authorities

The activity of The Navigator Group and its Collaborators shall be based on a permanent collaboration with public authorities, notably with regulatory bodies, complying with requests legitimately made to them and which are at their reach and adopting the behaviour which permits these authorities to exercise their powers.

8. Integrity

The practice of corruption and bribery is forbidden, in all active or passive forms, through act or omission, by creating or maintaining situations of favouritism or other irregularities, or adopting behaviours which may create, in their counterparts, expectations of favouritism in their relations with The Navigator Group.

9. Transparency

The Navigator Group is committed to reporting its performance in a transparent way, taking into consideration applicable legal duties and good practices of the capital and financial markets.

10. Confidentiality

10.1. Collaborators must keep the confidentiality of all information concerning The Navigator Group, other Collaborators, Clients, Suppliers or Stakeholders, of which they have knowledge by virtue of carrying out their functions and which are not publicly known or notorious. Such information is restricted and only for internal use in The Navigator Group.

10.2. Collaborators must maintain confidential the information mentioned in the previous paragraph, even after termination of their functions in The Navigator Group and regardless of the cause of such termination.

10.3. Confidential information may only be disclosed to third parties in accordance with legal requirements or provided disclosure thereof is previously authorized, in writing, by the Board of Directors.

11. Securities trading

Any Collaborators who are in possession of information relating to The Navigator Company, of a precise nature, which has not been made public, and which, if it were made public, would be likely to have a significant effect on the prices of The Navigator Company shares and other related financial instruments, may not, in the period prior to disclosure of such information, trade securities issued by The Navigator Company, its strategic partners or companies involved in transactions or dealings with The Navigator Company, not

disclose same information to third parties.

In particular, estimates of results, decisions on significant acquisitions, sales or partnerships and winning or losing of important contracts constitute forms of inside information.

12. Conflicts of Interest

12.1. The Navigator Group undertakes to adopt measures which ensure impartiality of decision making processes, in cases of a potential conflict of interests involving The Navigator Group or its Collaborators.

12.2. Collaborators may not pursue private objectives in competition with The Navigator Group and obtain benefits, advantages or personal favours by virtue of the position held or the functions performed.

12.3. Collaborators must promptly inform their immediate superior of any situation which might create a conflict of interests, notably if, as part of their functions, they are called on to intervene in procedures or decisions which involve, directly or indirectly, organisations, entities or persons with whom they collaborate or have collaborated, or with whom they have a relation, by virtue of family ties, proximity or influence. In addition, they may also make such communication in any other cases where their impartiality may be questioned.





13. Relations with Shareholders

- 13.1.** The primary objectives of The Navigator Group are the protection of shareholders and investors and a quest to create value for Shareholders.
- 13.2.** The Navigator Company undertakes to respect the principle of equal treatment of Shareholders, taking into consideration the proportion of their holdings in the share capital of The Navigator Company, notably ensuring the timely provision of information, in accordance with the applicable legal duties.

14. Competition

The competition practices of The Navigator Group shall comply strictly with applicable competition laws, in accordance with market rules and criteria, and with a view to promoting fair competition.

15. Intellectual and Industrial Property

The Navigator Group and its Collaborators must respect Intellectual and Industrial Property of Suppliers, Clients and Stakeholders.

16. Relations with Clients, Suppliers, Services Providers and Third Parties

- 16.1.** The Navigator Group shall ensure that the conditions of sale of products to its Clients are clearly defined, and all companies in The Navigator Group and its Collaborators must ensure compliance with such conditions.
- 16.2.** Suppliers and providers of services to The Navigator Group shall be selected on the basis of objective criteria, taking into consideration the terms proposed, guarantees effectively provided and the overall optimization of advantages for The Navigator Group.
- 16.3.** Suppliers and services providers of The Navigator Group must comply

with the provisions of The Code of Ethics and Conduct for Suppliers and services providers of The Navigator Group.

- 16.4.** The Navigator Group and its Collaborators shall always negotiate in compliance with the principle of good faith and applicable legal obligations and good practices.

17. Relations with Political Parties and Movements

Dealings between The Navigator Group and its Collaborators with political parties or movements shall be conducted in compliance with applicable legal rules, and in the course of such dealings Collaborators may not invoke their relation with The Navigator Group.

18. Social Responsibility and Sustainable Development

- 18.1.** The Navigator Group accepts its social responsibility to the communities in which it carries on its business activities, as a means of contributing to their advancement and well-being.
- 18.2.** The Navigator Group undertakes to adopt, comply with and promote a Policy on sustainability and environment protection.

19. Safety and Working Conditions

- 19.1.** The Navigator Group will never employ child or forced labour, nor will it ever collude with such practices, and it shall adopt the measures deemed appropriate to combat such situations, notably by public denunciation, whenever they come to its attention.
- 19.2.** The health and safety of its Collaborators is a priority for The Navigator Group, and accordingly all Collaborators shall seek to know and comply with the legislation in force and with internal rules and

recommendations on such matters.

- 19.3.** Collaborators must give immediate notice of any accident or hazard to hygiene, safety and health in the workplace, in accordance with the above mentioned rules, and the necessary or advisable preventative measures shall be adopted.

20. Professional development and progression

- 20.1.** The Navigator Group provides appropriate training activities to its Collaborators and fosters their continued training, as a driver of their motivation and improved performance, recognizing the added value of their professional and personal development.
- 20.2.** The Navigator Group values and holds responsible Collaborators in the performance of their functions, taking into consideration their individual merit, allowing them to assume the level of independence and responsibilities associated with their skills and commitment.
- 20.3.** The Navigator Group policies on selection, hiring, remuneration and professional progression are based on merit criteria and reference market practices.
- 20.4.** The Navigator Group shall ensure equality of opportunities and respect for gender equality in recruitment, hiring and professional development, attaching value only to professional aspects. To that effect, all Collaborators shall adopt the measures deemed appropriate to combat and prevent any form of discrimination or differentiated treatment on the basis of, notably, ethnic or social origin, religious beliefs, nationality, gender, marital status, sexual orientation or physical disability.



21. Respect

In their relations with other Collaborators and Suppliers, counterparts, Clients and Stakeholders, all Collaborators shall proactively act in a correct, respectful, loyal and civil manner.

22. Non-discrimination and harassment

22.1. Collaborators may not act in a discriminatory manner in relation to other Collaborators or other persons, notably based on race, religion, gender, sexual orientation, origin, age, language, territory of origin, political or ideological convictions, economic situation, social and economic situation or type of contract, and must foster respect for human dignity as one of the basic principles of the culture and policy of The Navigator Group.

22.2. Any practice which may correspond to a form of harassment, notably through personal offence, mobbing, moral or sexual harassment or bullying is strictly forbidden.

23. Use of Assets

23.1. Collaborators shall make sensible and reasonable use of the working resources at their disposal, avoiding waste and undue use.

23.2. Collaborators shall care for the property of The Navigator Group, and not behave wilfully or negligently in any manner which might undermine its state of repair.

24. Personal Data Protection

24.1. The Navigator Group understands the key role of privacy and protection of personal data of its Clients, Stakeholders, Suppliers, Collaborators or any other natural persons or collaborators of any other entities. Accordingly, The Navigator Group and its Collaborators undertake to use such information in a responsible manner, in strict compliance with laws and regulations governing the protection of personal data.

24.2. Collaborators must not collect personal data, create lists of personal data or process or transfer personal data without prior consultation and authorisation from the division which is responsible for data protection.

25. External Communication – Media and Advertising

Information provided by The Navigator Group and its Collaborators to the media, including for advertising purposes, shall:

- (a) Be released exclusively by management and divisions authorised for that purpose and to act as representative or spokesman of The Navigator Group;
- (b) To comply with the principles of legality, accuracy, opportunity, objectivity, truthfulness and clarity;
- (c) Protect the secrecy and confidentiality of the information, in order to protect the interests of The Navigator Group;

- (d) Respect cultural and ethical parameters of the community and human dignity;
- (e) Contribute to an image of consistency, creation of value and dignity of The Navigator Group, promoting its good name in society.

26. Communicating in social networks and media

Collaborators are fully aware that the new forms of communication, which are continually evolving, may have a strong impact on The Navigator Group and its Collaborators and that the dissemination and distribution of information through those channels may easily represent loss of control over those contents.

Accordingly, Collaborators undertake as their commitment that, when using social networks and means of communication (both traditional and recent), they:

- (a) Shall act in an ethically responsible way, contributing to the creation of value and dignity of The Navigator Group and to reinforce its image in society;
- (b) Shall respect, comply with and reflect the principles, values and rules of conduct established in this Code of Ethics and Conduct;
- (c) Shall not post or otherwise disclose confidential or internal information of The Navigator Group;
- (d) Shall not communicate, identifying themselves as Collaborators of The Navigator Group, without authorization for that purpose.

IV. SUPERVISION, DEFAULT AND COMMUNICATION

27. Non-compliance

Failure to comply with the rules of conduct established in this Code of Ethics and Conduct shall constitute serious misconduct, subject to

disciplinary proceedings, in addition to any possible civil, administrative or criminal liability, in accordance with applicable laws and regulations.

28. Reporting

28.1 Collaborators should report the occurrence of any conduct which is not compatible with the rules set out in this Code of Ethics and





Conduct, of which they are aware or justifiably suspicious, in a timely and efficient way, through the proper channels, in accordance with the internal rules of procedure governing the reporting of irregularities.

- 28.2.** The Navigator Group guarantees the confidentiality of information conveyed in reports, in accordance with the internal rules of procedure governing the reporting of irregularities.
- 28.3.** The Navigator Group shall not retaliate, in any way, against a person who reports any non-compliance with the Code of Ethics and Conduct or another irregularity, shall ensure a fair treatment of the persons addressed therein and will not allow the resulting detrimental treatment where a Collaborator has acted in good faith, thoughtfully and diligently.
- 28.4.** In accordance with the general terms of the law, misuse or

abuse of the arrangements for reporting irregularities may render the author of a report liable to disciplinary measures and/or legal proceedings.

29. Doubts and Queries

Collaborators may place doubts and queries in respect of the interpretation or application of the Code of Ethics and Conduct, to the Risk Management Division or to the Legal Services Division. The Navigator Group also establishes a permanent arrangement for communications, direct and confidential, through the Board of Directors, to which any Collaborator may resort, through the internal rules of procedure governing the reporting of irregularities.

30. Procedure

- 30.1.** All reports received by The Navigator Company will be dealt with in accordance with

the internal rules of procedure governing the reporting of irregularities.

- 30.2.** The Executive Committee and the Audit Board will be informed of all reports received which concern a member of the Board of Directors or of the Audit Board.

31. Annual Report

- 31.1.** The Ethics Committee shall draw up an annual report on compliance with the rules established in this Code of Ethics and Conduct, detailing all irregularities of which it is aware, and setting out the conclusions and follow-up proposals adopted in the different cases which it examined.
- 31.2.** For the purposes of the preceding paragraph, the Risk Management and Legal Services Divisions shall report to the Ethics Committee all relevant facts which come to their attention.

V. COMMUNICATION

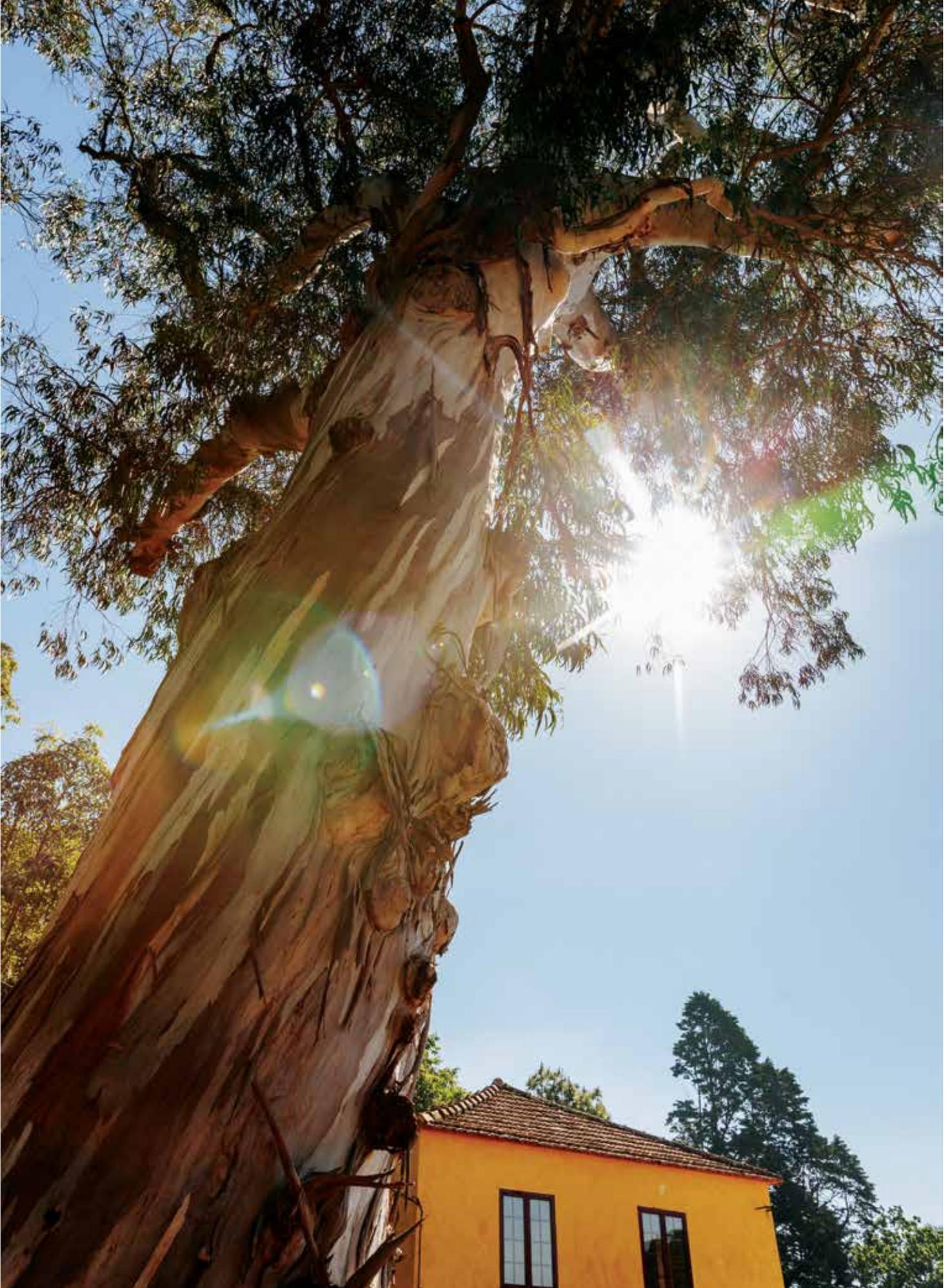
32. Communication of the Code of Ethics and Conduct

- 32.1.** The Code of Ethics and Conduct of The Navigator Group shall be published on the company's website and as an appendix to the annual account reporting

documents, so that they may be known by Shareholders, Clients, Suppliers, Stakeholders, investors and other entities with whom the Group relates.

- 32.2.** The Navigator Group shall make the Code of Ethics and Conduct available to all Collaborators and promote its disclosure and general awareness and mandatory compliance with its provisions.







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> **CONSOLIDATED INCOME STATEMENT**
FOR THE PERIODS ENDED 31 DECEMBER 2021 AND 2020

Amounts in Euro

	Note	2021	2020
Revenue	2.1	1,595,870,445	1,385,360,624
Other operating income	2.2	31,380,233	38,960,170
Changes in the fair value of biological assets	3.8	(1,260,391)	16,814,611
Costs of goods sold and materials consumed	4.1	(629,794,745)	(569,724,151)
Variation in production	4.1	1,612,980	(32,545,175)
External services and supplies	2.3	(449,402,361)	(392,254,701)
Payroll costs	7.1	(155,015,795)	(132,129,704)
Other operating expenses	2.3	(38,674,036)	(28,973,873)
Net provisions	10.1	(3,142,944)	(2,310,288)
Depreciation, amortisation and impairment losses in non-financial assets	3.7	(121,999,345)	(142,772,875)
Operating income		229,574,041	140,424,638
Financial income and gains	5.11	3,430,634	7,971,811
Other financial expenses and losses	5.11	(21,207,843)	(22,657,443)
Net financial results		(17,777,209)	(14,685,632)
Gains/(losses) of associated companies and joint ventures		-	-
Profit before income tax		211,796,832	125,739,006
Income tax	6.1	(40,378,319)	(16,522,754)
Net profit for the period		171,418,513	109,216,252
Attributable to Navigator's equity holders		171,411,455	109,213,720
Attributable to non-controlling interests	5.6	7,058	2,532
Earnings per share			
Basic earnings per share, Eur	5.3	0.241	0.154
Diluted earnings per share, Eur	5.3	0.241	0.154

The accompanying notes form an integral part of these consolidated financial statements.





› CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED 31 DECEMBER 2021 AND 2020

Amounts in Euro

	NOTE	2021	2020
Net profit for the period			
before non-controlling interests		171,418,513	109,216,252
Items that may be reclassified to profit or loss			
Hedging derivative financial instruments			
Changes in fair value	8.2	1,430,747	(354,422)
Tax effect		(393,456)	96,299
Currency translation differences		(3,464,432)	(2,152,620)
Tax on conventional capital remuneration		(770,000)	(827,750)
Items that cannot be reclassified to profit or loss			
Remeasurement of post-employment benefits			
Remeasurement	7.2.5	1,924,988	(10,245,329)
Tax effect	7.2.5	(223,719)	254,213
Comprehensive income of associated companies and joint ventures		(1,448,450)	1,934,870
Total other comprehensive income net of taxes		(2,944,322)	(11,294,739)
Total comprehensive income		168,474,191	97,921,513
Attributable to:			
Navigator's equity holders		168,462,477	97,920,148
Non-controlling interests		11,714	1,365
		168,474,191	97,921,513

The accompanying notes form an integral part of these consolidated financial statements.



► CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021 AND 2020

Amounts in Euro

	Note	2021	2020
ASSETS			
Non-current assets			
Goodwill	3.1	377,339,466	377,339,466
Intangible assets	3.2	24,752,529	11,912,684
Property, plant and equipment	3.3	1,145,244,507	1,183,949,592
Right-of-use assets	3.6	51,192,959	51,827,000
Biological assets	3.8	147,324,061	148,584,452
Investment properties	3.4	92,589	94,236
Non-current receivables	4.2	8,604,547	34,696,105
Deferred tax assets	6.2	28,037,408	30,629,217
		1,782,588,066	1,839,032,752
Current assets			
Inventories	4.1	186,550,658	176,735,137
Current receivables	4.2	317,882,760	231,772,282
Income tax	6.1	1,118,815	3,482,762
Cash and cash equivalents	5.9	239,171,252	302,399,831
		744,723,485	714,390,012
Total Assets		2,527,311,551	2,553,422,764
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	5.2	500,000,000	500,000,000
Treasury shares	5.2	-	(20,189,264)
Currency translation reserve	5.5	(24,346,001)	(20,881,569)
Fair value reserve	5.5	(5,604,076)	(6,641,368)
Legal reserves	5.5	100,000,000	100,000,000
Other reserves	5.5	121,836,100	266,443,646
Retained earnings	5.5	231,525,876	97,981,342
Net profit for the period		171,411,455	109,213,720
Prepaid dividends	5.4	(49,996,170)	-
Equity attributable to Navigator's equity holders		1,044,827,184	1,025,926,507
Non-controlling interests	5.6	286,896	275,182
Total Equity		1,045,114,080	1,026,201,689
Non-current liabilities			
Interest-bearing liabilities	5.7	714,625,892	690,878,427
Lease liabilities	5.8	47,417,092	47,473,102
Pensions and other post-employment benefits	7.2	5,674,918	12,562,465
Deferred tax liabilities	6.2	92,528,775	85,962,014
Provisions	10.1	26,752,081	23,409,335
Non-current payables	4.3	37,014,427	30,234,237
		924,013,185	890,519,580
Current liabilities			
Interest-bearing liabilities	5.7	119,318,157	291,532,356
Lease liabilities	5.8	5,823,833	5,607,817
Current payables	4.3	393,161,894	303,649,690
Income tax	6.1	39,880,402	35,911,632
		558,184,286	636,701,495
Total Liabilities		1,482,197,471	1,527,221,075
Total Equity and Liabilities		2,527,311,551	2,553,422,764

The accompanying notes form an integral part of these consolidated financial statements.





► CONSOLIDATED STATEMENT
FOR THE PERIODS ENDED

	Note	Share Capital	Treasury Shares	Currency Translation Reserve	Fair Value Reserves
Equity as at 01 January 2021		500,000,000	(20,189,264)	(20,881,569)	(6,641,368)
Net profit for the period		-	-	-	-
Other comprehensive income (net of taxes)		-	-	(3,464,432)	1,037,292
Total comprehensive income for the period		-	-	(3,464,432)	1,037,292
Application of 2020 net profit for the period:					
- Dividends paid	5.4	-	-	-	-
- Application of prior period's net profit		-	-	-	-
- Bonus to employees		-	-	-	-
Transfer of free reserves to retained earnings		-	-	-	-
Incorporation of reserves		6,316,931	-	-	-
Cancellation of treasury shares	5.2	(6,316,931)	20,189,264	-	-
Prepaid dividends	5.4	-	-	-	-
Total transactions with shareholders		-	20,189,264	-	-
Equity as at 31 December 2021		500,000,000	-	(24,346,001)	(5,604,076)

	Note	Share Capital	Treasury Shares	Currency Translation Reserve	Fair Value Reserves
Equity as at 01 January 2020		500,000,000	(20,189,264)	(18,728,949)	(6,384,412)
Net profit for the period		-	-	-	-
Other comprehensive income (net of taxes)		-	-	(2,152,620)	(256,956)
Total comprehensive income for the period		-	-	(2,152,620)	(256,956)
Application of 2019 net profit for the period:					
- Dividends paid	5.4	-	-	-	-
- Application of prior period's net profit		-	-	-	-
- Bonus to employees		-	-	-	-
Acquisition of treasury shares	5.2	-	-	-	-
Total transactions with shareholders		-	-	-	-
Equity as at 31 December 2020		500,000,000	(20,189,264)	(20,881,569)	(6,641,368)

The accompanying notes form an integral part of these consolidated financial statements.



OF CHANGES IN EQUITY
31 DECEMBER 2021 AND 2020

Amounts in Euro

Legal Reserves	Other Reserves	Retained Earnings	Net Profit for the Period	Prepaid Dividends	Total	Non-Controlling Interests	Total
100,000,000	266,443,646	97,981,342	109,213,720	-	1,025,926,507	275,182	1,026,201,689
-	-	-	171,411,455	-	171,411,455	7,058	171,418,513
-	-	(521,838)	-	-	(2,948,978)	4,656	(2,944,322)
-	-	(521,838)	171,411,455	-	168,462,477	11,714	168,474,191
-	-	(99,565,630)	-	-	(99,565,630)	-	(99,565,630)
-	-	116,213,720	(109,213,720)	-	7,000,000	-	7,000,000
-	-	(7,000,000)	-	-	(7,000,000)	-	(7,000,000)
-	(138,290,615)	138,290,615	-	-	-	-	-
-	(6,316,931)	-	-	-	-	-	-
-	-	(13,872,333)	-	-	-	-	-
-	-	-	-	(49,996,170)	(49,996,170)	-	(49,996,170)
-	(144,607,546)	134,066,372	(109,213,720)	(49,996,170)	(149,561,800)	-	(149,561,800)
100,000,000	121,836,100	231,525,876	171,411,455	(49,996,170)	1,044,827,184	286,896	1,045,114,080

Amounts in Euro

Legal Reserves	Other Reserves	Retained Earnings	Net Profit for the Period	Prepaid Dividends	Total	Non-Controlling Interests	Total
100,000,000	98,153,331	206,004,258	168,290,315	-	1,027,145,279	273,817	1,027,419,096
-	-	-	109,213,720	-	109,213,720	2,532	109,216,252
-	-	(8,883,996)	-	-	(11,293,572)	(1,167)	(11,294,739)
-	-	(8,883,996)	109,213,720	-	97,920,148	1,365	97,921,513
-	-	-	-	-	-	-	-
-	168,290,315	(99,138,920)	(168,290,315)	-	(99,138,920)	-	(99,138,920)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	168,290,315	(99,138,920)	(168,290,315)	-	(99,138,920)	-	(99,138,920)
100,000,000	266,443,646	97,981,342	109,213,720	-	1,025,926,507	275,182	1,026,201,689



> CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIODS ENDED 31 DECEMBER 2021 AND 2020

Amounts in Euro

	Notas	2021	2020
OPERATING ACTIVITIES			
Receipts from customers		1 585 718 491	1 499 083 337
Payments to suppliers		(1 165 320 806)	(1 071 334 375)
Payments to employees		(111 579 111)	(108 465 914)
Cash flow from operations		308 818 574	319 283 048
Income tax received/(paid)	6.1	(20 649 602)	19 422 440
Other (payments)/receipts relating to operating activities		65 584 535	18 265 756
Cash flows from operating activities (1)		353 753 507	356 971 244
INVESTING ACTIVITIES			
Inflows:			
Property, plant and equipment		3 065 224	1 122 990
Interest and similar income		5 308 813	5 256 538
		8 374 037	6 379 528
Outflows:			
Property, plant and equipment		(86 841 984)	(94 195 589)
Intangible assets		(17 416 194)	(4 611 698)
		(104 258 178)	(98 807 287)
Cash flows from investing activities (2)		(95 884 141)	(92 427 759)
FINANCING ACTIVITIES			
Inflows:			
Interest-bearing liabilities	5.10	147 500 000	240 000 000
		147 500 000	240 000 000
Outflows:			
Interest-bearing liabilities	5.10	(291 527 778)	(133 194 444)
Amortisation of lease agreements	3.6	(8 965 290)	(8 789 630)
Interest and similar expense		(14 161 246)	(20 907 437)
Distribution of dividends	5.4	(149 561 800)	(99 138 920)
Distribution of reserves	5.4	-	(99 138 920)
Other financing activities	5.10	(4 472 875)	(1 371 910)
		(468 688 989)	(362 541 261)
Cash flows from financing activities (3)		(321 188 989)	(122 541 261)
CHANGES IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)		(63 319 623)	142 002 224
Effect of exchange rate differences		91 044	(1 482 796)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5.9	302 399 831	161 880 403
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5.9	239 171 252	302 399 831

- Interest and similar income: essentially correspond to the receipt of compensatory interest (Note 5.11);
- Interest and similar expenses: essentially correspond to payments related to interest borne on debt securities and financial debt (Note 5.11);
- Intangible assets: corresponds to the purchase of CO₂ allowances from Vertis (Note 3.2)

The accompanying notes form an integral part of these consolidated financial statements.





Notes to the Consolidated Financial Statements

As at 31 December 2021

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1. Introduction

The following symbols are used in the presentation of the Notes to the financial statements:



Accounting policies

This symbol indicates the disclosure of accounting policies specifically applicable to the items in the respective Note.



Significant Estimates and Judgements

This symbol indicates the disclosure of the estimates and/or judgements made regarding the items in the respective Note. Significant estimates and judgements are indicated in Note 1.8.



Reference

This symbol indicates a reference to another Note or another section of the Financial Statements where more information about the items disclosed is presented.

1.1. THE GROUP

The Navigator Group (Group) is comprised by The Navigator Company, S.A. (until 2015 designated as Portucel, S.A.) and its subsidiaries.

The Navigator Group was created in the mid 1950's, when a group of technicians from "Companhia Portuguesa de Celulose de Cacia" made this company the first in the world to produce bleached eucalyptus sulphate pulp.

In 1976, Portucel EP was created as a result of the nationalization of all of Portugal's cellulose industry. As such, Portucel - Empresa de Celulose e Papel de Portugal, E.P. resulted from the merger with CPC - Companhia de Celulose, S.A.R.L. (Cacia), Socel - Sociedade Industrial de Celulose, S.A.R.L. (Setubal), Celtejo - Celulose do Tejo, S.A.R.L. (Vila Velha de Rodao), Celnorte - Celulose do Norte, S.A.R.L. (Viana do Castelo) and Celuloses do Guadiana, S.A.R.L. (Mourao), being converted into a mainly public anonymous society by Decree-Law No. 405/90, of 21 December.

Years after, as a result of the restructuring of Portucel - Empresa de Celulose e Papel de Portugal, S.A., which was renamed Portucel, SGPS, S.A., towards to its privatization, Portucel S.A. was created, on 31 May 1993, through Decree-law No. 39/93, of 13 February, with the former assets

of the two main companies, based in Aveiro and Setubal.

In 1995, the Company was privatised, and became a publicly traded company.

Aiming to restructure the paper industry in Portugal, Portucel acquired Papéis Inapa, S.A. (Setubal), in 2000, and Soporcel - Sociedade Portuguesa de Papel, S.A. (Figueira da Foz), in 2001. Those key strategic decisions resulted in the Portucel Soporcel Group (currently Navigator Group), which is currently the largest European and one of the world's largest producers of bleached eucalyptus pulp and uncoated wood-free paper (UWF), with a capacity of 1.6 and 1.6 millions of tons, and it sells approximately 300 thousand tons of pulp (393 thousand tons in 2020), annually, integrating the remainder in the production of UWF paper and tissue paper.

In June 2004, the Portuguese State sold 30% of Portucel's equity, which was acquired by Semapa Group. In September of the same year, Semapa launched a public acquisition offer tending to assure the Group's control, which was accomplished by guaranteeing a 67.1% stake of Portucel's equity.

In November 2006, the Portuguese State concluded the third and final stage of the sale of Portucel, S.A.,

and Parpública, SGPS, S.A. (formerly Portucel, SGPS, S.A.) sold the remaining 25.72% it still held.

From 2009 to June 2015, more than 75% of the Company's share capital was held directly and indirectly by Semapa - Sociedade de Investimento e Gestão SGPS, S.A. (excluding treasury shares) having the percentage of voting rights been reduced to 70% following the conclusion of the offer for the acquisition, in the form of an exchange offer, of the ordinary shares of Semapa, SGPS, S.A., in July 2015.

In February 2015, the Group started its activity in the Tissue segment with the acquisition of AMS-BR Star Paper, S.A. (currently denominated Navigator Tissue Ródão, S.A.), a company that holds and explores a tissue paper mill, located in Vila Velha de Rodao. A new industrial facility was built in Aveiro, in August 2018, being operated by Navigator Tissue Aveiro, S.A., which is currently the largest Portuguese producer and the third in the Iberian Peninsula, with a production and transformation capacity of 130 thousand tons and 120 thousand tons, respectively.

The Navigator Group's main business is the production and sale of writing and printing thin paper (UWF) and domestic consumption paper (Tissue), and it is present in the entire value added chain, from research



and development of forestry and agricultural production, to the purchase and sale of wood and the production and sale of bleached eucalyptus kraft pulp – BEKP – and electric and thermal energy.

The Navigator Company, S.A. (hereinafter referred to as The Navigator Company or Company) is a publicly traded company, listed in Euronext Lisbon, with its share capital represented by nominal shares.

Company

The Navigator Company, S.A.

Head Office

Mitrena – Apartado 55
2901-861 Setubal | Portugal

Legal Form

Public Limited Company

Share Capital

€ 500,000,000

Registration No.

503 025 798



A more detailed description of the activity in each business line of the Group is disclosed in Note 2.1 - Revenue and segment reporting.

Navigator is included in the consolidation perimeter of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A., the Parent Company, and Sodim – SGPS, S.A., the final controlling entity.

1.2. NAVIGATOR STRATEGY UPDATE

The Navigator Company Group's strategic thinking has led it to move decisively into the production of new packaging products, developing a new business area in a fast-growing segment and responding to the need felt worldwide to reduce consumption of plastics, namely single-use plastics, confirming its role in replacing plastics with sustainable materials.

From Fossil to Forest - a strategy aligned with the purpose of creating sustainable value, for its Shareholders, and for society as a whole, leaving future generations a better planet.

Through natural, recyclable and biodegradable sustainable products and solutions which contribute upstream to carbon fixing, oxygen production, biodiversity protection, soil formation and the fight against climate change, Navigator has decided to invest in making safer and more hygienic packaging paper available to the food industry without the risks of contamination by bacteria, micro-organisms and even dangerous substances that recycled fibre typically contains. With a unique texture and unique printing performance, these products are resistant and fully in line with the concept of sustainable shelf ready packaging.

This new development strategy foresees a gradual growth and will allow to take advantage, in this first phase, of Setubal's PM1 and PM3 paper machines, which are smaller but with a great production flexibility, creating the opportunity for future conversions or a greenfield investment in new machines.

In 2021, sales of over Euro 40 million were achieved for the packaging sector, serving industries that manufacture bags, flexible packaging and corrugated board. The Company's aim is to gradually increase production until it reaches around 200,000 tonnes in 2025/2026. The Capex forecast in this first phase for the production of these products is approximately Euro 10-12 million, per year, in the coming years.

The reporting of this business will continue to be done as hitherto within the UWF Paper segment, until it gains sufficient materiality.

1.3. IMPACTS OF THE COVID-19 PANDEMIC

The Navigator Group has continued to monitor the evolution of the pandemic on an ongoing basis, with constant updates of its contingency plan in line with guidance from the Portuguese Directorate-General of Health and Government.

In a highly adverse environment, Navigator demonstrated great flexibility and resilience in its business

model, adjusting swiftly to changes in the market and making significant adjustments to its entire fixed and variable cost base.

The Group continues to study the potential impacts on its financial position, performance and cash flows of the Group, as well as in the future projections arising from the decline in economic activity as a result of the Covid-19 pandemic, namely the impacts on significant accounting estimates and judgements. No evidence of impairment resulted from this analysis.

Recoverability of Goodwill

The Group analysed whether there were signs of impairment arising from the impacts of Covid-19, according to the current forecasts, based on the projections of GDP growth and inflation in Portugal, according to the IMF and Banco de Portugal, which could indicate the existence of impairment on goodwill. No signs of impairment on goodwill were identified and there is a substantial gap compared to the book value of the cash-generating units (note 3.1).

Recoverability, useful life and depreciation of property, plant and equipment

Considering the prospects for overall consumption of UWF paper, the pulp and paper prices and the substantial gaps in relation to the book values of assets, do not indicate the existence of impairment on property, plant and equipment.

Actuarial assumptions

The Group assessed the discount rate applicable to the defined benefit plan for employees and other post-employment benefits. The definition of the rate used to discount the liabilities (technical interest rate) is based on yield curves of highly rated bonds with a maturity consistent with the duration of the plan's liabilities. As a result of this assessment and based on the actuarial study as at 31 December 2021, Navigator maintained the discount rate





in 1.25%, in line with benchmark interest rates. The Group presents in Note 7.2 a sensitivity analysis that allows assessing the impact of a possible change in the discount rate.

Biological assets

When calculating the fair value of forests, the discounted cash-flows method is used, being the discount rate, growth period and price some of the key assumptions that may be subject to change due to the Covid-19 pandemic. In this sense, during 2021, the harvesting plans were carried out as expected and there were no significant impacts that might influence the fair value model.

Regarding the discount rates, the Group presents in Note 3.8 a sensitivity analysis that allows assessing the impact of a possible change in the discount rate, considering the current discount rate as the Board of Directors' best estimate in this matter.

Inventories

In view of the impacts on demand, namely at the UWF level, the Group considers that given the mark-ups charged during the pandemic, the net realisable value of its inventories is higher than the book value and concluded that no adjustments to the book value are necessary.

Recoverability of Trade and other receivables

Impairment losses are recorded based on the simplified model provided for in IFRS 9, recording expected losses until maturity. In the Navigator Group, the impacts of IFRS 9 on the consolidated statement of financial position are low considering that a significant part of its sales are either insured or adequately covered by collaterals.

Nevertheless, the Group periodically assesses the expected credit losses and the impacts on all financial assets measured at amortised cost. In this regard, the Group assessed the current exposure to credit risk and the potential impact of future economic

forecasts and concluded that the impact of this component is small.

Liquidity

The Company currently has a comfortable liquidity situation, which has been the result of a careful management of working capital, containment of the pace of implementation of the investment plan and implementation of a confirming program to extend payment deadlines without, however, impacting Suppliers.

Navigator has been working and will continue to work thoroughly within its reach, namely in its operational and commercial planning, cost efficiency, cash flow allocation and effective liquidity management to ensure it remains a going concern and the health of its Employees. The degree of uncertainty associated with the Covid-19 pandemic has decreased compared to the previous year, being higher than usual, however, it is worth noting the Group's response in 2021 with the recovery in turnover and profitability of the several areas of business, which will make it possible to face future challenges.

1.4. SUBSEQUENT EVENTS

1.4.1. US Anti-dumping Proceedings sunset review

After a five-year period since the beginning of the anti-dumping proceedings, Navigator requested in 2021 a procedure called "sunset review", to reassess whether the process should be maintained or discontinued. The US authorities performed a thorough review of the anti-dumping proceedings on UWF paper imports into the United States subject to the original order, including imports from Portugal, with Navigator actively participating in the process.

In January 2022, the US authorities decided on the continuation of the anti-dumping proceedings for another 5 years, despite the continued increase in Navigator's prices in the US market and

the reduction in supply in that market by local producers.

1.4.2. Sustainalytics ESG Risk Rating 2021

In January 2022, the annual performance rating in the ESG (environmental, social and corporate governance) areas was published, with Navigator obtaining a score of 14.3, positioning it in 3rd place, out of a total of 81 global companies that are part of the Paper & Forestry industry cluster, and 3rd in the subset of 60 global companies that make up the Paper & Pulp cluster. The assessment and good positioning in this ranking reflect the continuous work performed by the Company to integrate sustainability as a priority in its business model, demonstrating its ability to anticipate and manage ESG risks in the development of its activities.

1.4.3. Military conflict in Ukraine and economic sanctions imposed on the Russian Federation

On 21 February 2022, the Russian Federation officially recognised two breakaway republics in eastern Ukraine and authorised the use of military forces in that territory. On 24 February, Russian troops invaded Ukraine and a widespread military conflict began in this country entailing high material and human losses, leading to massive population displacements.

In response, multiple jurisdictions, including the European Union, United Kingdom, Switzerland, United States of America, Canada, Japan and Australia, condemned this conflict and initiated the application of several economic sanctions against Russia, several of its economic agents and, in some cases, Belarus. The sanctions imposed include the prohibition of transactions of some basic and relevant goods in the context of conflict, the freezing of the assets and reserves of certain Russian financial institutions, companies, and individuals of the Government. Additionally, many Russian banks have been removed from the international SWIFT payment



system, limiting their ability to operate globally.

Some countries also announced the closure of airspace to Russian aircrafts and stopped operating flights to Russia. It should also be noted that several companies have suspended the acquisition of oil products from both Russia and Russian companies, with the Nord Stream 2 pipeline project that would link Russia to Germany having been suspended.

Further sanctions may be implemented in the short term and could cover more individuals, entities, a wider range of goods and services. Moreover, Russia has also begun to retaliate with economic measures, and, at the international level, a growing number of companies have announced voluntary measures to limit their business with Russia.

Therefore, the economic impact of this conflict is expected to be very relevant and may include: i) the suspension and/or disruption of business with entities based or originating in Russia and Ukraine; ii) increase in commodity prices, with emphasis on fossil fuels, metals and cereals; iii) increased global economic uncertainty, with more volatility in exchange rates and interest rates and an increase in the inflation rate to be expected; iv) possible increase in cyber-attacks, which may arise on public and private entities in the main sectors of the economy, especially in countries that have imposed sanctions on Russia or that support Russia.

Group Navigator is following and continuously monitoring the situation in the markets where it operates geographically and throughout the supply chain – from the supply of wood, energy, raw and supplementary materials (including logistical issues), in technical and support services provided by foreign companies and outsourcing service providers, amongst others. The Group is convinced that in view of the weight of the markets of Russia and Ukraine in the Group's sales, which represent less than 1% as at the period ended 31 December 2021,

and the fact that these markets do not directly affect the supply chain, the Group's direct exposure to the markets of Ukraine and Russia is not significant.

With regard to the international economic context, a deterioration of the current economic environment is expected, which is forecasted to be one of high uncertainty and rapid evolution, so it is not possible to estimate with reasonable confidence the possible impacts, if any, on the Group's activity. According to the accounting standards, these events, which occurred after the balance sheet date, were considered as non-adjustable subsequent events, and therefore the assumptions made by the Board of Directors for the purpose of assessing the impairment and recoverability of the Group's assets as at 31 December 2021 do not take into account the potential effect of these events.

1.5. BASIS FOR PREPARATION

1.5.1. Authorisation to issue financial statements

These consolidated financial statements were approved by the Board of Directors on 09 March 2022. However, they are still subject to approval by the General Shareholders' Meeting, in accordance with the Portuguese commercial legislation.

The Group's senior management, which are the members of the Board of Directors who sign this report, declare that, to the best of their knowledge, the information contained herein was prepared in conformity with the applicable accounting standards, providing a true and fair view of the assets and liabilities, the financial position and results of the companies included in the Group's consolidation scope.

1.5.2. Accounting standards

The consolidated financial statements for the period ended 31 December 2021 were prepared in accordance with the International Financial Reporting Standards (IFRS),

effective 1 January 2021 and as adopted by the European Union.

1.5.3. Basis for consolidation

1.5.3.1. SUBSIDIARIES

Subsidiaries are all entities over which the Group has control, which occurs when the Group is exposed or entitled to the variable returns resulting from its involvement with the entities and has the capacity to affect that return through the exercise of power over the entities, regardless of the percentage they hold over equity.

The existence and the effect of potential voting rights which are currently exercisable or convertible are considered when the Group assesses whether it has control over another entity.

Subsidiaries are consolidated using the full consolidation method with effect from the date on which control is transferred to the Group while they are excluded as from the date control ceases.

These companies' equity and net profit corresponding to the third-party investment in such companies are presented under non-controlling interests in the consolidated statement of financial position (in a separate component of equity) and in the Consolidated income statement. The companies included in the consolidated financial statements are detailed in Note 11.

The purchase method is used in recording the acquisition of subsidiaries. The cost of an acquisition is measured by the fair value of the assets transferred, the equity instruments issued, and liabilities incurred or assumed on acquisition date, and the best estimate of any agreed contingent payment.

The identifiable assets and liabilities acquired, and contingent liabilities assumed in a business combination are initially measured at fair value on the date of acquisition, irrespective of the existence of non-controlling interests. The excess of the acquisition cost over the fair value of the Group's share of the identifiable assets and liabilities





acquired is recorded as goodwill, as described in Note 3.1.

If the acquisition cost is less than the fair value of the net assets of the acquired subsidiary (negative goodwill), the difference is recognised directly in the income statement in the period it takes place.

Transaction costs directly attributable to the acquisition are immediately expensed.

Intercompany transactions, balances, unrealised gains on transactions and dividends distributed between group companies are eliminated. Unrealised losses are also eliminated, except where the transaction displays evidence of impairment of a transferred asset.

When, at the date of the acquisition of control, The Navigator Company already holds a previously acquired interest in the subsidiary, its fair value is considered in determining the goodwill or negative goodwill.

On a step acquisition process resulting in the acquisition of control, the revaluation of any participation previously held is recognised against the income statement when Goodwill is calculated.

When subsequent transactions of disposal or acquisition of shares with non-controlling interests with no impact in control take place, no gain, loss or goodwill is determined, and the differences between the transaction cost and the book value of the share acquired are recognised in equity.

Negative results generated in each period by subsidiaries with non-controlling interests are allocated, in the percentage held, to non-controlling interests, regardless of whether they become negative.

In the case of disposals of interests, resulting in a loss of control over a subsidiary, any remaining interest is revalued to the market value at the date of sale, and the gain or loss resulting from such revaluation, is recorded against income, as well as the gain or loss resulting from such disposal.

The subsidiaries' accounting policies are adjusted, whenever

necessary, so as to ensure that they are applied consistently by all the Group's companies.

1.5.3.2 ASSOCIATES

Associates are all the entities in which the Group exercises significant influence but do not have control, which is generally the case with investments representing between 20% and 50% of the voting rights. Investments in associates are accounted under the equity method.

In accordance with the equity method, financial investments are recorded at their acquisition cost, adjusted by the amount corresponding to the Group's share of changes in the associates' Shareholders' equity (including net income/loss) with a corresponding gain or loss recognised for the period on earnings or on changes in capital, and by dividends received.

Differences between the acquisition cost and the fair value of the assets and liabilities attributable to the affiliated company on the acquisition date are, if positive, recognised as Goodwill and recorded as investments in affiliated companies. If negative, goodwill is recorded as income for the period under the caption "Group share of (loss)/gains of associated companies and joint ventures".

Transaction costs directly attributable to the acquisition are immediately expensed.

In the event that impairment loss indicators arise on investments in associates, an evaluation of the potential impairment is made, and if deemed necessary, a loss is recognised in the consolidated income statement.

When the Group's share of losses in associate companies equals or exceeds its investment in that associate, the Group ceases the recognition of additional losses, unless it has incurred in liabilities or has made payments on behalf of that associate.

Unrealised gains on transactions with associates are eliminated to the extent of the Navigator Company Group's investment in the associates.

Unrealised losses are also eliminated, except where the transaction displays evidence of impairment of a transferred asset.

The associates' accounting policies used in the preparation of the individual financial statements are adjusted, whenever necessary, so as to ensure consistency with the policies adopted by the Group.

1.5.4. Presentation currency and foreign currency transactions

i. Functional and reporting currency

The items included in the Financial Statements of each one of the Group's entities are measured using the currency of the economic environment in which the entity operates (functional currency).

These consolidated financial statements are presented in Euro, which is the Group's functional and reporting currency.

ii. Balances and Transactions expressed in foreign currencies

All the Group's assets and liabilities denominated in currencies other than the reporting currency have been translated to Euro using the exchange rates prevailing at the consolidated statement of financial position date (Note 8.1.1).

Currency adjustments, favourable and unfavourable, arising from differences between the exchange rates prevailing at the date of the transaction and those at the date of collection, payment or statement of financial position, are recorded as income and costs in the Consolidated income statement for the period.

iii. Group companies

The results and the financial position of the Group's entities which have a different functional currency from the Group's reporting currency are translated into the reporting currency as follows:

- (i) The assets and liabilities of each Statement of financial position are translated at the exchange rates prevailing at the date of



- the consolidated statement of financial position;
- (ii) Equity balances are translated at the historical exchange rate;
 - (iii) The income and expenses disclosed in the Income Statement are converted at the exchange rate prevailing at the

dates of the transactions. When this is not possible or when benefits do not arise from the use of this procedure, income and expenses are translated at the average exchange rate of the period.

The exchange differences resulting from the topics i) and iii) are recognised in the consolidated comprehensive income under the equity caption “Currency translation reserves”, being transferred to the income statement when the disposal of the investments occur.





iv. Exchange rates used

	31/12/2021	31/12/2020	Valuation / (Devaluation)
GBP (Sterling pound)			
Average exchange rate for the period	0.86	0.89	3.38%
Closing exchange rate for the period	0.84	0.90	6.53%
USD (American dollar)			
Average exchange rate for the period	1.18	1.14	-3.55%
Closing exchange rate for the period	1.13	1.23	7.70%
PLN (Polish zloti)			
Average exchange rate for the period	4.57	4.44	-2.75%
Closing exchange rate for the period	4.60	4.56	-0.82%
SEK (Swedish krona)			
Average exchange rate for the period	10.15	10.48	3.23%
Closing exchange rate for the period	10.25	10.03	-2.15%
CZK (Czech koruna)			
Average exchange rate for the period	25.64	26.46	3.08%
Closing exchange rate for the period	24.86	26.24	5.27%
CHF (Swiss franc)			
Average exchange rate for the period	1.08	1.07	-0.99%
Closing exchange rate for the period	1.03	1.08	4.36%
DKK (Danish krone)			
Average exchange rate for the period	7.44	7.45	0.23%
Closing exchange rate for the period	7.44	7.44	0.06%
HUF (Hungarian forint)			
Average exchange rate for the period	358.52	351.25	-2.07%
Closing exchange rate for the period	369.19	363.89	-1.46%
AUD (Australian dollar)			
Average exchange rate for the period	1.57	1.65	4.83%
Closing exchange rate for the period	1.56	1.59	1.77%
MZM (Mozambican metical)			
Average exchange rate for the period	77.75	80.23	3.10%
Closing exchange rate for the period	78.09	92.92	15.96%
MAD (Moroccan dirham)			
Average exchange rate for the period	10.67	10.82	1.33%
Closing exchange rate for the period	10.52	10.94	3.83%
NOK (Norway kroner)			
Average exchange rate for the period	10.16	10.72	5.22%
Closing exchange rate for the period	9.99	10.47	4.60%
MXN (Mexican peso)			
Average exchange rate for the period	23.99	24.52	2.18%
Closing exchange rate for the period	23.14	24.42	5.21%
AED (Dirham)			
Average exchange rate for the period	4.34	4.19	-3.54%
Closing exchange rate for the period	4.16	4.51	7.70%
CAD (Canadian dollar)			
Average exchange rate for the period	1.48	1.53	3.10%
Closing exchange rate for the period	1.44	1.56	7.93%
ZAR (South African rand)			
Average exchange rate for the period	17.48	18.77	6.87%
Closing exchange rate for the period	18.06	18.02	-0.23%
RUB (Russian ruble)			
Average exchange rate for the period	87.15	82.72	-5.35%
Closing exchange rate for the period	85.30	91.47	6.74%
BRL (Brazilian real)			
Average exchange rate for the period	6.38	5.89	-8.21%
Closing exchange rate for the period	6.31	6.37	0.99%
EGP (Egyptian pound)			
Average exchange rate for the period	18.55	18.62	0.40%
Closing exchange rate for the period	17.82	18.63	4.34%
TRY (Turkish lira)			
Average exchange rate for the period	10.51	8.05	-30.51%
Closing exchange rate for the period	15.23	9.11	-67.16%



1.5.5 Basis for measurement

The accompanying consolidated financial statements have been prepared on the going concern basis from the accounting books and records of the companies included in the consolidation (Note 11.1), and under the historical cost convention, except for biological assets (Note 3.8), and for financial instruments measured at fair value through profit or loss or at fair value through other comprehensive income (Note 8.3), in which derivative financial instruments are included (Note 8.2). The liability related to responsibilities for defined benefits

is recognised at its present value deducted from the respective asset.

1.5.6 Comparability

These financial statements are comparable in all material respects with those of the previous year.

Notwithstanding the previous paragraph, following the change in the internal reporting of information to the management bodies, in Note 2.1 – Revenue and reporting by segments, the assets and liabilities associated with the forestry activity are now allocated to the Pulp and UWF Paper segments, depending on the production capacity

of each of the segments (until 2020 they were included in the support segment). Additionally, the Group's real estate assets are now allocated to the respective business segment (until 2020 it was included in the support segment). For this reason, the 2020.1.6 comparative information has been restated.

1.6. IFRS ADOPTED AND TO BE ADOPTED

1.6.1. Other standards, amendments and interpretations adopted or to be adopted

► STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED IN 2021 NO IMPACTS ON THE FINANCIAL STATEMENTS

	Amendment	Date of application
STANDARDS AND AMENDMENTS ENDORSED BY THE EUROPEAN UNION		
Covid-19-Related Rent Concessions (Amendment to IFRS 16)	In May 2020, the International Accounting Standards Board (IASB) issued Covid-19-Related Rent Concessions, which amended IFRS 16 Leases. If certain conditions are met, the Amendment would permit lessees, as a practical expedient, not to assess whether particular Covid-19-related rent concessions are lease modifications. Instead, lessees that apply the practical expedient would account for those rent concessions as if they were not lease modifications, so that, for example, the amount of rent forgiven on or before 30 June 2021 is taken to income the same year that the concession is granted, instead of being allocated over the duration of the contract as would be the case were the practical expedient not allowed. The Amendment shall be applied for annual reporting periods beginning on or after 1 June 2020.	1 June 2020
Interest Rate Benchmark Reform - Phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	In August 2020, the IASB issued Interest Rate Benchmark Reform - Phase 2, which amends IFRS 9 Financial Instruments, IAS 39 Financial Instruments: recognition and measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases. The objective of the Amendments is to assist entities with providing useful information to users of financial statements and to support preparers in applying IFRS Standards when changes are made to contractual cash flows or hedging relationships, as a result of the transition from an IBOR benchmark rate to alternative benchmark rates, in the context of the ongoing risk-free rate reform (IBOR reform). The amendments are the result of the second phase of the IASB project addressing the accounting impacts of the IBOR reform, which gave rise to the Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) issued by the IASB on 26 September 2019. They complement the first phase of the project that addressed the pre-replacement accounting impacts of the IBOR reform and were issued by the IASB in 2019. The amendments shall be applied retrospectively for annual periods beginning on or after 1 January 2021.	1 January 2021
Extension of the temporary exemption from application of IFRS 9 (amendments to IFRS 4)	The IASB issued the 'Extension of the Temporary Exemption from Applying IFRS 9 (amendments to IFRS 4)' on 25 June 2020. The objective of the amendments is to extend the expiry date of the temporary exemption from applying IFRS 9 by two years (i.e., from 2021 to 2023) in order to align the effective dates of IFRS 9 Financial Instruments with IFRS 17 Insurance Contracts.	1 January 2021

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**STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED IN SUBSEQUENT PERIODS
NO IMPACTS ON THE FINANCIAL STATEMENTS**

	Amendment	Date of application
STANDARDS AND AMENDMENTS ENDORSED BY THE EUROPEAN UNION WHICH THE GROUP HAS OPTED NOT TO APPLY IN ADVANCE		
Reference to the Conceptual Framework (Amendments to IFRS 3)	In May 2020 the IASB issued Reference to the Conceptual Framework, which made amendments to IFRS 3 Business Combinations. The amendments updated IFRS 3 by replacing a reference to an old version of the Board's Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The Amendments shall be applied to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.	1 January 2022
Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16 Property, Plant and Equipment)	In May 2020, the IASB issued Property, Plant and Equipment—Proceeds before Intended Use, which made amendments to IAS 16 Property, Plant and Equipment. The Amendments would prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in a manner intended by management. Instead, an entity would recognise those sales proceeds in profit or loss. The Amendments shall be applied retrospectively for annual periods beginning on or after 1 January 2022, with earlier application permitted.	1 January 2022
Onerous Contracts – Cost of Fulfilling a Contract	In May 2020, the IASB issued Onerous Contracts – Cost of Fulfilling a Contract, which made amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The objective of the Amendments is to clarify the requirements of IAS 37 on onerous contracts regarding the assessment of whether, in a contract, the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The Amendments shall be applied for annual periods beginning on or after 1 January 2022, with earlier application permitted.	1 January 2022
Annual Improvements to IFRS Standards 2018-2020	On 14 May 2020, the IASB issued Annual Improvements to IFRS Standards 2018-2020 containing the following amendments to IFRSs: (a) permit an entity that is a subsidiary, associate or joint venture, who becomes a first-time adopter later than its parent and elects to apply paragraph D16(a) of IFRS 1 First-time Adoption of International Financial Reporting Standards, to measure the cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS; (b) clarify that the reference to fees in the 10 per cent test includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf (IFRS 9); (c) remove the potential confusion regarding the treatment of lease incentives applying IFRS 16 Leases as was illustrated in Illustrative Example 13 accompanying IFRS 16; and (d) remove the requirement in paragraph 22 of IAS 41 Agriculture for entities to exclude cash flows for taxation when measuring fair value applying IAS 41. The Amendments shall be applied for annual periods beginning on or after 1 January 2022, with earlier application permitted.	1 January 2022
Clarification of requirements for classifying liabilities as current or non-current (amendments to IAS 1 - Presentation of Financial Statements)	The IASB issued on 23 January 2020 an amendment to IAS 1 Presentation of Financial Statements to clarify how to classify debt and other liabilities as current and non-current. The amendments clarify an IAS 1 criteria for classifying a liability as non-current: the requirement for an entity to have the right to defer the liability's settlement at least 12 months after the reporting period. The amendments aim to: a. specify that an entity's right to defer settlement must exist at the end of the reporting period; b. clarify that the classification is not affected by management's intentions or expectations as to whether the entity will exercise its right to postpone settlement c. clarify how loan conditions affect classification; and d. clarify the requirements to classify the liabilities that an entity will settle, or may settle, by issuing its own equity instruments. This amendment is effective for periods starting on 1 January 2023.	1 January 2023

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... > Continued from previous page

	Amendment	Date of application
Disclosure of Accounting policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2)	<p>Following feedback that more guidance was needed to help companies decide what accounting policy information should be disclosed, the IASB issued on 12 February 2021 amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements.</p> <p>The key amendments to IAS 1 include: i) requiring companies to disclose their material accounting policies rather than their significant accounting policies; ii) clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and iii) clarifying that not all accounting policies that relate to material transactions, are themselves material to a company's financial statements.</p> <p>The IASB also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are consistent with the refined definition of material:</p> <p>"Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements".</p> <p>The amendments are effective from 1 January 2023 but may be applied earlier.</p>	1 January 2023
STANDARDS AND AMENDMENTS NOT YET ENDORSED BY THE EUROPEAN UNION		
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	<p>The IASB has issued amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates.</p> <p>The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The effects of changes in such inputs or measurement techniques are changes in accounting estimates.</p> <p>The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.</p>	1 January 2023
Amendments to IAS 12: deferred tax related to assets and liabilities arising from a single transaction	<p>The IASB issued amendments to IAS 12 Income Taxes on 7 May 2021.</p> <p>The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations—transactions for which companies recognise both an asset and a liability. The amendments clarify that the exemption does not apply and that companies are required to recognise deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations.</p> <p>The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.</p>	1 January 2023
IFRS 17 — Insurance Contracts	<p>The IASB issued on 18 May 2017 a standard that superseded IFRS 4 and completely reformed the treatment of insurance contracts. The standard introduces significant changes to the way in which the performance of insurance contracts is measured and presented with various impacts also at the level of the financial position. The standard expected to be effective for annual periods beginning on or after 1 January 2023.</p>	1 January 2023



1.7. SIGNIFICANT ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements requires that the Group's Board of Directors make judgements and estimates that affect the amount of revenue, costs, assets, liabilities and disclosures at the date of the consolidated statement of financial

position. To that effect, the Group's Board of Directors are based on:

- (i) the best information and knowledge of current events and in certain cases on the reports of independent experts; and
- (ii) the actions that the Group considers it may have to take in the future.

On the date on which the operations are realised, the outcome could differ from those estimates.

More significant estimates and judgements are presented below:

Estimates and judgements	Notes
Recoverability of Goodwill	3.1 - Goodwill
Uncertainty over Income Tax Treatments	6.1 - Income tax for the period 6.2 - Deferred taxes
Actuarial assumptions	7.2 - Employee Benefits
Fair value of biological Assets	3.8 - Biological assets
Recognition of provisions	10.1 - Provisions
Recoverability, useful life and depreciation of property, plant and equipment	3.3 - Property, plant and equipment



2. Operational Performance

2.1. REVENUE AND SEGMENT REPORTING



Accounting policies

NAVIGATOR GROUP BUSINESS AREAS

The Navigator Group's main business is the production and sale of writing and printing thin paper (UWF) and domestic consumption paper (Tissue), and it is present in the whole value added chain, from research and development of forestry and agricultural production, to the purchase and sale of wood and the production and sale of bleached eucalyptus kraft pulp – BEKP and electric and thermal energy, as well as its commercialisation.

The Navigator Group has four industrial plants. BEKP, energy and UWF paper are produced in two plants located in Figueira da Foz and Setubal. BEKP energy and tissue paper are also produced in a plant located in Aveiro and the fourth plant, located in Vila Velha de Rodao, only produces tissue paper.

Wood and cork are produced from woodlands owned or leased by the Group in Portugal and Spain, and also from granted lands in Mozambique. The production of cork and pine wood are sold to third parties while the eucalyptus wood is mainly consumed in the production of BEKP.

A significant portion of the Group's own BEKP production is consumed in the production of UWF and tissue paper. Sales of BEKP, UWF and tissue paper are made to more than 130 countries around the world.

With regard to energy production, the Group has three cogeneration plants, integrated in the production of pulp, producing heat and electricity. Heat production is used for internal consumption while electricity is mainly sold to the national energy grid or in the market. The Navigator Group also owns another two cogeneration units using natural gas, integrated in the production of paper in Figueira da

Foz and in Setubal, and two separate units using biofuel, the production of which is entirely sold to the national energy grid or in the market. It also has three photovoltaic units for self-consumption, two in Setubal and one in Figueira da Foz.

SEGMENT REPORTING

In accordance with IFRS 8, the Group considers an operating segment as a component of the group that develops business activities from which it can obtain revenue and incur expenses, whose operating results are regularly reviewed by the Executive Committee, which is primarily responsible for the the Group's operational decision-making for allocation of resources to the segment and the assessment of its performance and for which separate financial information is available.

Each reportable segment corresponds to the value chain of the integrated production process associated with the product of each business segment, (Market Pulp, UWF paper, Tissue Paper and Energy) considering the sales activity of the respective products on the market, in a manner consistent with the information used by the Executive Committee for operational monitoring of its businesses.

Accordingly, intra-segmental sales are those that occur within the same manufacturing plant and whose production inputs are used in the production process of that segment. In this way, the values reported for each operating segment result from the aggregation of the business units and subsidiaries defined in the perimeter of each segment, as well as the cancellation of intra-segment transactions.

Intra-segmental sales correspond to sales between business segments or when there are transactions between manufacturing plants, which are eliminated for consolidation purposes, being this effect reported in the

“Cancellations”. When aggregating the Group's operating segments, Management defined as reportable segments those that correspond to each of the business areas developed by the Group, as follows:

- i. Market pulp – bleached eucalyptus BEKP for sale in the market;
- ii. UWF paper – production and sale of UWF uncoated writing and printing thin paper;
- iii. Tissue Paper – production and sale of domestic consumption paper;
- iv. Biomass renewable energy – which includes the cogeneration units and the two independent thermoelectric power plants;
- v. Support - segment that includes the corporate center (holding).

Regarding the allocation of assets and liabilities to business segments, it should be noted that:

- All the equipment allocated to the UWF pulp and paper production are included in Property, plant and equipment of the respective segments.
- The Group's real estate assets are allocated to the respective business segment (until 2020 it was included in the support segment).
- The assets related to forests are allocated to the Pulp and UWF paper segments, according to the production capacity of each segment (until 2020 it was included in the support segment).
- The majority of the assets allocated to each of the individual segments, with the exception of receivables, is located in Portugal.
- In accordance with the Navigator Company Group's financing policy, all loans are contracted by the Group's holding company, The Navigator Company, S.A., which is responsible for bearing all debt and related charges. Accordingly, interest-bearing liabilities (Note 5.7) are allocated to the “Support” segment, which includes the





Group's corporate centre (Holding), with the exception of the repayable grant related to the construction of the new tissue plant, allocated to the "Tissue Paper" segment and a portion of the "Inpactus" grant allocated to the "UWF Paper" segment.

REVENUE

Revenue is presented by operating segment and by geographic area, based on the country of destination of the goods and services sold by the Group.

Commercial contracts with Customers refer essentially to the sale

of goods such as paper, pulp, tissue and energy, and to an extent, to the transportation inherent to those goods, when applicable.

Revenue recognition in each operating segment is described as follows:



Market pulp	Pulp revenue results from sales to international paper and decor producers. Revenue is recognised at a specific time, by the amount of the performance obligation satisfied, the price of the transaction corresponding to a fixed amount invoiced on the basis of quantities sold, less cash discounts and quantity discounts, which are reliably determinable. On the export side, the transfer of control of the products occurs in general when there is a transfer of control to the Customer, according to the Incoterms negotiated.
UWF	Paper revenue refers to sales made through Retail Stores (B2C) or Commercial Distributors (B2B) which include large distributors, wholesalers or commercial operators. Revenue is recognised at a specific time, on the date of delivery of the product to the Customer when the transfer of control occurs, by the amount of the performance obligation satisfied, and the price of the transaction corresponds to a fixed amount invoiced according to the quantities sold, less cash discounts and quantity discounts, which are reliably determinable.
Tissue	Tissue revenue results from sales of tissue paper produced for the private label of modern national and international retail chains. Revenue is recognised at a specific moment, by the amount of the performance obligation satisfied, and the price of the transaction corresponds to a fixed amount invoiced according to quantities sold, less cash discounts and quantity discounts, which are reliably determined. Revenue is recognised against the delivery of the product, at which time the transfer of control over the product is deemed to take place.
Energy	The energy revenue results from the valuation of the energy delivered to the National Energy Network or sold on the market, as metered, valued at the tariff defined in the agreement for an ongoing 25-year period in the first case or at the market price in the second case. From November 2021 onwards, the surplus electricity from the natural gas combined cycle plant at the Setubal industrial complex has been sold at market prices rather than the regulated tariff. It is expected that, in 2022, the same will happen with the surplus production of the Group's other power plants.
Support	The revenue from the sale of other products such as waste, or services (brokerage, for example) is recognised on the date of delivery of the product to the Customer by the amount of the performance obligation satisfied. The revenues associated with this segment were reclassified to less cost.

The Navigator Group considers the facts and circumstances when analysing the terms of each Customer contract and its usual business practices in determining the transaction price. In this sense, in terms of sales tax, from the assessment performed by

Navigator, there are no situations that could be included in the transaction price. Regarding specifically to the anti-dumping tax, this is a tax for the entry of goods into the country (in the case of the USA) and is not a tax determined a priori but depends on the

analysis of the Department of Commerce a posteriori. Therefore, it represents a decrease to the gross margin obtained in the United States of America and not an adjustment to the transaction price.



FINANCIAL INFORMATION BY OPERATING SEGMENT IN 2021 AND 2020

	2021						TOTAL
	MARKET PULP	UWF PAPER	TISSUE PAPER	ENERGY	SUPPORT	CANCELLATIONS*	
REVENUE							
Sales and services - external	161,241,425	1,153,642,635	145,812,710	135,173,674	-	-	1,595,870,445
Sales and services - intersegment	2,428,613	-	-	36,257,669	-	(38,686,283)	-
Total revenue	163,670,038	1,153,642,635	145,812,710	171,431,343	-	(38,686,283)	1,595,870,445
PROFIT/ (LOSS)							
Operating income	40,791,295	210,733,857	18,996,161	8,312,210	(49,259,482)	-	229,574,041
Net financial results	-	-	-	-	(17,777,209)	-	(17,777,209)
Income tax	-	-	-	-	(40,378,319)	-	(40,378,319)
Net profit for the period							171,418,513
Non-controlling interests	-	-	-	-	(7,058)	-	(7,058)
Profit/ (loss) attributable to equity holders	-	-	-	-	-	-	171,411,455
OTHER INFORMATION							
Capital expenditure	17,547,329	49,476,764	4,574,712	6,547,053	1,887,715	-	80,033,573
Depreciation and impairment	(10,819,597)	(70,212,588)	(10,114,964)	(25,860,263)	(4,991,933)	-	(121,999,345)
Provisions ((increases) / reversal)	(12,000)	(2,839,925)	-	(36,000)	(255,019)	-	(3,142,944)
OTHER INFORMATION							
SEGMENT ASSETS							
Goodwill	-	376,756,383	583,083	-	-	-	377,339,466
Property, plant and equipment	113,818,709	570,750,077	150,555,169	226,611,114	83,509,438	-	1,145,244,507
Right-of-use assets	10,318,973	37,985,826	-	-	2,888,159	-	51,192,959
Biological assets	36,885,846	110,438,215	-	-	-	-	147,324,061
Non-current receivables	74,861	530,535	91,076	-	7,908,076	-	8,604,547
Inventories	12,607,349	151,206,224	21,445,680	498,296	793,109	-	186,550,658
Trade receivables	27,516,273	144,048,402	31,270,504	791,242	7,162,662	-	210,789,083
Other current receivables	3,812,894	23,355,908	3,106,937	2,021,281	74,796,656	-	107,093,677
Other assets	1,053,682	48,859,236	1,347,605	38,500	241,873,570	-	293,172,593
Total Assets	206,088,588	1,463,930,805	208,400,055	229,960,433	418,931,670	-	2,527,311,551
SEGMENT LIABILITIES							
Interest-bearing liabilities	-	554,367	35,647,751	-	797,741,932	-	833,944,049
Lease liabilities	10,792,437	39,443,439	-	-	3,005,049	-	53,240,925
Other payables	35,865,521	214,109,691	14,194,351	1,942,885	127,049,446	-	393,161,894
Other liabilities	12,841,723	103,296,985	12,832,704	9,596,076	63,283,115	-	201,850,603
Total Liabilities	59,499,681	357,404,481	62,674,806	11,538,961	991,079,541	-	1,482,197,471

* Cancellation of intersegment operations

In 2021, The Navigator Company recorded turnover in the amount of Euro 1,596 million, with paper sales accounting for approximately 72% of turnover (vs.68%), pulp sales 11% (vs.11%), tissue sales 9% (vs.10%) and energy sales also 8% (vs.10%). The year was marked by the positive evolution of demand for UWF, particularly in Europe, after a year of significant

decline in global paper consumption as a result of the Covid-19 pandemic.

During 2021, there was a growth in paper sales volumes, with successive price increases for UWF, pulp and tissue, along with significant optimization of the sales mix.

The commitment to the packaging business line allowed the Group to achieve sales of over Euro 40 million in the packaging sector in 2021, reflecting

favourable demand conditions and the effort to develop innovative products. This commitment will continue in 2022, either by expanding the ranges in terms of weights, or by innovating and developing new sustainable packaging solutions, contributing to the decrease of the use of plastics.

This new business area, in its current stage of development, is included in the UWF Paper segment,





insofar as, considering IFRS 8, the quantitative levels have not yet been exceeded, and due to the fact that this business line have a similar nature to UWF Paper and share a significant set of production and commercial processes.

The amount corresponding to the total energy sales was Euro 135,173,674 compared to Euro 143,693,997 in 2020. This decrease is essentially due to the fact that the natural gas combined cycle plant at the Setubal industrial complex started operating on a self-consumption basis since the beginning of the year, supplying one of the complex paper machines and selling only the surplus production to the network. Following the volatility of electricity prices recorded in the market and legislative changes published in

November 2021, the surplus production of this plant started to be sold at market prices to the detriment of the regulated tariff since that date.

The fixed capital expenditure in 2021 stood at Euro 80,033,573, compared with Euro 80,643,437 in the previous year. As a result of the economic slowdown caused by the Covid-19 pandemic, Navigator decided to review the 2020 investment plan, and in 2021 there was less willingness from the Suppliers to resume deliveries, which justifies the decrease verified compared to the previous years. With the progressive resumption of activity, the investment plan is expected to return to normal levels.

The investment made during the year includes mostly investments directed at maintaining production

capacity and efficiency improvements. It also includes approximately Euro 14 million in the environmental and decarbonization area, with particular emphasis on the last component of the investment in the New Biomass Boiler in Figueira da Foz (Euro 6 million) and the new evaporation line in Aveiro (Euro 3.5 million). Other investments are also worthy of note, such as the new wood park in Figueira da Foz (Euro 7.2 million), the new chip pile in Aveiro (Euro 1.1 million), the remodelling of the wetland in Aveiro (Euro 9.3 million) and the photovoltaic plants in Figueira da Foz and Setubal (Euro 1 million), in a total amount of Euro 18.8 million.



Following the aforementioned change regarding the allocation of assets and liabilities to business

segments, the restated segment reporting as at 31 December 2020 is as follows:

	2020 Restated**						TOTAL
	MARKET PULP	UWF PAPER	TISSUE PAPER	ENERGY	SUPPORT	CANCELLATIONS*	
REVENUE							
Sales and services - external	157,821,044	942,400,510	141,445,074	143,693,996	-	-	1,385,360,624
Sales and services - intersegment	3,817,525	-	-	19,358,056	-	(23,175,581)	-
Total revenue	161,638,569	942,400,510	141,445,074	163,052,052	-	(23,175,581)	1,385,360,624
PROFIT/(LOSS)							
Operating income	9,756,411	131,564,720	10,846,428	21,447,231	(33,190,152)	-	140,424,638
Net financial results	-	-	-	-	(14,685,632)	-	(14,685,632)
Income tax	-	-	-	-	(16,522,754)	-	(16,522,754)
Net profit for the period							109,216,252
Non-controlling interests	-	-	-	-	(2,532)	-	(2,532)
Profit/(loss) attributable to equity holders	-	-	-	-	-	-	109,213,720
OTHER INFORMATION							
Capital expenditure	19,837,834	29,725,845	5,089,476	23,090,104	2,900,178	-	80,643,437
Depreciation and impairment	(12,517,621)	(91,951,269)	(15,527,692)	(17,729,192)	(5,047,101)	-	(142,772,875)
Provisions ((increases)/reversal)	(12,000)	(292,704)	(24,000)	-	(1,981,584)	-	(2,310,288)
OTHER INFORMATION							
SEGMENT ASSETS							
Goodwill	-	376,756,383	583,083	-	-	-	377,339,466
Property, plant and equipment	110,723,675	675,958,753	157,001,815	157,781,230	82,484,119	-	1,183,949,592
Right-of-use assets	10,320,154	38,026,121	-	-	3,480,725	-	51,827,000
Biological assets	37,146,113	111,438,339	-	-	-	-	148,584,452
Non-current receivables	60,590	3,694,221	93,786	-	30,847,508	-	34,696,105
Inventories	9,796,231	145,250,401	18,489,151	315,510	2,883,844	-	176,735,137
Trade receivables	15,451,304	84,257,576	26,684,915	1,377,272	6,263,979	-	134,035,047
Other current receivables	11,077,543	38,898,651	1,388,737	3,014,344	43,357,960	-	97,737,235
Other assets	79,522	25,236,686	537,684	79,150	322,585,687	-	348,518,729
Total Assets	194,655,132	1,499,517,130	204,779,171	162,567,506	491,903,823	-	2,553,422,764
SEGMENT LIABILITIES							
Interest-bearing liabilities	-	420,151	36,922,455	-	945,068,176	-	982,410,783
Lease liabilities	10,600,063	38,909,235	-	-	3,571,621	-	53,080,919
Other payables	23,420,059	158,059,745	10,893,183	11,678,594	99,598,109	-	303,649,690
Other liabilities	13,329,879	89,934,845	13,648,970	6,890,219	64,275,771	-	188,079,683
Total Liabilities	47,350,000	287,323,976	61,464,608	18,568,812	1,112,513,678	-	1,527,221,075

* Cancellation of intersegment operations. Consolidation adjustments related to inter-segment transactions are considered non-significant.

** As disclosed in note 1.5.6, the assets and liabilities related to the forestry activity are now allocated to the Pulp and UWF Paper segments, according to the production capacity of each segment. For this reason, the intersegmental sales that were presented in 2020 in the Support segment, in the amount of Euro 243,361,483 were allocated to the Pulp and Paper UWF segments in the amounts of Euro 60,840,371 and Euro 182,521,112, respectively, as well as the respective intragroup eliminations. This change had an impact on the balance sheet captions presented. Similarly, the Group's real estate assets, previously disclosed in the support segment, are now allocated to the respective business segment.





REVENUE BY BUSINESS SEGMENT, BY GEOGRAPHIC AREA AND BY RECOGNITION PATTERN

Amounts in Euro

2021	Pulp	UWF Paper	Tissue Paper	Energy	Total Amount	Total %
Portugal	2,857,768	61,336,753	55,941,695	135,173,674	255,309,890	16%
Rest of Europe	125,606,144	586,522,363	83,886,052	-	796,014,559	50%
North America	1,800,302	128,791,201	231,616	-	130,823,119	8%
Latin America	-	69,778,306	2,020,481	-	71,798,787	5%
Africa	13,336,229	193,679,141	3,706,845	-	210,722,215	13%
Asia	17,640,982	111,852,939	26,022	-	129,519,943	8%
Oceania	-	1,681,932	-	-	1,681,932	0%
	161,241,425	1,153,642,635	145,812,710	135,173,674	1,595,870,445	100%

Recognition pattern

At a certain moment in time	161,241,425	1,153,642,635	145,812,710	135,173,674	1,595,870,445	100%
Over time	-	-	-	-	-	0%

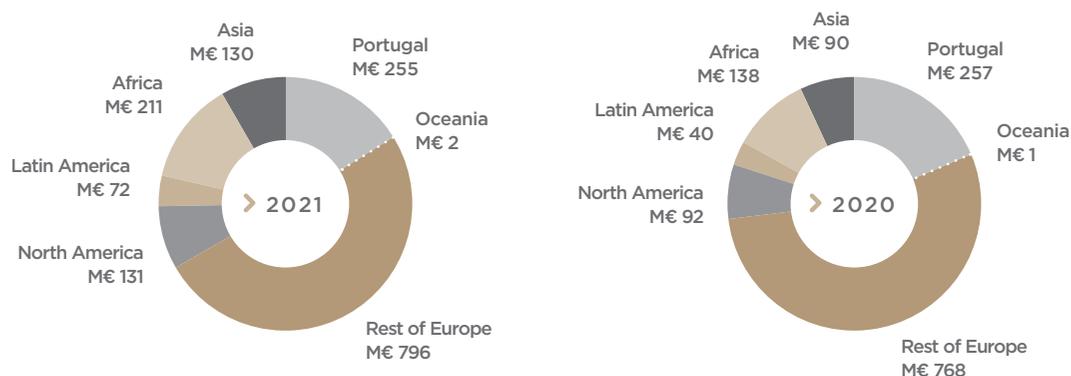
Amounts in Euro

2020	Pulp	UWF Paper	Tissue Paper	Energy	Total,Amount	Total %
Portugal	3,999,267	55,988,813	52,869,793	143,693,996	256,551,869	18%
Rest of Europe	91,621,356	595,203,524	81,447,990	-	768,272,870	55%
North America	1,010,697	87,790,410	3,433,315	-	92,234,422	7%
Latin America	-	38,992,998	563,093	-	39,556,091	3%
Africa	6,029,084	128,587,469	3,074,995	-	137,691,548	10%
Asia	55,160,640	35,229,242	55,888	-	90,445,770	7%
Oceania	-	608,053	-	-	608,053	0%
	157,821,044	942,400,510	141,445,074	143,693,996	1,385,360,624	100%

Recognition pattern

At a certain moment in time	157,821,044	942,400,510	141,445,074	143,693,996	1,385,360,624	100%
Over time	-	-	-	-	-	0%

GROUP'S REVENUE DISTRIBUTION BY GEOGRAPHIC AREA



In 2021 and 2020, no single Customer accounted for 10% or more of the Group's total revenues.



2.2. OTHER OPERATING INCOME

For the periods ended 31 December 2021 and 2020, Other operating income is detailed as follows:

➤ OTHER OPERATING INCOME

	<i>Amounts in Euro</i>	
	2021	2020
Gains on disposal of non-current assets	2,785,295	619,810
Grants - CO ₂ emission allowances (Note 3.2)	14,915,653	10,066,383
Supplementary gains	1,169,398	1,519,921
Operating grants	2,703,017	2,539,897
Impairment reversal on receivables (Note 8.1.4)	77,603	47,052
Impairment reversal on inventories (Note 4.1.4)	866,224	9,900,226
Gains on inventories	1,029,340	1,735,837
Own work capitalised	824,120	418,565
Compensations	418,549	2,121,913
Other operating income	6,591,035	9,990,566
	31,380,233	38,960,170

In 2021, Gains on disposal of non-current assets includes the sale of the wood and biomass park in Albergaria-a-Velha that was inactive, which generated a gain of Euro 2,458,230. The remainder relates to the sale of land with reduced forestry suitability.

Gains on CO₂ allowances correspond to the recognition of the estimate of free allocation of allowances for 442,732 tons of CO₂, at the average price of Euro 33.69 (482,453 tons of CO₂, at the average price of Euro 23.82 as at 30 September 2020) (Note 3.2).

The operating grants correspond to grants granted under research and development projects performed by the RAIZ institute, such as the IPLANT project, INPACTUS, FitoGlobulus, Proteus, among others.

In 2020, the reversal of impairment in inventories resulted mainly from the sale of UWF (Euro 8,624,342) and Tissue (Euro 1,196,905) paper waste.

Insurance compensation in 2020 includes the compensation associated with the failure of the steam turbine at the Setubal combined gas power station.



Accounting policies

Government grants

OPERATING GRANTS

Government grants are only recognised when there is a reasonable assurance that the grant will be received, and the Group will comply with all required conditions. Operating grants, received with the purpose of compensating the Group for costs incurred, are systematically recorded in the income statement during the periods in which the costs that those grants are intended to compensate are recorded.

Grants related to biological assets (Note 3.8) carried at fair value, in accordance with IAS 41, are recognised in the income statement when the terms and conditions of the grant are met.

GRANTS - CO₂ EMISSION ALLOWANCES

Grants related to CO₂ emission allowances (Note 3.2) are recognised as deferred income and are systematically recorded in the income statement during the periods in which the expenses that those grants are intended to compensate are recorded.





2.3. OTHER OPERATING EXPENSES

Amounts in Euro

	2021	2020
Cost of goods sold and materials consumed (Note 4.1.2)	629,794,745	569,724,151
External services and supplies		
Energy and fluids	134,874,499	121,404,375
Transportation of goods	152,168,311	112,407,334
Specialised work	83,265,324	70,339,591
Maintenance and repair	29,676,463	33,749,621
Rentals	8,216,430	9,838,708
Advertising and marketing	9,754,042	10,906,452
Insurance	7,865,892	8,473,222
Travel and accommodation	2,624,556	2,309,764
Fees	5,008,210	4,840,766
Subcontracts	2,086,188	1,994,246
Materials	2,737,852	1,879,596
Communications	1,469,281	1,369,141
Other	9,655,313	12,741,886
	449,402,361	392,254,701
Variation in production (Note 4.1.3)	(1,612,980)	32,545,175
Payroll costs (Note 7.1)	155,015,795	132,129,704
Other operating expenses		
CO ₂ emission expenses (Note 3.2)	24,788,284	15,947,338
Impairment losses on receivables	408,238	306,018
Impairment losses on inventories (Note 4.1.4)	2,643,558	933,009
Other inventory losses (Note 4.1)	1,555,909	2,684,182
Indirect taxes and fees	1,663,855	2,553,283
Water resources fee	1,689,769	1,536,970
Other operating expenses	5,924,423	5,013,073
	38,674,036	28,973,873
Net provisions (Note 10.1)	3,142,944	2,310,288
Total operating expenses	1,271,273,957	1,155,627,603

In order to mitigate the expected drop in revenue resulting from the reduction in turnover due to the pandemic, Navigator has implemented several cost reduction measures. Nevertheless, during 2021 there was a significant increase in energy, logistics and CO₂ costs.

In Energy, there was an increase in electricity and natural gas prices, although the increase in costs was partially mitigated by the risk hedging policy with fixed-rate contracts for most of the 2021 purchases.

Logistics costs show a negative evolution as a result of the current logistical constraints that are transversally affecting the economy. Nevertheless, Navigator managed to maintain its activity at 100%, without any disruption of supplies.

In 2021 and 2020, external supplies and services costs incurred for investigation and research activities amounted to Euro 4,475,304 and Euro 4,492,905, respectively.

The Group plans to apply for SIFIDE approximately Euro 12 million (Euro 13

million in 2020) relating to research and development expenditure (which also includes eligible payroll expenses). This expenditure will make it possible to secure grants of around Euro 4.7 million (2020: Euro 6 million).

The expenses with CO₂ correspond to the emission of 561,613 tons of CO₂⁴⁶ (31 December 2020: 717,121 tons), thus observing a 22% reduction in CO₂ emissions when compared to 2020. For this decrease, the start-up of the new biomass boiler at the Figueira da Foz industrial complex was decisive. The

⁴⁶ CO₂ emissions from assets in factories, Scope 1 - EU ETS basis.



increase in this caption is mainly due to the rise of unit price of CO₂ allowances.

Losses in inventories recorded in the first quarter of 2021 derive from timber and chip count adjustments.

> AUDIT FEES

	<i>Amounts in Euro</i>	
	KPMG & Asociados SROC	Other entities belonging to the same network
The Navigator Company, S.A.		
Audit fees	104,746	-
Other reliability assurance services	87,875	-
Other services	72,250	-
	264,871	-
To entities belonging to Navigator Group		
Audit fees	108,770	16,200
Other reliability assurance services	-	-
Other services	2,000	-
	110,770	16,200
	375,641	16,200

In 2021, the services other than auditing services invoiced to the company or to entities in a parent-subsidiary relationship with it by the External Auditor and Statutory

Auditor, including entities in a holding relationship with it or that are part of the same network, represented 41% (2020: 26%) of the total services rendered.

	2021		2020	
	EXPENSES IN THE PERIOD	FEES INVOICED	EXPENSES IN THE PERIOD	FEES INVOICED
KPMG (SROC) and other entities belonging to the same network				
Audit fees	367,450	229,716	317,038	463,795
Permissible tax assurance services	-	-	-	-
Other reliability assurance services	87,875	87,875	30,300	35,402
Other services	74,250	74,250	800	3,825
	529,575	391,841	348,138	503,022

The services indicated as “Other assurance services” relate to the reporting of financial information, verification services of the Sustainability Information and limited reviews to interim financial information. Other

services refer to a financial statements’ due diligence assignment.

The Board of Directors believes there are adequate procedures safeguarding the independence of auditors, through the Supervisory Board

process analysis of the work proposed and careful definition of the work to be performed by the auditors.



3. Investments

3.1. GOODWILL

Goodwill – net amount

Goodwill is attributed to the Group's cash generating units (CGU's), as follows:

	<i>Amounts in Euro</i>	
	31/12/2021	31/12/2020
CGU of UWF paper production on Figueira da Foz site (goodwill resulting from the acquisition of Navigator Brands, S.A.)	376,756,383	376,756,383
CGU of Tissue paper production on Vila Velha de Rodao site (goodwill resulting from the acquisition of Navigator Tissue Ródão, S.A.)	583,083	583,083
	377,339,466	377,339,466

NAVIGATOR BRANDS, S.A. / NAVIGATOR PAPER FIGUEIRA, S.A.

Following the acquisition of 100% of the former Soporcel – Sociedade Portuguesa de Papel, S.A. (now Navigator Brands, S.A.), for Euro 1,154,842,000, Goodwill amounting to Euro 428,132,254 was determined.

For the purposes of allocation, Goodwill is deemed to be allocable to the integrated paper production in Figueira da Foz Industrial Complex cash generating unit.

The book value of Goodwill amounts to Euro 376,756,383 for having been subject to annual amortisations until 31 December 2003 (date of transition to IFRS: 1 January 2004), and amortisation as from that date, the accumulated amount of which was Euro 51,375,871, has ceased. From

that date on, depreciation ceased and was replaced by annual impairment tests. If this amortisation had not been interrupted, the net book value of the Goodwill as at 31 December 2021 would amount to Euro 68,501,149 (31 December 2020: Euro 85,626,441).

NAVIGATOR TISSUE RÓDÃO, S.A.

On 6 February 2015 the procedures and agreements for the acquisition of AMS-BR Star Paper, S.A. (later merged into Navigator Tissue Ródão, S.A.) were concluded, with the authorization to conclude this transaction being formalized on 17 April 2015.

To the initial acquisition difference, of Euro 21,337,916, was deducted the AICEP's investment grant and the fair value of the acquired property, plant and equipment, with a goodwill amounting to Euro 583,083.

Goodwill Recoverability Analysis

Every year, the Navigator Company Group calculates the recoverable amount of each business, based on value-in-use calculations, in accordance with the Discounted Cash Flow method. The calculations are based on past performance and business expectations with the actual production structure, using the budget for the following year and projected cash flows for the following 4 years. As a result of the calculations, up to this date no impairment losses relating to Goodwill have been identified.

The main assumptions for the above-mentioned calculation were as follows:



ASSUMPTIONS ON THE BASIS OF THE BUSINESS PLAN

ASSUMPTIONS	2021 (CAGR 2022-2026)	2020 (CAGR 2021-2025)
Amount of sales (kt)		
Reference	UWF Paper	UWF Paper
CAGR amount of sales (kt)	0.7%	2.0%
Reference	Tissue Paper	Tissue Paper
CAGR amount of sales (kt)	0.4%	1.6%
Average price of sale ML/t		
Reference	UWF Paper	UWF Paper
CAGR average price of sale ML/t	(1.2%)	0.9%
Reference	Tissue Paper	Tissue Paper
CAGR average price of sale ML/t	0.0%	1.6%
Perpetuity growth rate - UWF Paper	(1.0%)	(1.0%)
Perpetuity growth rate - Tissue Paper	1.56%	1.5%

Macroeconomic assumptions

The main assumptions considered at the macroeconomic level are

projections of GDP growth rate and inflation in Portugal. The sources of forecasts are the IMF and Banco de Portugal.

MACROECONOMIC ASSUMPTIONS	2021 Financial Year			
	2022	2023	2024	2025
Real GDP growth rate	5.60%	2.40%	2.30%	1.80%
Inflation EUR	0.90%	1.00%	1.40%	1.47%

MACROECONOMIC ASSUMPTIONS	2020 Financial Year			
	2021	2022	2023	2024
Real GDP growth rate	5.20%	3.80%	2.90%	2.00%
Inflation EUR	0.80%	1.10%	1.24%	1.37%

The perpetuity growth rate reflects the Boards of Directors' vision of the medium and long term for the different Cash Generating Units (CGUs), bearing in mind the macroeconomic assumptions.

Financial assumptions

FINANCIAL ASSUMPTIONS	2021				2020			
	RISK-FREE INTEREST RATE*	WACC RATE EUR	PERPETUITY GROWTH RATE EUR EUR	TAX RATE	RISK-FREE INTEREST RATE*	WACC RATE EUR	PERPETUITY GROWTH RATE EUR EUR	TAX RATE
UWF Paper								
Explicit planning period	0.30%	4.46%	0.00%	27.50%	0.53%	4.67%	0.00%	27.50%
Perpetuity	2.31%	6.34%	(1.0%)	27.50%	2.71%	6.66%	(1.0%)	27.50%

* Includes Country Risk Premium





Accounting policies

Goodwill

Goodwill represents the difference between the fair value of the cost of acquisition and the fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiaries included in the consolidation on the acquisition date and is allocated to each CGU or to the lower group of CGUs to which it belongs.

AMORTISATION AND IMPAIRMENT

Goodwill is not amortised. The Group annually carries out impairment tests to the goodwill, or where there are signs of impairment. The recoverable amounts of cash-generating units are determined as the higher of value in use and fair value less cost of sale. Impairment losses on goodwill cannot be reversed.

DISPOSAL AND LOSS OF CONTROL

Gains or losses arising from the sale or loss of control over an entity

or business to which Goodwill is allocated include the amount of the corresponding goodwill.

TAX DEDUCTIBILITY

Derived from the current tax legislation in Portugal, it is not expected that Goodwill generated or to be recognised will be tax deductible.



Estimates and judgements

Recoverability of Goodwill

The Group tests Goodwill impairment annually, recorded in its Statement of Financial Position. For impairment tests of CGUs, the recoverable amount was determined based on the value in use, according to the discounted cash flow method. The recoverable amount of CGUs derives from assumptions related to the activity, namely, sales volumes, average sales prices and variable costs that in the projection periods result from a combination of economic forecasts

for the regions and markets where the Group operates, industry forecasts, including changes in markets derived from changes in installed capacity for each operating activity, internal management projections and historical performance. These calculations require the use of estimates.

SENSITIVITY ANALYSIS

As at 31 December 2021, a possible increase of 0.5% in the discount rate used in the impairment test of Goodwill allocated to the cash-generating unit in Figueira da Foz integrated Paper, would imply a decrease in the assessment in the amount of Euro 138,398,565 (31 December 2020: Euro 152,647,490), which is still approximately 2.5 times higher than the book value of this cash-generating unit. With regard to the Goodwill allocated to Navigator Tissue Ródão, given the immateriality of its value, any impacts would not be materially relevant.



3.2. INTANGIBLE ASSETS

► MOVEMENTS IN INTANGIBLE ASSETS

Amounts in Euro

	INDUSTRIAL PROPERTY AND OTHER RIGHTS	CO ₂ EMISSION ALLOWANCES	OTHER INTANGIBLE ASSETS	TOTAL
Gross amount				
Balance as at 1 January 2020	12,329	4,496,487	-	4,508,816
Attributions	-	11,492,030	-	11,492,030
Acquisitions	4,335	10,269,089	-	10,273,424
Adjustments, transfers and write-offs	-	(14,354,986)	-	(14,354,986)
Balance as at 31 December 2020	16,664	11,902,620	-	11,919,284
Attributions	-	14,915,653	17,823	14,933,476
Acquisitions	-	22,706,518	-	22,706,518
Adjustments, transfers and write-offs	17,823	(24,788,284)	(17,823)	(24,788,284)
Balance as at 31 December 2021	34,487	24,736,507	-	24,770,993
Accumulated amortisation and impairment losses				
Balance as at 1 January 2020	(2,127)	-	-	(2,127)
Depreciation and amortisation for the period (Note 3.7)	(4,473)	-	-	(4,473)
Balance as at 31 December 2020	(6,600)	-	-	(6,600)
Depreciation and amortisation for the period (Note 3.7)	(11,864)	-	-	(11,864)
Balance as at 31 December 2021	(18,464)	-	-	(18,464)
Net book value as at 1 January 2020	10,202	4,496,487	-	4,506,689
Net book value as at 31 December 2020	10,064	11,902,620	-	11,912,684
Net book value as at 31 December 2021	16,023	24,736,507	-	24,752,529

► CO₂ ALLOWANCES

	31/12/2021	31/12/2020
CO ₂ emission allowances (units)	620,805	516,319
Average unit value (Euro)	39.85	23.05
Market quotation (Euro)	80.65	32.72

► CO₂ ALLOWANCES - MOVEMENTS OF THE PERIOD

Amounts in Euro

	2021		2020	
	TONS	AMOUNT	TONS	AMOUNT
Opening balance	516,319	11,902,620	267,222	4,496,487
CO ₂ allowances awarded free of charge (Note 2.2)	442,732	14,915,653	482,453	11,492,030
CO ₂ allowances acquired	368,598	22,706,518	510,962	10,269,089
CO ₂ allowances returned to the Licensing Coordinating Entity	(706,844)	(24,788,284)	(744,318)	(14,354,986)
Closing balance	620,805	24,736,507	516,319	11,902,620





Accounting policies

Intangible assets are recorded at acquisition cost less depreciation and impairment losses.

The Group performs impairment tests whenever events or circumstances indicate that the book value exceeds the recoverable amount, and the difference, if any, is recognised in the income statement.

CO₂ Emission Rights

CO₂ emission allowances attributed to the Group within the European Union Emissions Trading Scheme (EU ETS) for the assignment of CO₂ emission allowances at no cost, gives rise to an intangible asset for the allowances, a Government grant and a liability for the obligation to deliver allowances equal to the emissions that have been made during the compliance period.

Emission allowances are only recorded as intangible assets when the Group is able to exercise control. In such circumstances these are initially measured at fair value (Level 1). When the market value of the emission allowances falls significantly below its carrying amount and such decrease is considered permanent, an impairment charge is booked for allowances which the group will not use internally.

The liability to deliver allowances is recognised based on actual emissions. This liability will be settled using allowances on hand, measured at the book value of those allowances. Any additional emissions are valued at market value as at the reporting date. FIFO is used in the costing of intangible asset decreases by the refund to the Licensing Coordinating Entity.

In the Consolidated Income Statement, the Group expenses, under Other costs and losses, actual emissions at fair value at the grant date, except for acquired allowances, where the expense is measured at their purchase price.

Such costs will offset other operating income resulting from the recognition of the original Government grant (also recognised at fair value at grant date) as well as any disposal of excess allowances.

The effect on the income statement will, therefore, be neutral regarding the consumption of granted allowances. Any net effect on the Income Statement will result from the purchase of additional allowances to cover excess emissions, from the sale of effective consumption or from impairment losses booked to allowances that are not used at operational level.

Brands

Whenever brands are identified in a business combination, the Group records them separately in the consolidated financial statements as an asset at cost, which represents their fair value on the acquisition date.

On subsequent valuation exercises, brands are recognised in the Group's consolidated financial statements at cost. They are not subject to annual amortisation, but instead tested for impairment at each reporting date.

Own brands are not recognised in the Group's financial statements, as they represent internally generated intangible assets.

Intangible assets developed internally

Development expenses are only recognised as intangible assets to the extent that the technical capacity to complete the development of the asset is demonstrated and that it is available for own use or commercialisation. Expenses that do not meet these requirements, namely research expenses, are recorded as costs when incurred.



3.3. PROPERTY, PLANT AND EQUIPMENT

► MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

Amounts in Euro

	Land	Buildings and other constructions	Equipment and other tangibles	Assets under construction	Total
Gross amount					
Balance as at 1 January 2020	115,028,864	539,358,347	3,522,159,862	107,798,987	4,284,346,060
Acquisitions	-	-	-	80,639,102	80,639,102
Disposals	(536,404)	(9,246)	(45,825)	-	(591,475)
Adjustments, transfers and write-offs	12,104	1,891,374	45,643,800	(65,012,658)	(17,465,380)
Balance as at 31 December 2020	114,504,564	541,240,475	3,567,757,837	123,425,431	4,346,928,307
Acquisitions	-	-	14,551,550	65,482,023	80,033,573
Disposals	(339,267)	-	(511,368)	-	(850,635)
Adjustments, transfers and write-offs	226,134	1,633,165	137,086,918	(148,431,122)	(9,484,905)
Balance as at 31 December 2021	114,391,431	542,873,640	3,718,884,937	40,476,332	4,416,626,340
Accumulated depreciation and impairment losses					
Balance as at 1 January 2020	-	(340,877,824)	(2,693,816,638)	-	(3,034,694,462)
Depreciation and amortisation for the period (Note 3.7)	-	(11,322,316)	(134,278,558)	-	(145,600,874)
Disposals	-	7,918	45,825	-	53,743
Adjustments, transfers and write-offs	-	-	17,262,878	-	17,262,878
Balance as at 31 December 2020	-	(352,192,222)	(2,810,786,493)	-	(3,162,978,715)
Depreciation and amortisation for the period (Note 3.7)	-	(11,240,522)	(107,130,884)	-	(118,371,406)
Disposals	-	-	505,759	-	505,759
Adjustments, transfers and write-offs	-	567,105	8,895,424	-	9,462,529
Balance as at 31 December 2021	-	(362,865,639)	(2,908,516,194)	-	(3,271,381,833)
Net book value as at 1 January 2020	115,028,864	198,480,523	828,343,224	107,798,987	1,249,651,598
Net book value as at 31 December 2020	114,504,564	189,048,253	756,971,344	123,425,431	1,183,949,592
Net book value as at 31 December 2021	114,391,431	180,008,001	810,368,743	40,476,332	1,145,244,507

As at 31 December 2021, Assets under construction includes investments associated with ongoing development projects, in particular those related to the the new wood preparation pile in Figueira da Foz (Euro 7,195,672), the new evaporation line in Aveiro (Euro 3,515,154), and the replacement of the Figueira da Foz lime kiln cooler (Euro 1,284,227). The remainder is related to several projects for improving and optimizing the production process.

Lands includes Euro 113,358,585 (31 December 2020: Euro 113,471,718) classified in the individual financial statements as investment properties, from which Euro 74,220,470 (31 December 2019: Euro 74,264,447) relate to forestry land and Euro 39,138,115 (31 December 2020: Euro 39,207,271) to land allocated to industrial sites leased to the Group.



The commitments assumed by the Group for the acquisition of property, plant and equipment are detailed in Note 10.2 - Commitments.



Accounting policies

Property, plant and equipment

RECOGNITION AND INITIAL MEASUREMENT

Property, plant and equipment acquired up to 1 January 2004 (transition date to IFRS) are recorded at acquisition cost, or revalued acquisition cost in accordance with generally accepted accounting principles in Portugal until that date, net of amortisation and accumulated impairment losses.

Property, plant and equipment acquired after the transition date are shown at cost, less accumulated depreciation and impairment losses.

DEPRECIATION AND IMPAIRMENT

We use the straight-line method from the moment the asset is available for use and using the rates that best reflect their estimated useful life.





	Average useful life
Land (cost of preparing for afforestation)	50
Buildings and other constructions	12 - 30
Basic equipment	6 - 25
Transportation equipment	4 - 9
Tools	2 - 8
Administrative equipment	4 - 8
Other property, plant and equipment	4 - 10

The residual values of the assets and respective useful lives are reviewed and adjusted, on the date of the consolidated statement of financial position. If there are changes to useful lives, they are treated as a change in accounting estimate and are applied prospectively.

When the book value of the asset exceeds its realisable value, the asset is written down to the estimated recoverable amount, and an impairment charge is booked (Note 3.7).

SUBSEQUENT COSTS

Scheduled maintenance expenses are considered a component of the acquisition cost of property, plant and equipment and are fully depreciated by the next forecasted maintenance date.

All other repairs and maintenance costs are charged in the financial period in which they are incurred.

SPARE AND MAINTENANCE PARTS

Spare parts are considered strategic as they are directly related to production equipment and their use is expected to last for more than two economic years. Maintenance parts considered as “critical spare parts” are recognised in non-current assets, as Property, plant and equipment. Respecting this classification, spare parts are depreciated from the moment they become available for use and are assigned a useful life that follows the nature of the equipment, where they are expected to be integrated, not exceeding the remaining useful life of these.

Spare parts are accounted for as property, plant and equipment if they are material and used for more than

one period, or if they are used only in relation to an item of property, plant and equipment. In other situations, spare parts are accounted for as part of inventories and recognized in the period when consumed.

BORROWING COSTS

Borrowing costs directly related to the acquisition or construction (if the construction or development period exceeds one year) of property, plant and equipment are capitalised and form part of the asset’s cost.

During the periods presented, no financial charges for loans directly related to the acquisition or construction of property, plant and equipment were capitalised.

WRITE-OFFS AND DISPOSALS

Gains or losses arising from the write-off or disposal represent the difference between the proceeds received on disposal less costs to sell and the asset’s book value, and are recognised in the income statement as Other operating income (Note 2.2) or Other operating expenses (Note 2.3).



Estimates and judgements

Recoverability of Property, plant and equipment

The recoverability of property, plant and equipment requires the Board of Directors to use estimates and assumptions, namely, whenever applicable, regarding the determination of the value in use for impairment tests to the Group’s cash-generating units.

Useful life and depreciation

Property, plant and equipment present the most significant component of the Group’s total assets. These assets are subject to systematic depreciation for the period that is determined to be their economic useful life. The determination of assets useful lives and the depreciation method to be applied is essential to determine the amount of depreciation to be recognised in the consolidated income statement of each period.

These two parameters are defined according to the best judgement of the Board of Directors for the assets and businesses in question, also considering the practices adopted by companies of the sector at the international level and the evolution of the economic conditions in which the Group operates.

Given the importance of this estimate, the Group uses, with some regularity, external and independent experts to assess the adequacy of the estimates used, having the last report been reported as at 31 December 2019.



3.4. INVESTMENT PROPERTIES

► MOVEMENT IN INVESTMENT PROPERTIES

Amounts in Euro

	Land	Buildings and other constructions	Total
Gross amount			
Balance as at 1 January 2020	424,744	82,307	507,051
Acquisitions	-	-	-
Disposals	-	-	-
Balance as at 31 December 2020	424,744	82,307	507,051
Acquisitions	-	-	-
Disposals	-	-	-
Balance as at 31 December 2021	424,744	82,307	507,051
Accumulated depreciation and impairment losses			
Balance as at 1 January 2020	(399,372)	(11,797)	(411,169)
Depreciation and amortisation for the period (Note 3.7)	-	-	-
Disposals	-	-	-
Impairment losses (Note 3.7)	-	(1,646)	(1,646)
Balance as at 31 December 2020	(399,372)	(13,443)	(412,815)
Depreciation and amortisation for the period (Note 3.7)	-	-	-
Disposals	-	-	-
Impairment losses (Note 3.7)	-	(1,646)	(1,646)
Balance as at 31 December 2021	(399,372)	(15,089)	(414,461)
Net book value as at 1 January 2020	25,372	70,510	95,882
Net book value as at 31 December 2020	25,372	68,864	94,236
Net book value as at 31 December 2021	25,372	67,218	92,589

These assets are not allocated to the Group's operating activity, nor do they have any future use determined.



Accounting policies

The Group classifies the assets held for the purpose of capital appreciation and/or the generation of rental income as investment properties in the consolidated financial statements.

An investment property is initially measured by its acquisition or production cost, including the

transaction costs that are directly attributable to it. After initial recognition, investment properties are measured at cost less amortisation and impairment losses.

Subsequent expenditure is capitalised only when it is probable that it will result in future economic benefits to the entity comparing to those considered in initial recognition.



3.5. GOVERNMENT GRANTS

GOVERNMENT GRANTS - MOVEMENTS

Amounts in Euro

	31/12/2021			31/12/2020		
	FINANCIAL	TAX	TOTAL	FINANCIAL	TAX	TOTAL
Opening balance	13,768,051	21,463,619	35,231,670	18,562,558	24,214,013	42,776,571
Granting	721,599	-	721,599	1,112,066	-	1,112,066
Charge-off (Note 3.7)	(2,365,089)	(1,737,488)	(4,102,577)	(6,403,518)	(3,183,826)	(9,587,344)
Other movements	(38,804)	(117,166)	(155,970)	496,945	433,432	930,377
Closing balance (Note 4.3)	12,085,757	19,608,965	31,694,722	13,768,051	21,463,619	35,231,670

As at 31 December 2021 and 31 December 2020, Government grants, by company, were detailed as follows:

Amounts in Euro

	31/12/2021			31/12/2020		
	FINANCIAL	TAX	TOTAL	FINANCIAL	TAX	TOTAL
AICEP investment contracts						
Enerpulp, S.A.	328,243	-	328,243	859,211	-	859,211
Navigator Pulp Aveiro, S.A.	4,790,430	2,015,570	6,806,000	5,821,817	2,475,075	8,296,893
Navigator Pulp Setúbal, S.A.	101,018	-	101,018	254,271	-	254,271
Navigator Pulp Figueira, S.A.	13,324	8,885,363	8,898,687	17,342	9,595,438	9,612,781
Navigator Parques Industriais, S.A.	1,869,640	-	1,869,640	1,928,996	-	1,928,996
Navigator Brands, S.A.	499,805	-	499,805	-	-	-
Navigator Tissue Aveiro, S.A.	2,982,150	8,708,031	11,690,181	3,057,117	9,393,105	12,450,222
	10,584,609	19,608,965	30,193,574	11,938,753	21,463,619	33,402,373
Other						
Raiz	1,479,841	-	1,479,841	1,748,208	-	1,748,208
Viveiros Aliança, S.A.	21,306	-	21,306	81,089	-	81,089
	1,501,147	-	1,501,147	1,829,297	-	1,829,297
	12,085,757	19,608,965	31,694,722	13,768,051	21,463,619	35,231,670

The Group expects to recognise subsidies in earnings as follows:

Amounts in Euro

	31/12/2021			31/12/2020		
	FINANCIAL	TAX	TOTAL	FINANCIAL	TAX	TOTAL
2021	-	-	-	2 039 499	1 740 836	3 780 335
2022	1,748,315	1,708,516	3,456,831	1,850,129	1,716,550	3,566,679
2023	1,654,211	1,666,401	3,320,612	1,757,983	1,674,435	3,432,419
2024	1,608,887	1,666,401	3,275,288	1,716,452	1,674,435	3,390,887
2025	1,260,106	1,398,687	2,658,793	1,367,728	1,406,721	2,774,450
2026	1,197,809	1,390,347	2,588,156	1,001,869	1,406,721	2,408,591
After 2026	4,616,429	11,778,612	16,395,041	4,034,391	11,843,920	15,878,310
	12,085,757	19,608,965	31,694,722	13,768,051	21,463,619	35,231,670



Non-refundable Government grants

INCENTIVE TO INCREASE PULP PRODUCTION CAPACITY IN FIGUEIRA DA FOZ

On 27 December 2018, Navigator Pulp Figueira, S.A signed a tax investment agreement with AICEP, related to the investment associated with the increase of pulp production capacity in Figueira da Foz, which includes a tax incentive up to the maximum amount of Euro 17,278,657, corresponding to 19.5% of the investment made, through the fulfilment, until 31 December 2025, of the contractually defined objectives. This grant is being recognised over 20 years, although it has been fully utilised since 2018.

INCENTIVES FOR THE EXPANSION PROJECT OF THE CACIA PULP MILL

On 18 June 2014, the Group's subsidiary, Navigator Pulp Aveiro, S.A., signed two financial and tax incentive agreements with the AICEP - Agência para o Investimento e Comércio Externo de Portugal (Agency for Investment and Foreign Trade of Portugal) to support the investment to be promoted by that company in the capacity increase project of Aveiro pulp mill, with a total amount of Euro 49.3 million.

The grants approved amount to Euro 9,264 million (refundable) and Euro 5,644 million (tax incentive) to be used until 2024, being fully used since the end of 2016, although it will be recognised in results until 2034.

The contract includes an achievement bonus already recognised in balance sheet, which corresponds to the conversion of the refundable grant in a non-refundable grant, up to a limit of 75% (Euro 6,947,450), subject to compliance with the objectives established in the contract until 31 December 2023.

Government grants refundable

As at 13 December 2017, the subsidiary Navigator Tissue Aveiro, S.A. entered into an investment agreement with AICEP, for the construction of the new Tissue plant in Aveiro. This agreement comprises a financial incentive in the form of a refundable grant, which includes a grace period of two years, without payment of interest, up to a maximum amount of Euro 42,166,636, corresponding to 35% on the amount of expenses considered eligible, which were estimated at Euro 120,476 million. As at 31 December 2021, the amount receivable relating to the total refundable grant amounts to Euro 2,108,332.

On 20 April 2018, the same entity was also awarded with a tax incentive granted through the compliance of contractually defined requirements until 31 December 2028, whose maximum amount will be Euro 11,515,870, corresponding to 10% of the expenses associated with the project investment. See Note 5.7. This amount has been fully utilised since 2019 and will be recognised in profit or loss in 24 years.

There are no unfulfilled conditions and other contingencies linked to

Government grants that have been recognised and Navigator is complying with the conditions according to plan.



Accounting policies

Government grants

Government grants received to compensate the Group for investments made in Property, plant and equipment, including those attributed as tax credits, are classified as Deferred income (Note 4.3 - Payables) and are recognised in income over the estimated useful life of the respective subsidised assets, and are associated with the depreciation of the period (Note 3.7), for presentation purposes.

Government grants refundable

Government grants, in the form of loans refundable at a subsidised rate, are discounted on the date of initial recognition based on the market interest rate at the date of grant, the value of the discount constituting the value of the grant to be amortised over the period of the loan or asset whose acquisition it is intended to finance, depending on the activities financed. These liabilities are included in the caption Interest-bearing liabilities (Note 5.7). Grants received are classified as a financing activity in the statement of cash flows.



3.6. RIGHT-OF-USE ASSETS

MOVEMENTS IN RIGHT-OF-USE ASSETS

Amounts in Euro

	Forestry lands	Buildings	Vehicles	Software licenses	Other lease assets	Total
Gross amount						
Balance as at 1 January 2020	41,463,008	4,547,372	4,508,865	358,732	189,517	51,067,494
Acquisitions	6,246,360	103,667	2,428,965	197,639	5,158,458	14,135,089
Adjustments, transfers and write-offs	(862,347)	-	(30,691)	(195,783)	-	(1,088,821)
Balance as at 31 December 2020	46,847,021	4,651,039	6,907,139	360,588	5,347,975	64,113,762
Acquisitions	3,509,715	4,016	1,663,898	963,772	1,307,301	7,448,703
Adjustments, transfers and write-offs	(435,469)	-	(23,409)	-	-	(458,878)
Balance as at 31 December 2021	49,921,267	4,655,055	8,547,629	1,324,360	6,655,276	71,103,587
Accumulated depreciation and impairment losses						-
Balance as at 1 January 2020	(3,006,912)	(702,301)	(1,612,924)	(162,455)	(64,977)	(5,549,570)
Depreciation	(3,179,144)	(666,983)	(2,082,337)	(113,479)	(822,907)	(6,864,850)
Adjustments, transfers and write-offs	5,314	-	10,723	111,622	-	127,659
Balance as at 31 December 2020	(6,180,742)	(1,369,284)	(3,684,538)	(164,312)	(887,884)	(12,286,761)
Depreciation	(3,066,093)	(515,764)	(1,798,084)	(501,199)	(1,835,865)	(7,717,005)
Adjustments, transfers and write-offs	93,139	-	-	-	-	93,139
Balance as at 31 December 2021	(9,153,696)	(1,885,048)	(5,482,622)	(665,511)	(2,723,749)	(19,910,627)
Net book value as at 1 January 2020	38,456,096	3,845,071	2,895,941	196,277	124,540	45,517,924
Net book value as at 31 December 2020	40,666,279	3,281,755	3,222,601	196,276	4,460,091	51,827,001
Net book value as at 31 December 2021	40,767,570	2,770,007	3,065,007	658,849	3,931,527	51,192,959

The item Land relates essentially to the land use rights of existing forest exploration, whose agreements usually have a duration of 24 years, and may be cancelled in advance if the 2nd harvest takes place before the 24th year of the agreement term.

The item Buildings refers to the lease agreement entered into between The Navigator Company, S.A. and Refundos - Sociedade Gestora de Fundos de Investimento Imobiliário, S.A. for the building located at Avenida Fontes Pereira de Melo, in Lisbon, for use as an office.

The item Other includes the forklift truck rental contracts signed in 2020 and 2021.

The associated cash flows the amortization of contracts lease correspond to amortization financial interest of €6,922,957 and interest of €2,042,333 (Note 5.11), in the total of €8,965,290, as shown in Statement of Cash Flows.



Accounting policies

At the date the lease enters into force, the Group recognises a right-of-use asset at its cost, which corresponds to the initial amount of the lease liability adjusted for: i) any prepayments; ii) lease incentives received; and iii) initial direct costs incurred.

To the right-of-use asset, the estimate of removing and/or restoring the underlying asset and/or the location where it is located may be added, when required by the lease agreement.

The right-of-use asset is subsequently depreciated using the straight-line method, from the start date until the lower between the end of the asset's useful life and the lease term. Additionally, the right-of-use asset reduced of impairment losses, if any, and adjusted for any remeasurement of the lease liability. The useful life considered for

each class of right-of-use asset is equal to the useful life of Property, plant and equipment (Note 3.3) in the same class when there is a call option, and the Group expects to exercise it.

SHORT-TERM LEASES AND LOW-VALUE ASSET LEASES

The Group recognises payments for leases of 12 months or less and for leases of assets whose individual acquisition value is less than Euro 5,000 directly as operating expenses of the period (Note 2.3), on a straight-line basis.



3.7. DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

	<i>Amounts in Euro</i>	
	2021	2020
Depreciation of property, plant and equipment for the period (Note 3.3)	118,371,406	145,600,874
Government grants charged-off (Note 3.5)	(4,102,577)	(9,587,344)
Depreciation of property, plant and equipment, net of grants charged-off	114,268,829	136,013,530
Amortisation of intangible assets for the period (Note 3.2)	11,864	4,473
Depreciation of right-of-use assets for the period (Note 3.6)	7,717,005	6,753,227
Impairment of investment properties (Note 3.4)	1,646	1,646
	121,999,345	142,772,875

At the end of 2020, the Navigator Group changed the useful life of the assets allocated to pulp production in Figueira da Foz and to the assets allocated to tissue production, according to the evaluation report carried out by an independent entity, with a prospective effect from 1 January 2021.

3.8. BIOLOGICAL ASSETS

> MOVEMENTS IN BIOLOGICAL ASSETS

	<i>Amounts in Euro</i>	
	2021	2020
Opening balance	148,584,451	131,769,841
Logging in the period	(25,277,834)	(23,238,185)
Growth	19,653,667	20,134,057
New planted areas and replanting (at cost)	3,313,648	4,313,757
Other changes in fair value		
- change in the price of wood	-	466,300
- change in the cost-of-capital rate	1,212,800	8,854,000
- impact of forest fires	(68,794)	(424,914)
- transport logistics costs	(2,417,700)	(3,152,000)
- impairment in Mozambique project	-	16,714,433
- other changes in expectations	2,323,823	(6,852,837)
Total changes	(1,260,391)	16,814,611
Closing balance	147,324,061	148,584,451

Work also started on harvesting timber from Portucel Moçambique's plantations in Manica, for export from the Port of Beira, which will make it possible, amongst other goals,

to put Mozambique on the world map for this forest-based industry. In the first half of 2021, Portucel Mozambique made its first export of wood produced in Mozambique,

from its plantations in Manica, with the shipment of a vessel containing 32,000 cubic metres of bark-free solid wood from the port of Beira, in Mozambique, to the port of Aveiro,





bound for the Figueira da Foz Industrial Complex. Already in the second half of the year, two more ships were shipped, totalling 58,000 cubic meters.

The Navigator Group considers, in accordance with IAS 41, mature assets to be those that have reached the necessary specifications to

obtain the maximum yield based on their profitability, supply needs and opportunity cost. Typically, the forest in Portugal reaches its maturity between 8 and 12 years, and this reference depends on the species, soil conditions, as well as edaphoclimatic conditions. Data on the forest, its condition and its future potential are

measured at least twice throughout its growth cycle. As at 31 December 2021, mature assets accounted for approximately 48% of Navigator's forest in Portugal, being recognised at fair value.

Amounts in Euro

	31/12/2021	31/12/2020
Eucalyptus (Portugal)	113,826,448	118,916,833
Pine (Portugal)	6,697,561	6,311,003
Cork oak (Portugal)	6,268,821	6,050,894
Other species (Portugal)	1,015,078	591,289
Eucalyptus (Mozambique)	19,516,153	16,714,433
	147,324,061	148,584,452

These amounts correspond to Board of Directors' expectation of

the volumes to be extracted from its woodlands in the future, as follows:

Amounts in Euro

	31/12/2021	31/12/2020
Eucalyptus (Portugal) - Potential future of wood extractions k m ³ ssc	10,207	10,245
Pine (Portugal) - Potential future of wood extractions k ton	311	306
Pine (Portugal) - Potential future of pine extractions k ton	n/a	n/a
Cork oak (Portugal) - Potential future of cork extractions k @	461	573
Eucalyptus (Mozambique) - Potential future of wood extractions k m ³ ssc	2,758	3,394

Concerning Eucalyptus, the most relevant biological asset in the financial statements, the Group extracted, in 2021, 651.654 m³ssc of wood from its owned and explored forests (31 December 2020: 574,507 m³ssc).

As at 31 December 2021 and 2020, (i) there are no amounts of biological assets whose property is restricted and/or pledged as guarantee for liabilities, nor there are non-reversible commitments related to the acquisition of biological assets, and (ii) there are no Government grants related to biological assets recognised in the Group's consolidated financial statements.



Accounting policies

The Group's biological assets comprise the forests held for the production of timber, suitable for incorporating in the production of BEKP or for sale on the market, mostly eucalyptus, but also include other species such as pine and cork oak.

FAIR VALUE (LEVEL 3 OF THE IFRS 13 FAIR VALUE HIERARCHY)

When calculating the fair value of forests, the Group uses the discounted cash flows method, based on a model

developed in house, regularly tested by independent external assessments.

In the model developed, assumptions are considered corresponding to the nature of the assets under evaluation, namely, the development cycle of the different species, the productivity of the forests, the wood sales price (when there is an active market) less the cost of harvesting, the rents of own, leased land, replanting and transport, the costs of planting and maintenance, the cost inherent in leasing the forest land, and the discount rate.



The main unobservable inputs of the fair value model are detailed as follows, and the amount of the fair value of biological assets will increase / (decrease) respectively if:

- Wood sales prices increase / (decrease);
- Estimated cutting, replanting and transport costs decrease / (increase);
- Estimated planting and maintenance costs decrease / (increase);
- The discount rate decrease / (increase).

The discount rate corresponds to a market rate without inflation, in a manner consistent with the structure of projections, determined on the basis of the Navigator Company Group's expected rate of return on its forests, which are intended to be sold intragroup.

CONCESSION AREAS

The costs incurred with the site preparation before the first forestation are recorded as property, plant and equipment and depreciated in line with its expected useful lives corresponding to the concession period.

CHANGE OF ESTIMATES

Changes in estimates of growth, growth period, price, cost and other assumptions are recognised in the income statement as fair value adjustments of biological assets.

HARVESTING

At the time of harvesting, wood is recognised at fair value less estimated costs since that point until the point of sale, which is the initial cost of the inventory.



Estimates and judgements

Assumptions

Assumptions corresponding to the nature of the assets being valued were considered:

- productivity of forests;
- wood sales price (when there is an active market) less the cost of harvesting, rents for own, rented and leased land, replanting and transport, planting and maintenance costs, the cost inherent in leasing forest land;
- discount rate, 2021: 2.99% (2020: 3.07%). It should be noted that the Group incorporates the fire risk into the model's cash flows. If this risk were incorporated into the discount rate, it would be of 4.61%.

Sensitivity analysis

The Group takes into account the discount rate used in Portugal and the forward price of wood as the most significant variables.

Changes in the assumptions may imply the appreciation/depreciation of these assets.

Amounts in Euro

	31/12/2021	31/12/2020
1) Increase of 0.5% in the discount rate in Portugal		
Devaluation of Portugal's forest assets	7,896,515	7,039,798
2) Decrease of 3% in forward price		
Devaluation of Portugal's forest assets	11,731,495	11,335,171





4. WORKING CAPITAL

4.1. INVENTORIES

4.1.1. Inventories - detail by nature

► AMOUNTS NET OF ACCUMULATED IMPAIRMENT LOSSES

Amounts in Euro

	31/12/2021	31/12/2020
Raw materials	102,851,009	92,421,384
Goods	185,541	268,916
Subtotal (Note 4.1.2)	103,036,550	92,690,300
Finished and semi-finished products	75,870,145	77,760,647
Goods and work in progress	2,440,632	3,101,027
By-products and waste	5,203,331	3,183,163
Subtotal (Note 4.1.3)	83,514,108	84,044,837
Total	186,550,658	176,735,137

► INVENTORIES OF FINISHED AND INTERMEDIATE PRODUCTS - DISTRIBUTION BY GEOGRAPHICAL AREA

Amounts in Euro

	31/12/2021	%	31/12/2020	%
Portugal	57,009,921	75.1%	52,182,710	67.1%
Rest of Europe	6,277,358	8.3%	10,675,568	13.7%
USA	12,582,866	16.6%	14,902,369	19.2%
	75,870,145	100.0%	77,760,647	100.0%

Finished and intermediate products inventories include Euro 11,730,049 (31 December 2020: Euro 9,419,705) relating to inventories for which invoices have already been issued but whose control has not been transferred to Customers.

As at 31 December 2021 and 31 December 2020, there are no inventories in which ownership is restricted and/or pledged as collateral for liabilities.

4.1.2. Cost of goods sold and materials consumed in the period

Amounts in Euro

	2021	2020
Opening balance	92,690,300	109,291,268
Purchases	639,900,753	554,126,387
Inventory losses	170,677	(863,209)
Impairment losses	69,565	(139,995)
Closing balance	(103,036,550)	(92,690,300)
Cost of goods sold and materials consumed (Note 2.3)	629,794,745	569,724,151



› COSTS OF GOODS AND MATERIALS CONSUMED - DETAIL BY PRODUCT

	<i>Amounts in Euro</i>	
	2021	2020
Wood / Biomass (external acquisitions)	278,459,294	243,028,640
Natural gas	25,882,421	44,604,627
Other fuels	13,951,755	11,953,148
Chemicals	141,263,702	128,443,795
BEKP pulp	24,290,827	18,276,376
Pine pulp	42,620,975	70,517,407
Paper (heavyweight)	2,995,088	3,528,745
Tissue paper - subcontracts	2,015,997	1,561,849
Consumables / Warehouse material	26,761,199	19,751,881
Packaging material	68,739,504	24,220,219
Other materials	2,813,983	3,837,464
	629,794,745	569,724,151

The cost of wood / biomass only relates to wood purchases to entities outside the Group, either domestic or foreign.

In 2021 it was verified a negative evolution in production costs, penalised essentially by the increase in the cost of wood, energy and chemicals.

There is also a decrease in the consumption of natural gas due to the new biomass boiler in Figueira da Foz.

4.1.3. Variation in production in the period

	<i>Amounts in Euro</i>	
	2021	2020
Opening balance	(84,044,837)	(108,588,432)
Adjustments	(400,436)	1,020,497
Inventory losses	697,246	85,136
Impairment losses	1,846,899	(9,107,213)
Closing balance	83,514,108	84,044,837
Change in production (Note 2.3)	1,612,980	(32,545,175)

4.1.4. Movements in impairment losses in inventories

	<i>Amounts in Euro</i>	
	2021	2020
Opening balance	(2,157,570)	(11,121,848)
Increases (Note 2.3)	(2,643,558)	(933,009)
Reversals (Note 2.2)	866,224	9,900,226
Impact in profit or loss for the period	(1,777,334)	8,967,217
Charge-off	-	(2,939)
Closing balance	(3,934,904)	(2,157,570)



The impairment losses in inventories recorded in 2021 and 2020 relate to adjustments in the stock of UWF and Tissue paper. In 2020, the Group reversed impairments on inventories arising mainly from the sale of UWF (Euro, 8,624,342) and Tissue (Euro 1,174,905) paper waste (Note 2.2).



Accounting policies

Inventories are valued in accordance with the following criteria:

i. *Goods and raw materials*

Goods and raw, subsidiary and consumable materials are valued at the lower of their purchase cost or their net realisable value. The purchase cost includes ancillary costs and it is determined using the weighted average cost as the valuation method.

ii. *Finished and intermediate products and work in progress*

Finished and intermediate products and work in progress are valued at the

lower of their production cost (which includes incorporated raw materials, labour and general manufacturing costs, based on a normal production capacity level) or their net realisable value.

The net realisable value corresponds to the estimated selling price, after deducting estimated completion and selling costs. The difference between production cost and net realisable value, if lower, are recorded as an operational cost.



4.2. RECEIVABLES

Amounts in Euro

	31/12/2021			31/12/2020		
	NON-CURRENT	CURRENT	TOTAL	NON-CURRENT	CURRENT	TOTAL
Trade receivables	-	210,789,083	210,789,083	-	133,591,397	133,591,397
Other receivables - related companies (Note 11.3)	-	-	-	-	443,649	443,649
State	i)	44,603,384	44,603,384	-	45,933,424	45,933,424
Department of Commerce (EUA)	ii)	281,653	281,653	3,245,517	6,608,333	9,853,850
Enviva Pellets Greenwood, LLC (EUA)	iii)	7,826,849	25,384,072	30,747,820	2,747,317	33,495,137
Accrued income	iv)	-	19,028,577	-	17,263,014	17,263,014
Deferred expenses	v)	-	8,463,089	-	7,148,871	7,148,871
Derivative financial instruments (Note 8.2)	-	1,630,982	1,630,982	-	4,019,440	4,019,440
Other		777,698	7,701,920	702,768	14,016,837	14,719,604
		8,604,547	317,882,760	34,696,105	231,772,282	266,468,387



The amounts above are net of accumulated impairment losses. Analysis of impairment for receivables is presented in Note 8.1.4 - Credit risk.

i) State is detailed as follows:

Amounts in Euro

	31/12/2021	31/12/2020
Value added tax - recoverable	6,848,780	16,980,665
Value added tax - refund requests	37,752,135	26,668,947
Amounts pending refund (tax proceedings decided in favour of the Group)	2,470	2,283,812
	44,603,384	45,933,424

As at 31 December 2021, the amount of refund requests comprised the following, by month and by company:

Amounts in Euro

	Nov/2021	Dec/2021	Total
The Navigator Company, S.A.	20,331,270	15,631,403	35,962,673
Sociedade de Vinhos da Herdade de Espirra, S.A.	-	30,000	30,000
EucaliptusLand, S.A.	50,000	-	50,000
Bosques do Atlantico, S.L.	-	1,709,462	1,709,462
	20,381,270	17,370,865	37,752,135





Up to the date of issuing this report, Euro 37,722,135 of the outstanding amounts as at 31 December 2021, had already been received.

As at 31 December 2020, the amount of reimbursement requests comprised the following, by month and by company:

Amounts in Euro

	Nov/2020	Dec/2020	Total
The Navigator Company, S.A.	7,738,657	16,406,001	24,144,659
Eucaliptusland	-	150,000	150,000
Bosques do Atlantico, S.L.	-	2,374,288	2,374,288
	7,738,657	18,930,290	26,668,947

All these amounts were received during the first half of 2021.

- ii) As at 31 December 2021 and 2020, the balance corresponds to the amount receivable from the Department of Commerce (DoC) following the investigation initiated in 2015 of alleged dumping practices in exports of UWF paper to the United States by the subsidiary Navigator.

During the first quarter of 2021, Navigator received the missing amount related to the first review period (POR 1), in the amount of Euro 6,608,333.

In January 2021, the Department of Commerce confirmed the final rate to be applied for the third period of review from March 2018 to February 2019 at 6.75%. The final rate remained unchanged from the preliminary rate at 6.75%, so that the Group will receive around Euro 4.4 million for the difference between the deposits made and the final rate payable.

During 2021, the Department of Commerce confirmed the final rate to be applied for the fourth period of review from March 2019 to February 2021 at 2.21%, therefore the Group will soon receive approximately Euro 281,653 for the difference between

the deposits made and the final rate payable.

For the subsequent review periods (5 and 6), Navigator is estimated to pay to the DoC approximately Euro 8.5 million (Note 4.3).

- iii) Reflects the present value of the amount still to be received from the sale of the pellet business. The nominal receivable (in USD) shall bear interest at the rate of 2.5% (Note 5.11).

- iv) Accrued income and deferred expenses are detailed as follows:

Amounts in Euro

	31/12/2021	31/12/2020
Accrued income		
Interest receivable	718,888	1,729,911
Energy sales	17,470,569	12,314,111
Insurance compensation	272,689	2,950,000
Other	566,432	268,992
	19,028,577	17,263,014
Deferred expenses		
Insurance	-	252
Rentals	8,312,244	7,082,041
Other	150,844	66,578
	8,463,089	7,148,871
	27,491,666	24,411,885





Accounting policies

Trade receivables and other debtors

CLASSIFICATION

Trade receivables result from the Group's main activities and the business model followed is the collection of contractual cash flows.

Balances from other debtors generally assume the business model of collecting contractual cash flows.

INITIAL MEASUREMENT

At fair value.

SUBSEQUENT MEASUREMENT

At amortised cost, net of impairment losses.

IMPAIRMENT FROM TRADE RECEIVABLES

Impairment losses are recorded based on the simplified model provided for in IFRS 9, recording expected losses until maturity. The expected losses

are determined on the basis of the experience of historical actual losses over a statistically significant period and representative of the specific characteristics of the underlying credit risk (Note 8.1.4).

IMPAIRMENT FROM OTHER DEBTORS

Impairment losses are recorded on the basis of the general estimated credit loss model of IFRS 9.

4.3. PAYABLES

Amounts in Euro

	31/12/2021	31/12/2020
Trade payables	253,983,711	165,865,189
Trade payables - current account	2,789,501	1,979,388
State	27,246,422	32,397,267
Related parties (Note 11.3)	1,264,454	1,264,454
Other creditors - CO ₂ emission allowances	21,353,771	16,530,618
Tax consolidation (Semapa) (Note 10.4 and 11.3)	6,447,546	6,447,546
Other creditors (Note 5.4)	2,392,990	516,599
Derivative financial instruments (Note 8.2)	8,130,589	6,196,001
Payroll costs accruals	30,613,080	22,324,875
Accrued expenses - interest payable	6,711,797	5,167,352
Wood suppliers bonus	4,294,936	5,352,176
Water resource fee	1,096,148	1,104,037
Rent liabilities	15,634,141	13,683,172
Other accrued expenses	5,513,018	13,717,891
Non-refundable grants	5,689,791	11,103,125
Current payables	393,161,894	303,649,690
Non-refundable grants	28,460,138	30,234,237
Other payables	8,554,289	-
Non-current payables	37,014,427	30,234,237
	430,176,319	333,883,925

> STATE - DETAILS

Amounts in Euro

	31/12/2021	31/12/2020
Personal income tax withhold (IRS)	3,298,154	2,765,825
Value added tax	20,793,757	26,852,922
Social Security contributions	2,202,736	2,202,862
Other	951,775	575,658
	27,246,422	32,397,267





As at 31 December 2021 and 2020, there were no overdue debts to the State.

► NON-REFUNDABLE GRANTS - DETAILS

Amounts in Euro

	31/12/2021	31/12/2020
Investment grants (Note 3.5)	3,234,584	4,997,433
Grants - CO ₂ emission allowances (Note 3.2)	-	1,425,646
Other grants	2,455,207	4,680,046
Non-refundable grants - current	5,689,791	11,103,125
Investment grants (Note 3.5)	28,460,138	30,234,237
Non-refundable grants - non-current	28,460,138	30,234,237
	34,149,929	41,337,362



Accounting policies

Trade payables and other current liabilities are initially recorded at their fair value and subsequently measured at amortised cost.



5. Capital Structure

5.1. CAPITAL MANAGEMENT



Capital management policy

For capital management purposes, the Group defines capital as including equity and net debt.

The Group's objectives in relation to capital management are:

- i. To safeguard its ability to continue in business and thus provide returns for Shareholders and benefits for its remaining Stakeholders;
- ii. To keep a solid capital structure to support the growth of its business; and
- iii. To maintain an optimal capital structure that enables it to reduce the cost of capital.

In order to maintain or adjust its capital structure, the Group can adjust the amount of dividends payable to its Shareholders, return capital to its Shareholders, issue new shares or sell assets to lower its borrowings.

In line with the sector, the Group monitors its capital based on the gearing ratio, defined as the proportion between net debt and total capital.

Net interest-bearing debt is calculated by adding the total amount of loans (including the current and non-current portions as disclosed in the statement of financial position) and deducting all cash and cash equivalents. Total equity is calculated by adding Shareholders' equity (as shown in the statement of financial position), to interest-bearing net debt, and excluding treasury shares and non-controlling interests.

The Group calculates the gearing ratio as follows:

	31/12/2021	31/12/2020
Interest-bearing liabilities (Note 5.7)	1833,944,049	982,410,783
Cash and cash equivalents (Note 5.9)	(239,171,252)	(302,399,831)
Net debt	594,772,797	680,010,952
Equity	1,045,114,080	1,026,201,689
Treasury shares (Note 5.2)	-	20,189,264
Non-controlling interest (Note 5.6)	(286,896)	(275,182)
Equity, except for treasury shares and non-controlling interests	1,044,827,184	1,046,115,771
Total equity	1,639,599,981	1,726,126,723
Gearing	36.28%	39.40%

Amounts in Euro





5.2. SHARE CAPITAL AND TREASURY SHARES

Navigator's Shareholders

The Navigator Company is a public company with its shares quoted on the Euronext Lisbon.

As at 31 December 2021, The Navigator Company, S.A. share capital of Euro 500,000,000 was fully subscribed and is represented

by 711,183,069 shares without nominal value (31 de dezembro de 2020: 717,500,000 shares).

At the General Meeting held on 11 May 2021, a reduction of the Company's share capital from Euro 500,000,000 to Euro 495,597,957.49 was agreed, the amount of the reduction being Euro 4,402,042.51, for a special purpose, by cancellation of 6,316,931 treasury shares, without nominal value. The Company will now have 711,183,069

ordinary shares outstanding, followed by a share capital increase from Euro 495,597,957.49 to Euro 500,000,000, the amount of the increase being Euro 4,402,042.51, with no change in the number of shares, to be paid up by incorporation of free reserves (surplus of legal reserve).

As at 31 December 2021 and 2020, the Shareholders with qualified shareholdings in the Company's capital were as follows:

Designation	31/12/2021		31/12/2020	
	NO. OF SHARES	%	NO. OF SHARES	%
Semapa, SGPS, S.A.	,497,617,299	69.97%	497,617,299	69.35%
Treasury shares	-	0.00%	6,316,931	0.88%
Floating shares	213,565,770	30.03%	213,565,770	29.77%
	711,183,069	100%	717,500,000	100%

► TREASURY SHARES - MOVEMENTS

	31/12/2021		31/12/2020	
	NO. OF SHARES	BOOK VALUE (EURO)	NO. OF SHARES	BOOK VALUE (EURO)
Treasury shares held at the beginning of the period	6,316,931	20,189,264	6,316,931	20,189,264
Acquisition of treasury shares	-	-	-	-
Cancellation for the period	(6,316,931)	(20,189,264)	-	-
Treasury shares at the end of the period	-	-	6,316,931	20,189,264



These shares were mainly acquired during 2008 and 2012 as well as in 2018 and 2019, and the changes in the period were as follows:

	2021		2020	
	QUANTITY	AMOUNT	QUANTITY	AMOUNT
Treasury shares held in January	6,316,931	20,189,264	6,316,931	20,189,264
Cancellation				
January	-	-	-	-
February	-	-	-	-
March	-	-	-	-
April	-	-	-	-
May	(6,316,931)	(20,189,264)	-	-
June	-	-	-	-
July	-	-	-	-
August	-	-	-	-
September	-	-	-	-
October	-	-	-	-
November	-	-	-	-
December	-	-	-	-
	(6,316,931)	(20,189,264)	-	-
Treasury shares held in December	-	-	6,316,931	20,189,264

As at 31 December 2021, Navigator did not hold any own shares (31 December 2020: Euro 20,189,264), corresponding to a unit value of Euro 3.35 (31 December 2020: Euro 2,498) and the market capitalisation of the Company at this date amounted to Euro 2,382,463,281 (31 December 2020: Euro 1,792,315,000) compared to an equity, net of non-controlling interests, of Euro 1,044,827,184 (31 December 2020: 1,025,926,506).



Accounting policies

Ordinary shares are classified in Shareholders' equity.

Costs directly attributable to the issue of new shares or other equity instruments are reported as a deduction, net of taxes, from the proceeds of the issue.

Costs directly attributable to the issue of new shares or options for the acquisition of a new business are deducted from the amount issued.

When any Group company acquires shares of the parent company (treasury

shares), the payment, which includes directly attributable incremental costs, is deducted from the Shareholders' equity attributable to the holders of the parent company's capital until such time the shares are cancelled, reissued or sold.

When such shares are subsequently disposed or reissued, any proceeds, net of the directly attributable transaction costs and taxes, is directly reflected in the Shareholders' equity and not in profit or loss for the period.

5.3. EARNINGS PER SHARE

	2021	2020
Profit attributable to Navigator's equity holders (Euro)	171,411,455	109,213,720
Total number of shares issued	711,183,069	717,500,000
Average treasury shares held for the period	-	(6,316,931)
Weighted average number of shares	711,183,069	711,183,069
Basic earnings per share (Euro)	0.241	0.154
Diluted earnings per share (Euro)	0.241	0.154



Accounting policies

Basic earnings per share are determined based on the division of profits or losses attributable to the ordinary Shareholders of the Company by the weighted average number of common shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the Company adjusts the profits or losses attributable to ordinary equity holders, as well as the weighted average number of outstanding shares for the purposes of all potential dilutive common shares.

5.4. DIVIDENDS AND RESERVES DISTRIBUTED

► DIVIDENDS AND RESERVES DISTRIBUTED IN THE PERIOD

Amounts in Euro

	Amount approved	Dividends per share (Euro)
Attributions in 2021		
Distribution of retained earnings	99,565,630	0.140
Distribution of anticipated dividends	49,996,170	0.070
Attributions in 2020		
Distribution of retained earnings	99,138,920	0.139
Distribution of 2019 free reserves (paid in January 2020)	99,138,920	0.139

At the Annual General Meeting held on 13 May 2021, The Navigator Company, S.A. approved to distribute dividends in the amount of Euro 99,565,630.

On 16 December 2021, the Board of Directors of The Navigator Company, S.A. decided to make an advance on profits to Shareholders, in the amount of Euro 49,996,170, equivalent to the gross value of Euro 0.0703 per share.

By resolution of the Extraordinary General Meeting held on 24 November 2020, The Navigator Company, S.A.

distributed retained earnings of Euro 99,138,920.

By resolution of the Extraordinary General Meeting held on 20 December 2019, The Navigator Company, S.A. proceeded with the payment of free reserves, to be distributed to Shareholders from 9 January 2020, in the amount of Euro 99,138,919.82, equivalent to Euro 0.1394 per outstanding share.



Accounting policies

The distribution of dividends to Shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Shareholders at the General Meeting and up until the time of their payment or, in the case of anticipated distributions, when approved by the Board of Directors.



5.5. RESERVES AND RETAINED EARNINGS

Amounts in Euro

	31/12/2021	31/12/2020
Currency translation reserve	(24,346,001)	(20,881,569)
Fair value reserve	(5,604,076)	(6,641,368)
Legal reserve	100,000,000	100,000,000
Other reserves	121,836,100	266,443,646
Retained earnings	231,525,876	97,981,342
Reserves and retained earnings	423,411,899	436,902,051

> CURRENCY EXCHANGE RESERVE - DETAILS

Amounts in Euro

	31/12/2021	31/12/2020
Navigator North América (USD)	(4,847,972)	(5,134,850)
Navigator Paper Mexico (MXN)	(69,753)	(40,872)
Navigator Rus Company, LLC (RUB)	-	(19,775)
Navigator Middle East Trading DMCC (AED)	(7,594)	(17,312)
Navigator Egypt (EGP)	(4,037)	284
Navigator Paper Company UK (GBP)	(369,114)	(457,725)
Navigator Eurasia (TYR)	799	799
Navigator Afrique du Nord (MAD)	395	395
Navigator Paper Poland (PLN)	(2,897)	(2,863)
Portucel Moçambique (MZM)	(19,045,827)	(15,209,650)
	(24,346,001)	(20,881,569)

> FAIR VALUE RESERVES - DETAILS

Amounts in Euro

	31/12/2021			31/12/2020		
	GROSS AMOUNT	TAX	NET AMOUNT	GROSS AMOUNT	TAX	NET AMOUNT
Interest rate risk hedging	(2,231,713)	613,722	(1,617,992)	(6,610,686)	1,817,939	(4,792,748)
Foreign exchange hedging	(2,586,225)	711,212	(1,875,013)	362,001	(99,550)	262,451
Foreign exchange hedging - Navigator North America	(2,911,823)	800,751	(2,111,072)	(2,911,823)	800,751	(2,111,072)
	(7,729,761)	2,125,685	(5,604,076)	(9,160,508)	2,519,140	(6,641,368)

The amount associated to the exchange rate hedge of the subsidiary Navigator North America (net investment) will remain in reserves until

the disposal or partial disposal of the net investment (at which time it will be reclassified to gains or losses). This occurs because the hedged item (the

net investment) does not affect the Group's earnings until its disposal.

> FAIR VALUE RESERVES - MOVEMENTS

Amounts in Euro

	31/12/2021	31/12/2020
Opening balance	(6,641,368)	(6,384,412)
Change in the fair value of derivative financial instruments (Note 8.2)	1,430,747	(354,422)
Deferred tax	(393,455)	97,466
Closing balance	(5,604,076)	(6,641,368)





OTHER RESERVES - DETAILS

Amounts in Euro

	31/12/2021	31/12/2020
Transfer of legal reserve surplus to free reserves	9,790,475	9,790,475
Free reserves arising from the share capital reduction not yet distributed	118,361,080	118,361,080
Adjustments to the application of 2014 profits (balance sheet bonus)	1,476	1,476
Net profit for 2019	-	138,290,615
Incorporation of capital reserves	(6,316,931)	-
	121,836,100	266,443,646



Accounting policies

Fair value reserves

It corresponds to the accumulated change in fair value of derivative financial instruments classified as hedging instruments (Note 8.2), net of deferred taxes.

Changes related to derivatives are reclassified to profit or loss for the period (Note 5.11) as the hedged instruments affect profit or loss for the period. The change in fair value of financial investments recorded under this heading is not recycled to profit or loss.

Currency exchange reserve

The currency translation reserve corresponds to the accumulated amount related to the settlement by the Group of the exchange rate differences resulting from the translation of the financial statements of the subsidiaries operating outside the Euro zone.

Legal reserve

Commercial Company law prescribes that at least 5% of annual net profit must be transferred to the legal reserve, until this is equal to at least 20% of the issued capital. This reserve cannot be distributed unless the company is liquidated. It may, however, be drawn on to absorb losses,

after other reserves are exhausted, or incorporated in the share capital.

The legal reserve is constituted by its maximum amount in the periods presented.

Other reserves and retained earnings

This item corresponds to reserves available for distribution to Shareholders that were constituted through the appropriation of prior period's earnings, the reduction of share capital and other movements. The portion of the balance corresponding to the acquisition value of treasury shares held is not distributable (Note 5.2).



5.6. NON-CONTROLLING INTERESTS

› DETAIL OF NON-CONTROLLING INTERESTS, BY SUBSIDIARY

Amounts in Euro

	% held	Equity		Net profit	
		31/12/2021	31/12/2020	2021	2020
RAIZ - Instituto de Investigação da Floresta e Papel	3.00%	286,896	275,182	7,058	2,532
Portucel Moçambique	90.02%	-	-	-	-
		286,896	275,182	7,058	2,532

Non-controlling interests are related to RAÍZ - Instituto de Investigação da Floresta e Papel, where the Group owns 97% of the share capital and voting rights. The remaining 3% are owned by external associates.

In 2014, the Group signed agreements with IFC - Internacional Finance Corporation for the entry of this institution into the share capital of the subsidiary Portucel Moçambique, S.A., thus ensuring the construction phase of the Group's forestry project in Mozambique. In 2015, this Company performed a capital

increase from MZM 1,000 million to MZM 1,680,798 million subscribing MZM 332,798 million corresponding to 19.98% of the capital at that date.

In February 2019, there was a reduction in the subscribed, underwritten and paid-up capital of the shareholder The Navigator Company, S.A. to MZM 456,596,000, corresponding to 90.02% of the Company's share capital, and the IFC's holding was revised to MZM 50,620,000, corresponding to 9.98% of the Portucel Moçambique's share capital.

The surplus of the share capital reduction previously owned by The

Navigator Company, S.A., of MZM 891,404,000 was employed to offset negative retained earnings. The differential between the MZM 332,798,000 previously subscribed by IFC and the MZM 50,620,000 which were paid in February 2019 were included in the share capital of Portucel Moçambique, as share premium.

As at the reporting date, there are no rights of protection of non-controlling interests that significantly restrict the entity's ability to access or use assets and settle liabilities of the Group.

› MOVEMENTS OF NON-CONTROLLING INTERESTS

Amounts in Euro

	2021	2020
Opening balance	275,182	273,817
Net profit for the period	7,058	2,532
Other comprehensive income	4,656	(1,167)
Closing balance	286,896	275,182





5.7. INTEREST-BEARING LIABILITIES

	31/12/2021			31/12/2020		
	NON CURRENT	CURRENT	TOTAL	NON CURRENT	CURRENT	TOTAL
Bond loans	442,500,000	2,500,000	445,000,000	340,000,000	145,000,000	485,000,000
Commercial paper	140,000,000	100,000,000	240,000,000	240,000,000	135,000,000	375,000,000
Bank loans	109,087,301	12,718,254	121,805,555	79,305,555	11,527,778	90,833,333
Charges with bond issuances	(3,415,421)	-	(3,415,421)	(3,449,340)	-	(3,449,340)
Refundable grants	34,509,610	4,099,903	38,609,513	37,955,008	4,578	37,959,586
Deferrals and adjustments	(8,055,598)	-	(8,055,598)	(2,932,796)	-	(2,932,796)
Debt securities and bank debt	714,625,892	119,318,157	833,944,049	690,878,427	291,532,356	982,410,783
Average interest rate, considering charges for annual fees and hedging operations			1,5%			1,5%

In 2021, two short-term loans of Euro 40 and Euro 25 million, which had been taken in the context of the onset of the pandemic, were repaid. Two bond loans of Euro 100 and Euro 45 million and a Commercial Paper Programme of Euro 70 million were also repaid. On the other hand, two loans contracted in 2020 were disbursed, a 10-year EIB facility in the amount of Euro 27.5 million and a 5-year bond loan with Abanca in the amount of Euro 20 million. New long-term financing was also contracted and issued with the Bank of China, in the amount of Euro 15 million.

On 5 August 2021, Navigator issued a bond loan – “sustainability linked bond” – associated with two

ESG performance indicators relevant to the pulp and paper industry, namely the reduction of CO₂ emissions and the increase in the % of certified wood purchased in the Portuguese market. This issue, in the amount of Euro 100 million with a five-year maturity, was performed in exchange for the early repayment of a financing in the same amount, which had its maturity in 2023. This operation, to which a fixed rate swap was added, led to the extension of the average life of the Group’s debt, as well as to a reduction of the Company’s financing cost, besides representing a commitment to align with sustainability objectives.

The refundable grants include grants from AICEP - Agência para

o Investimento e Comércio Externo de Portugal, as part of a number of research and development projects, which includes the grant under the investment agreement entered into with the Navigator Group subsidiary for the construction of the new Tissue plant in Aveiro. This agreement comprises a financial incentive in the form of a refundable grant, up to a maximum amount of Euro 42,166,636, without interest payment, with a grace period of two years, with the last refund happening in 2027.



The maturity analysis of interest-bearing liabilities is presented in the Note 8.1.3 - Liquidity risk.



› INTEREST-BEARING LIABILITIES - DETAILS

Amounts in Euro



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	31/12/2021					
	AMOUNT	OUTSTANDING AMOUNT	MATURITY	INTEREST RATE	CURRENT	NON-CURRENT
Bond loans						
Navigator 2015-2023	150,000,000	150,000,000	September 2023	Variable rate indexed to Euribor	-	150,000,000
Navigator 2019-2026	50,000,000	50,000,000	January 2026	Fixed rate	-	50,000,000
Navigator 2019-2025	50,000,000	50,000,000	March 2025	Variable rate indexed to Euribor	-	50,000,000
Navigator 2021-2026	20,000,000	20,000,000	April 2026	Variable rate indexed to Euribor	2,500,000	17,500,000
Navigator 2020-2026	75,000,000	75,000,000	December 2026	Variable rate indexed to Euribor	-	75,000,000
Navigator 2021-2026	100,000,000	100,000,000	August 2026	Fixed rate	-	100,000,000
Fees	-	(3,415,421)			-	(3,415,421)
European Investment Bank (EIB)						
EIB Loan - Energy	21,250,000	21,250,000	December 2024	Variable rate indexed to Euribor	7,083,333	14,166,667
EIB Loan - Cacia	18,055,555	18,055,555	May 2028	Fixed rate	2,777,778	15,277,777
EIB Loan - Figueira	40,000,000	40,000,000	February 2029	Fixed rate	2,857,143	37,142,857
EIB Loan - Biomass Boiler	27,500,000	27,500,000	March 2031	Fixed rate	-	27,500,000
Commercial Paper Program						
Commercial Paper Program 175M	175,000,000	175,000,000	February 2026	Fixed rate	35,000,000	140,000,000
Commercial Paper Program 65M	65,000,000	65,000,000	February 2026	Variable rate indexed to Euribor	65,000,000	-
Commercial Paper Program 75M	75,000,000	-	February 2026	Variable rate indexed to Euribor	-	-
Commercial Paper Program 50M	50,000,000	-	December 2025	Variable rate indexed to Euribor	-	-
Loans						
Long-term investment	15,000,000	15,000,000	March 2026	Variable rate indexed to Euribor		15,000,000
Refundable grants						
AICEP	38,609,513	38,609,513	November 2027	Fixed rate	4,099,903	34,509,610
Deferrals and adjustments	-	(8,055,598)			-	(8,055,598)
Bank credit facilities						
Short-term facilities 20M	20,450,714	-			-	-
	833,944,049				119,318,157	714,625,892

Amounts in Euro

	31/12/2020					
	AMOUNT	OUTSTANDING AMOUNT	MATURITY	INTEREST RATE	CURRENT	NON-CURRENT
Bond loans						
Navigator 2015-2023	150,000,000	150,000,000	September 2023	Variable rate indexed to Euribor	-	150,000,000
Navigator 2016-2021	100,000,000	100,000,000	April 2021	Fixed rate	100,000,000	-
Navigator 2016-2021	45,000,000	45,000,000	August 2021	Variable rate indexed to Euribor	45,000,000	-
Navigator 2019-2026	50,000,000	50,000,000	January 2026	Fixed rate	-	50,000,000
Navigator 2019-2025	50,000,000	50,000,000	March 2025	Variable rate indexed to Euribor	-	50,000,000
Navigator 2020-2023	100,000,000	15,000,000	August 2023	Variable rate indexed to Euribor	-	15,000,000
Navigator 2021-2026	20,000,000	-	April 2026	Variable rate indexed to Euribor	-	-
Navigator 2020-2026	75,000,000	75,000,000	December 2026	Variable rate indexed to Euribor	-	75,000,000
Fees	-	(3,449,340)			-	(3,449,340)
European Investment Bank (EIB)						
EIB Loan - Ambiente B	1,666,667	1,666,667	June 2021	Variable rate indexed to Euribor	1,666,667	-
EIB Loan - Energy	28,333,333	28,333,333	December 2024	Variable rate indexed to Euribor	7,083,333	21,250,000
EIB Loan - Cacia	20,833,333	20,833,333	May 2028	Fixed rate	2,777,778	18,055,555
EIB Loan - Figueira	40,000,000	40,000,000	February 2029	Fixed rate	-	40,000,000
EIB Loan - Biomass Boiler	27,500,000	-			-	-
Commercial Paper Program						
Commercial Paper Program 175M	175,000,000	175,000,000	February 2026	Fixed rate	-	175,000,000
Commercial Paper Program 70M	70,000,000	70,000,000	April 2021	Fixed rate	70,000,000	-
Commercial Paper Program 65M	65,000,000	65,000,000	February 2026	Variable rate indexed to Euribor	-	65,000,000
Commercial Paper Program 75M	75,000,000	-	February 2026	Variable rate indexed to Euribor	-	-
Commercial Paper Program 50M	50,000,000	-	December 2025	Variable rate indexed to Euribor	-	-
Commercial Paper Program 40M	40,000,000	40,000,000	March 2021	Variable rate indexed to Euribor	40,000,000	-
Commercial Paper Program 25M	25,000,000	25,000,000	April 2021	Variable rate indexed to Euribor	25,000,000	-
Refundable grants						
AICEP	37,959,586	37,959,586	November 2027	Fixed rate	4,578	37,955,008
Deferrals	-	(2,932,796)			-	(2,932,796)
Bank credit facilities						
Short-term facility 20M	20,450,714	-			-	-
	982,410,783				291,532,356	690,878,427





As at 31 December 2021, the average cost of debt, considering the interest rate, annual fees and hedging operations, was 1.5% (31 December 2020: 1.5%).

The refund terms for the interest-bearing liabilities recorded as non-current are detailed as follows:

Amounts in Euro

	31/12/2021	31/12/2020
Non-current		
1 to 2 years	234,259,122	54,536,485
2 to 3 years	86,223,407	263,441,716
3 to 4 years	106,640,074	100,544,797
4 to 5 years	261,140,074	114,461,463
More than 5 years	37,834,234	164,276,102
	726,096,911	697,260,563
Fees	(11,471,019)	(6,382,136)
	714,625,892	690,878,427

As at 31 December 2021, the Group had contracted Commercial Paper Programs, contracted and undisbursed long-term financing, as well as available

but not used credit facilities of Euro 145,450,714 (31 December 2020: Euro 277,950,714).

As at 31 December 2021 and 2020, the Group's interest-bearing net debt was as follows:

Amounts in Euro

	31/12/2021	31/12/2020
Interest-bearing liabilities (Note 5.7)	833,944,049	982,410,783
Cash and cash equivalents (Note 5.9)	(239,171,252)	(302,399,831)
Interest-bearing net debt	594,772,797	680,010,952
Lease liabilities	53,240,925	53,080,919
Interest-bearing net debt with lease liabilities	648,013,722	733,091,871

› FINANCIAL COVENANTS IN FORCE

Ratio	Definition	Loans	Limit
Interest coverage	EBITDA 12M / Annual net interest	Bank	>= 4.5 - 5.5
Indebtedness	Interest-bearing debt / EBITDA 12M	Bank	<= 4.5
Shareholder's equity ratio			
Net Debt / EBITDA	(Interest-bearing debt - Cash) / EBITDA 12M	Bank Commercial Paper Bonds	<= 4.0 <= 4.0 - 5.0 <= 4.0

Based on the financial statements presented in this report, these ratios were as follows as at 31 December 2021 and 2020:

RATIO	31-12-2021	31-12-2020
Interest coverage	35.29	30.62
Indebtedness	2.35	3.44
Net Debt / EBITDA	1.68	2.38



The amounts calculated in the table above exclude lease liabilities.

Considering the contracted limits, in 2021 and 2020, the Group is in compliance with the covenants negotiated. As at 31 December 2021 and 2020, the Navigator Company presents a minimum safety margin above 80% on the fulfilment of its covenants.



Accounting policies

Interest-bearing liabilities includes Bonds, Commercial Paper, bank loans and other financing.

INITIAL MEASUREMENT

At fair value, net of transaction costs incurred.

SUBSEQUENT MEASUREMENT

At amortised cost, using the effective interest rate method.

The difference between the refund amount and the initial measurement amount is recognised in the income statement over the debt period under "Interest expenses on other loans" in Note 5.11 – Net financial results.

FAIR VALUE

The book value of short-term debt or loans contracted with variable interest rates approximates their fair value.

The fair value of interest-bearing liabilities that are remunerated at a fixed rate is disclosed in Note 8.3 – Financial assets and liabilities.

DISCLOSURE

As a current liability, except when the Group has an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.



Estimates and judgements

Commercial paper

The Group has several commercial paper programs negotiated, of agreements with which it is frequent to carry out emissions with contractual maturity of less than one year but with revolving nature. Where the Group expects to roll over these loans, it presents them as non-current liabilities.

5.8. LEASE LIABILITIES

> LEASE LIABILITIES - NATURE

Amounts in Euro

	31/12/2021			31/12/2020		
	NON-CURRENT	CURRENT	TOTAL	NON-CURRENT	CURRENT	TOTAL
Forestry lands	40,983,597	2,281,533	43,265,130	40,096,070	2,236,735	42,332,805
Buildings	2,382,118	502,419	2,884,537	2,882,311	485,860	3,368,171
Vehicles	2,046,436	1,370,600	3,417,036	1,822,771	1,518,697	3,341,468
Software licenses	175,072	292,097	467,169	467,169	288,068	755,237
Other lease liabilities	1,829,870	1,377,184	3,207,054	2,204,781	1,078,457	3,283,238
	47,417,092	5,823,833	53,240,925	47,473,102	5,607,817	53,080,919

> LEASE LIABILITIES - FUTURE LIABILITIES

Amounts in Euro

	31/12/2021			31/12/2020		
	MATURING RENTS	INTEREST ON LIABILITIES	PRESENT VALUE OF LIABILITIES	MATURING RENTS	INTEREST ON LIABILITIES	PRESENT VALUE OF LIABILITIES
Less than 1 year	3,971,610	1,852,223	5,823,833	3,765,081	1,842,736	5,607,817
1 to 2 years	3,368,272	1,708,916	5,077,188	3,370,911	1,702,752	5,073,663
2 to 3 years	2,867,678	1,575,482	4,443,160	2,861,255	1,571,098	4,432,353
3 to 4 years	1,999,426	1,450,866	3,450,292	2,533,056	1,448,561	3,981,617
4 to 5 years	1,748,655	1,337,957	3,086,612	1,689,138	1,333,485	3,022,623
More than 5 years	22,150,369	9,209,471	31,359,840	21,467,905	9,494,941	30,962,846
Present value of liabilities	36,106,011	17,134,915	53,240,925	35,687,346	17,393,573	53,080,919





In the periods ended 31 December 2021 and 2020, there were no changes in liability arising from financing activities, including changes arising from cash flows and/or other changes in lease liabilities.



The maturity analysis of lease liabilities is presented in the Note 8.1.3 - Liquidity risk.



Accounting policies

At the start date of the lease, the Group recognises lease liabilities measured at the present value of future lease payments, which include fixed payments less lease incentives, variable lease payments, and amounts expected to be paid as residual value. Lease payments also include the exercise price of call or renewal options reasonably certain to be exercised by the Group or lease termination penalty payments if the lease term reflects the Group's option to terminate the agreement.

In calculating the present value of future lease payments, the Group uses an incremental financing rate if the implied interest rate on the lease transaction is not easily determinable.

Subsequently, the value of the lease liabilities is increased by the interest amount (Note 5.11 - Net financial results) and decreased by the lease payments (rents).

5.9. CASH AND CASH EQUIVALENTS

Amounts in Euro

	31/12/2021	31/12/2020
Cash	35,334	37,778
Short-term bank deposits	220,585,472	265,358,163
Other short-term investments	18,550,446	37,003,891
	239,171,252	302,399,831

In 2020, the caption Other short-term investments includes Euro 18,550,446 (31 December 2020: Euro 37,003,891) of amounts invested by Navigator in a portfolio of short-term, highly liquid financial assets and issuers with adequate ratings.

As at 31 December 2021 and 2020, there are no significant balances of cash and cash equivalents that are subject to restrictions on use by the Group.



Accounting policies

Cash and cash equivalents include cash, bank accounts and other short-term investments with an initial maturity of up to 3 months, which can be mobilised immediately without any significant risk in value fluctuations.

For cash flow statement purposes, this caption also includes bank overdrafts, which are presented in the statement of financial position as a current liability, under the caption Loans granted (Note 5.7).



5.10. CASH FLOWS FROM FINANCING ACTIVITIES

» MOVEMENTS IN LIABILITIES OF THE GROUP'S FINANCING ACTIVITIES

Amounts in Euro

	31/12/2021	31/12/2020
Balance as at 1 January	982,410,783	877,131,386
Payment of interest-bearing liabilities	(291,527,778)	(133,194,444)
Receipts from interest-bearing liabilities	147,500,000	240,000,000
Refundable grants	(4,472,875)	(1,371,910)
Changes in borrowing costs	33,919	(154,248)
Changes in interest-bearing debt	(148,466,734)	105,279,397
Gross interest-bearing debt	833,944,049	982,410,783

5.11. NET FINANCIAL RESULTS

Amounts in Euro

	2021	2020
Interest paid on debt securities and bank debt	(10,777,640)	(11,362,753)
Commissions on loans and expenses with the opening of credit facilities	(3,241,922)	(3,626,456)
Interest paid using the effective interest method	(14,019,562)	(14,989,209)
Interest paid on lease liabilities	(2,042,333)	(2,018,253)
Financial expenses related to the Group's capital structure	(16,061,895)	(17,007,463)
Favourable/(Unfavourable) exchange rate differences	2,702,247	(2,002,067)
Gains/(Losses) on financial instruments - interest-rate hedging (Note 8.2)	(3,583,179)	(2,207,774)
Gains/(Losses) on financial instruments - hedging (Note 8.2)	(4,265,016)	-
Accrual for option premiums	-	(1,440,140)
Financial expenses and losses	(21,207,843)	(22,657,443)
Interest earned on financial assets at amortised cost (Note 4.2)	726,713	830,846
Gains on financial instruments - hedging (Note 8.2)	391,539	-
Gains/(Losses) on financial instruments - hedging (Note 8.2)	-	2,000,523
Gains on compensatory interest	2,274,881	2,818,589
Other income and financial gains	37,501	2,321,854
Financial income and gains	3,430,634	7,971,811
Net financial results	(17,777,209)	(14,685,632)

Financial results stood at negative Euro 17,777,209 (31 December 2020: Euro 14,685,632). This worsening, in the amount of Euro 3,091,577, results essentially from losses in derivative instruments. The costs of financing operations had a positive trend (Euro 1.1 million) due to the decrease in the average debt compared to the same period of the previous year.

The reduction in Other financial income and gains is due to the fact that,

in 2020, this item includes the receipt of Euro 1,207,208 of interest associated with the amounts received in connection with the anti-dumping proceedings in the USA.



Accounting policies

The Group classifies as "Financial income" the income and gains resulting from treasury management activities

such as: i) interest obtained from the application of cash surplus; and ii) changes in the fair value in derivative financial instruments negotiated to hedge interest rate and exchange rate risk on loans, regardless of the formal designation of hedge.





6. Income Tax

6.1. INCOME TAX FOR THE PERIOD

6.1.1. INCOME TAX RECOGNISED IN THE CONSOLIDATED INCOME STATEMENT

Amounts in Euro

	2021	2020
Current tax	37,586,136	25,415,652
Change in uncertain tax positions in the period	(9,121,784)	(15,628,264)
Deferred tax (Note 6.2)	11,913,967	6,735,366
	40,378,319	16,522,754

As at 31 December 2021, current tax includes Euro 36,488,394 (31 December 2020: Euro 22,748,901) regarding the liability created under the aggregated income tax regime of The Navigator Company, S.A..

As at 31 December 2021 and 2020, the item "Variation of uncertain tax positions in the period" reflects the

excess / insufficiency of tax estimates, the favourable outcome of some cases related to matters with high uncertainty, as well as requests for binding information, claims to the Tax Administration and jurisprudence of the courts.

There have not been, nor are any expected changes arising from

variations in the rate used to determine the expected tax amount.

Nominal tax rate

In the periods presented, the Group considers a nominal tax rate in Portugal of 27.5%, resulting from the tax legislation as follows:

	2021	2020
Portugal		
Nominal income tax rate	21.0%	21.0%
Municipal surcharge	1.5%	1.5%
	22.5%	22.5%
State surcharge - on the share of taxable profits between Euro 1,500,000 and Euro 7,500,000	3.0%	3.0%
State surcharge - on the share of taxable profits between Euro 7,500,000 and Euro 35,000,000	5.0%	5.0%
State surcharge - on the share of taxable profits above Euro 35,000,000	9.0%	9.0%



► RECONCILIATION OF THE EFFECTIVE INCOME TAX RATE FOR THE PERIOD

Amounts in Euro

	2021	2020
Profit before income tax	211,796,832	125,739,005
Expected tax at nominal rate (21%)	44,477,335	26,405,191
Municipal surcharge (2021: 1.17% ; 2020: 1.56%)	2,480,719	1,961,120
State surcharge (2021: 3.04% ; 2020: 4.23%)	6,442,237	5,322,675
Income tax resulting from the applicable tax rate	53,400,290	33,688,986
Nominal tax rate for the period	25,21%	26,79%
Differences (a)	(4,008,681)	(4,445,705)
Excess of income tax estimate	(4,684,477)	(9,867,025)
Tax benefits	(5,120,858)	(3,036,164)
Autonomous tax	792,046	182,662
	40,378,319	16,522,754
Effective tax rate	19,06%	13,14%

(a) This amount concerns mainly:

	2021	2020
Capital gains/ (losses) for tax purposes	1,993,450	13,928,730
Capital gains/ (losses) for accounting purposes	(2,039,580)	(672,137)
Taxable provisions and impairment	(7,167,993)	(15,692,147)
Tax benefits	(5,871,622)	(6,038,487)
Post-employment benefits	(5,118,074)	(4,115,909)
Other	3,626,797	(3,576,249)
	(14,577,023)	(16,166,200)
Tax effect (27.5%)	(4,008,681)	(4,445,705)

6.1.2. TAX RECOGNISED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in Euro

	31/12/2021	31/12/2020
Assets		
Amounts pending reimbursement (tax proceedings favourable to the Group)	1,118,815	3,482,762
	1,118,815	3,482,762
Liabilities		
Corporate Income Tax - IRC	19,913,222	13,012,879
Additional tax liabilities (IRC)	19,967,180	22,898,753
	39,880,402	35,911,632

► DETAIL OF CORPORATE INCOME TAX - IRC (NET)

Amounts in Euro

	31/12/2021	31/12/2020
Income tax for the period	37,586,136	25,415,652
Payments on account, Special and Additional payments on account	(19,000,792)	(11,094,358)
Withholding tax recoverable	(22,809)	(33,315)
Other payables / (receivables)	1,350,687	(1,275,100)
	19,913,222	13,012,879





The amounts of corporate income tax paid in the period are detailed as follows:

	31/12/2021	31/12/2020
Payment/(Refund) of corporate income tax for the previous period	2,748,971	(30,685,733)
Payments on account, Special and Additional payments on account	19,000,792	11,094,358
Withholding tax	22,809	33,315
Reimbursements of tax proceedings favourable to the Group	(2,090,502)	(6,303,952)
Payments of additional tax liabilities	-	10,157,363
Other income tax payments/(refunds)	967,532	(3,717,791)
Income tax paid/(received)	20,649,602	(19,422,440)

Amounts in Euro

➤ AMOUNTS PENDING REIMBURSEMENT

	2021	2020
2013 Corporate income tax (RETGS)	-	86,215
2010 Corporate income tax (RETGS)	-	2,341,168
RFAI 2010 to 2012 - compensatory interest	1,076,611	469,351
2017 Corporate income tax - Navigator Tissue Rodão	-	347,336
Other	42,204	238,692
	1,118,815	3,482,762

Amounts in Euro

The movements in the period are detailed as follows:

	31/12/2021	31/12/2020
Balance at the beginning of the period	3,482,762	7,198,086
Increases	97,239	6,416,018
Payments/(receipts)	(2,027,635)	(8,944,519)
Reversals	(433,551)	(1,186,823)
	1,118,815	3,482,762

Amounts in Euro

➤ UNCERTAIN TAX POSITIONS - LIABILITIES

	31/12/2021	31/12/2020
Balance at the beginning of the period	22,898,753	36,228,728
Increases	8,094,261	6,051,524
Payments/(receipts)	(62,867)	(11,457,714)
Reversals	(10,962,967)	(7,923,785)
Changes in the period	(2,931,573)	(13,329,975)
	19,967,180	22,898,753

Amounts in Euro



Taxes paid in litigation

As at 31 December 2021 and 2020, the additional tax assessments that are already paid and contested,

not recognised in assets, refer to the Navigator Group and are summarised as follows:

	<i>Amounts in Euro</i>	
	31/12/2021	31/12/2020
2005 Aggregated corporate income tax (Note 10.3)	10,394,386	10,394,386
2006 Aggregated corporate income tax (Note 10.3)	8,150,146	8,150,146
2015 Corporate income tax - Navigator Tissue Ródão, S.A.	7,586,361	7,586,361
2016 Aggregated corporate income tax	-	2,697,180
2016 State surcharge	3,761,397	3,761,397
2017 State surcharge	8,462,724	8,462,724
2018 State surcharge	12,223,705	12,223,705
Foreign Double Tax Credit (CDTJI) - 2016 and 2017 IRC	1,522,660	-
	52,101,379	53,275,899

The variation referring to the aggregate corporate income tax for 2016 is justified by the fact that the amount of the process has been revised in favour of the Company, reducing the disputed corrections to only Euro 272,697, to which compensatory interest is still added. This amount is recorded in "Foreign Double Tax Credit (CDTJI - 2016 and 2017 IRC".



Accounting policies

Current income tax is calculated based on net profit, adjusted in conformity with tax legislation in force at the statement of consolidated financial position date.

Taxation group

In Portugal, the Navigator Group is subject to the special tax regime for groups of companies (RETGS), comprising companies in which the shareholding is equal to or more than 75% and which meet the conditions laid down in articles 69, and following of the Corporate Income Tax Code (IRC Code).

These companies included in the RETGS calculate income taxes as if they were taxed independently. Liabilities are recognised as due to the dominant entity of the tax business Group, currently The Navigator Company, S.A. which is responsible for the Group's

overall clearance and payment of the corporate income tax. Where there are gains on the use of this regime, these are recorded as income in the dominant entity financial statements.

In 2018, a tax group was also established in Spain, which includes the three subsidiaries of the group based in that country, held by more than 90%, and owned by Bosques do Atlantico, S.L., the parent-company in the tax group.



Estimates and judgements

The Group recognises liabilities for additional tax assessments that may result from reviews by the tax authorities of the different countries where the Group operates. When the final result of these situations is different from the amounts initially recorded, the differences will have an impact on income tax in the period in which they occur.

In Portugal, annual income statements are subject to review and possible adjustment by the tax authorities for a period of 4 years. However, if tax losses are presented, they may be subject to review by the tax authorities for a period of 6 years. In other countries in which the Group operates, these periods are different, usually higher.

The Board of Directors considers that any corrections to those

statements as a result of reviews/ inspections by the tax authorities will not have a significant impact in the consolidated financial statements as at 31 December 2020, although the periods up to and including 2017 have already been reviewed.

As at 31 December 2021, if the effective tax rate corresponded to the nominal rate of 27.5%, there would be an increase in expenses with income taxes in the amount of Euro 17,865,809 (31 December 2020: Euro 18,055,472).

Uncertain tax positions

The amount of assets and liabilities recorded for tax proceedings arises from an assessment made by the Group, as to the date of the consolidated statement of financial position, regarding potential differences of understanding with the Tax Authorities, considering the developments in tax matters.

The Group, in relation to the measurement of uncertain tax positions, considers the provisions of IFRIC 23 - "Uncertainty over Income Tax Treatments", namely the measurement of risks and uncertainties in the definition of the best estimate of the expense required to settle the obligation, by weighing all the possible results that are controlled by them and their associated probabilities.





6.2. DEFERRED TAXES

MOVEMENTS IN DEFERRED TAXES

Amounts in Euro

	AS AT 1 JANUARY 2021	Income Statement		EQUITY	AS AT 31 DECEMBER 2021
		INCREASES	DECREASES		
Temporary differences originating deferred tax assets					
Taxed provisions	6,974,025	-	(2,429,862)	-	4,544,163
Adjustment of property, plant and equipment	71,179,011	-	(8,708,614)	-	62,470,397
Financial instruments	8,879,577	-	-	(1,430,747)	7,448,830
Deferred accounting gains on intra-group transactions	15,145,588	5,944,465	-	-	21,090,054
Investment grants	203,588	-	-	-	203,588
Conventional capital remuneration	7,000,000	-	(3,360,000)	560,000	4,200,000
	109,381,789	5,944,465	(14,498,477)	(870,747)	99,957,031
Temporary differences originating deferred tax liabilities					
Pensions and other post-employment benefits	(224,593)	649,357	-	(813,523)	(388,758)
Deferred accounting losses on intra-group transactions	(9,929,599)	-	-	9,929,599	-
Valuation of biological assets	(23,121,032)	-	(2,173,145)	-	(25,294,177)
Adjustment of property, plant and equipment	(272,907,547)	-	(33,735,165)	-	(306,642,712)
Investment grants	(6,406,374)	489,447	-	1,774,300	(4,142,627)
	(312,589,145)	1,138,805	(35,908,310)	10,890,376	(336,468,275)
Deferred tax assets	30,079,993	1,634,728	(3,987,081)	(239,456)	27,488,184
Government grants (Note 3.5)	549,224	-	-	-	549,224
Deferred tax assets	30,629,217	1,634,728	(3,987,081)	(239,456)	28,037,408
Deferred tax liabilities	(85,962,014)	313,171	(9,874,785)	2,994,853	(92,528,775)

Amounts in Euro

	AS AT 1 JANUARY 2020	Income Statement		EQUITY	AS AT 31 DECEMBER 2020
		INCREASES	DECREASES		
Temporary differences originating deferred tax assets					
Taxed provisions	6,793,848	180,177	-	-	6,974,025
Adjustment of property, plant and equipment	69,004,705	2,174,305	-	-	71,179,011
Financial instruments	8,525,155	-	-	354,422	8,879,577
Deferred accounting gains on intra-group transactions	18,864,851	-	(3,719,263)	-	15,145,588
Investment grants	203,588	-	-	-	203,588
Conventional capital remuneration	9,660,000	-	(3,220,000)	560,000	7,000,000
	113,052,148	2,354,482	(6,939,263)	914,422	109,381,789
Temporary differences originating deferred tax liabilities					
Pensions and other post-employment benefits	(510,040)	-	(638,963)	924,411	(224,593)
Deferred accounting losses on intra-group transactions	(9,994,509)	64,910	-	-	(9,929,599)
Valuation of biological assets	(25,999,474)	-	2,878,442	-	(23,121,032)
Adjustment of property, plant and equipment	(249,833,138)	-	(23,074,409)	-	(272,907,547)
Investment grants	(6,077,044)	862,557	-	(1,191,888)	(6,406,374)
	(292,414,206)	927,467	(20,834,930)	(267,477)	(312,589,145)
Deferred tax assets	31,089,341	647,483	(1,908,297)	251,466	30,079,993
Government grants (Note 3.5)	549,224	-	-	-	549,224
Deferred tax assets	31,638,565	647,483	(1,908,297)	251,466	30,629,217
Deferred tax liabilities	(80,413,906)	255,054	(5,729,606)	(73,556)	(85,962,014)



In the measurement of the deferred taxes as at 31 December 2021 and 2020, the rate of 27.50% was used.



Accounting policies

Deferred tax is calculated based on the liability of the consolidated financial position on the temporary differences between the book values of the assets and liabilities and their respective tax

base. To determine the deferred tax, the tax rate expected to be in force in the period in which the temporary differences will be reversed is used.

Deferred tax assets are recognised whenever there is a reasonable likelihood that future taxable profits will be generated against which they can be offset. Deferred tax assets are revised periodically and decreased whenever it is likely they will not be used.

Deferred taxes are recorded as an income or expense for the period, except where they result from amounts recorded directly under Shareholders' equity, situation in which deferred tax is also recorded under the same item. Tax benefits attributed to the Group regarding its investment projects are recognised through the income statement as there is sufficient taxable income to allow its use.





7. Payroll

7.1. PAYROLL COSTS

Amounts in Euro

	2021	2020
Remuneration of Corporate Bodies - fixed (Note 7.3)	3,358,889	3,328,354
Remuneration of Corporate Bodies - variable	6,616,077	1,254,493
Other remunerations	105,452,229	100,923,626
Social Security contributions	22,186,532	19,456,050
Post-employment benefits (Note 7.2.4)	1,565,032	1,581,188
Other payroll costs	15,837,036	5,585,993
Payroll costs	155,015,795	132,129,704

The increase in payroll costs accompanied the good performance of Navigator in 2021, which allowed the recognition of the increase in expenses for the payment of bonuses to employees in 2022, in addition to the payment in 2021 of the second tranche

of the extraordinary bonus awarded at the end of 2020. The rejuvenation program that had been suspended in 2020 was also resumed.

The increase in charges for Social Security contributions results from the fact that these charges were favourably

impacted in 2020 by the exemption allowed by the Portuguese Government for companies that joined the simplified lay-off regime.

► NUMBER OF EMPLOYEES BY SEGMENT AT THE END OF THE PERIOD

	31/12/2021	31/12/2020	Var. 21/20
Market pulp	254	258	(4)
UWF	1,778	1,831	(53)
Tissue	383	380	3
Other	735	763	(28)
	3,150	3,232	(82)

Other Payroll costs are detailed as follows during the periods ended 31

December 2021 and 2020:

Amounts in Euro

	2021	2020
Training	848,438	776,426
Social action	2,519,264	894,224
Insurance	5,544,604	4,788,878
Compensations	6,464,506	(1,970,319)
Other	460,225	1,096,785
	15,837,036	5,585,994



The increase in social action expenses in 2021 is primarily due to expenses related to Covid-19 testing at the Group's units.

In 2020, due to the inability to terminate contracts as a result of joining the simplified lay-off scheme, there was a reversal of the estimates recognised in previous years.



Accounting policies

Short-term employee benefits

ACQUIRED RIGHTS - HOLIDAYS AND HOLIDAY ALLOWANCE

In accordance with the collective labour agreement applicable to The Navigator Company, S.A. as well as under the agreement celebrated with the Labour Unions, the companies' employees are entitled to a 25 working days leave, as well as to a month's holiday allowance.

BONUSES

According to the current Performance Management System (Sistema de Gestão de Desempenho), Employees have the right to a bonus, based on annually defined objectives. The entitlement of this bonus is usually acquired in the year preceding its payment.

These liabilities are recorded in the year in which the Employees acquire the respective right, against the income statement and irrespective of the date of payment, whilst the balance payable at the date of the consolidated statement of financial position is shown under the caption Payables and other current liabilities.

Benefits arising from termination of employment

The benefits arising from termination of employment are recognised when the Group can no longer withdraw the offer of such benefits or in which the Group recognises the cost of restructuring under the provisions recording. Benefits due more than 12 months after the end of the reporting period are discounted to their present value.

7.2. EMPLOYEE BENEFITS

7.2.1. Introduction

Some Group companies grant their Employees post-retirement benefits, either in the form of defined benefit plans or in the form of defined contribution plans.

The plans are funded through a closed Pension Fund, managed by an external entity, which subcontracts the management of its assets to external asset management entities.

A. Pension Plan

- Defined benefit

The Group has responsibilities with post-employment benefit plans for a reduced group of Employees who have chosen to maintain the defined benefit plan or who have chosen to maintain a safeguard clause, the latter following the conversion of their plan into a Defined Contribution Plan. In effect, the safeguard clause gives the Employee the option, at the time of retirement, to pay a pension in accordance with the provisions laid down on the Defined Benefit Plan. For those who choose to activate the Safeguard Clause, the accumulated balance in the Defined Contribution Plan (Conta 1) will be used to finance the liability of the Defined Benefit Plan. For those who choose to activate the Safeguard Clause, the accumulated balance in the Defined Contribution Plan (Conta 1) will be used to finance the liability of the Defined Benefit Plan.

B. Pension Plan

- Defined contribution

As at 31 December 2021, three Defined Contribution plans were in force covering 2,936 Employees (2020: 2,816 Employees) (Note 7.2.3).



7.2.2. Defined Benefit Plan



Policy for managing the risk associated with defined benefit plans

The Group's exposure to risk is limited to the number of existing beneficiaries and will tend to decrease, since there are no defined benefit plans open to new employees in the Group.

The most significant risks to which the Group is exposed through defined benefit plans include:

- i) **Risk of change in longevity of participants**
- ii) **Market rate variation risk** - rate variation impacts the rate used to discount liabilities (technical interest rate) which is based on yield curves of highly rated bonds with maturities similar to the liabilities' expiry dates and the fixed rate of return of the assets. The Group uses yield curves in order to monitor the evolution of rates and performs sensitivity analyses of interest rate variations with the aim of foreseeing and preventing the consequent impact on the fund's funding level.
- iii) **Risk of change in the wage and pension growth rate**
- iv) **Return on the fund's financial assets** - the Group closely monitors the evolution of the fund's assets, as well as the evolution of the main financial market indicators, revisiting the investment policy approved for the management of the assets whenever justifiable, and at least every three years. The investment policy is aligned with a conservative view of asset management and defined on the basis of the responsibilities to be financed by the fund.

The Group's goal is to maintain a liability coverage level of 90%, thereby safeguarding against the above risks.



Net liabilities

Net liabilities reflected in the consolidated statement of financial

position and the number of beneficiaries of the defined benefit plans in force in the Group are detailed as follows:

	31/12/2021		31/12/2020	
	NO. OF BENEFICIARIES	AMOUNT	NO. OF BENEFICIARIES	AMOUNT
Past service liabilities				
Active employees, including individual accounts	408	71,291,405	458	77,829,641
Alumni	126	26,059,671	103	22,158,138
Retired employees	567	93,651,512	547	91,265,747
Market value of pension funds		(185,327,671)		(178,691,062)
Total net liabilities	1,101	5,674,918	1,108	12,562,465

› HISTORICAL INFORMATION - LAST FIVE YEARS

Amounts in Euro

	2017	2018	2019	2020	2021
Present value of liabilities	151,199,735	154,456,240	179,880,752	191,253,527	191,002,589
Fair value of assets and reserves	146,109,493	147,131,961	173,292,676	178,691,062	185,327,671
Surplus / (deficit)	(5,090,242)	(7,324,279)	(6,588,076)	(12,562,465)	(5,674,918)

› EVOLUTION OF DEFINED BENEFIT PLAN LIABILITIES

Amounts in Euro

2021	Opening balance	Current services cost	Interest expense	Actuarial deviations	Payments performed	Closing balance
Pensions with autonomous fund	191,253,527	44,883	2,353,176	3,350,242	(5,999,239)	191,002,589
	191,253,527	44,883	2,353,176	3,350,242	(5,999,239)	191,002,589

Amounts in Euro

2020	Opening balance	Current services cost	Interest expense	Actuarial deviations	Payments performed	Closing balance
Pensions with autonomous fund	179,880,752	67,304	3,098,478	13,875,538	(5,668,545)	191,253,527
	179,880,752	67,304	3,098,478	13,875,538	(5,668,545)	191,253,527

The average expected duration of defined benefit liabilities is 15 years (2020: 15 years).



**Funds****FUNDS ALLOCATED TO THE DEFINED BENEFIT PENSION PLANS - EVOLUTION***Amounts in Euro*

	2021	2020
Opening balance	178,691,062	173,292,676
Charge for the period	5,318,407	4,300,000
Expected income for the period	2,195,584	2,983,348
Remeasurement	5,275,230	3,783,581
Pensions paid	(5,999,229)	(5,668,545)
Other	(153,383)	-
Closing balance	185,327,671	178,691,062

During the periods of 2021 and 2020, the contributions to the defined benefit plans presented above as allocations were made in full by the Group companies and no contributions

were made by the participants of these plans, although this option exists.

The assets of the pension fund related to the defined benefit plan are under the management of AGEAS -

Pensões, Schrodgers, BlackRock and Credit Suisse, as detailed below:

Amounts in Euro

	2020	2019
Defined benefits and Conta 1:		
AGEAS - Pensões	3,938,660	4,358,496
Schrodgers	70,993,049	68,356,435
BlackRock	72,705,468	66,399,325
Conta 1 - Credit Suisse	37,690,494	39,576,805
Total defined benefits and Conta 1	185,327,671	178,691,062

FUNDS ALLOCATED TO DEFINED BENEFIT PLANS - COMPOSITION OF ASSETS*Amounts in Euro*

	31/12/2021	%	31/12/2020	%
Securities listed in the market				
Bonds	112,303,157	60.6%	110,570,981	61.9%
Shares	50,274,545	27.1%	47,196,654	26.4%
Public debt	14,558,914	7.9%	12,142,648	6.8%
Liquidity	4,252,394	2.3%	4,480,780	2.5%
Real estate	-	0.0%	-	0.0%
Other short-term investments	3,938,660	2.1%	4,300,000	2.4%
	185,327,671	100%	178,691,062	100%

The assets of the pension fund do not include any assets of the Group.



7.2.3. Defined Contribution Plan

As at 31 December 2021 and 2020, two defined contribution plans were in force for most of the Employees.

The assets of the pension fund that finance the defined contribution plans are under the management of the BMO, as detailed below:

Amounts in Euro

	No. of Beneficiaries	Profitability %	2021	No. of Beneficiaries	Profitability %	2020
Defined contribution (BMO):						
Defensive sub-fund	110	2.92%	7,995,969	128	3.52%	9,063,068
Conventional sub-fund	374	5.89%	19,301,087	391	4.05%	19,684,340
Dynamic sub-fund	696	10.46%	17,234,845	685	4.57%	15,440,179
Aggressive sub-fund	1,756	16.04%	6,462,291	1,612	4.34%	5,163,381
Total defined contribution	2,936		50,994,193	2,816		49,350,968

7.2.4. Expenses incurred with post-employment benefit plans

The effect in the income statement for the periods ended 31 December 2021 and 2020 was as follows:

Amounts in Euro

	2021				2020			
	CURRENT SERVICES COST	NET INTEREST	DEFINED CONTRIBUTION - CONTRIBUTIONS FOR THE PERIOD	IMPACT ON NET RESULT (NOTE 7.1)	CURRENT SERVICES COST	NET INTEREST	DEFINED CONTRIBUTION - CONTRIBUTIONS FOR THE PERIOD	IMPACT ON NET RESULT (NOTE 7.1)
Pensions with autonomous fund	44,883	157,592	-	-	67,304	115,130	-	182,433
Defined contributions plans	-	-	1,362,558	1,362,558	-	-	1,398,754	1,398,754
	44,883	157,592	1,362,558	1,565,032	67,304	115,130	1,398,754	1,581,188

7.2.5. Remeasurement recognised directly in other comprehensive income

Amounts in Euro

	2021		
	GROSS AMOUNT	DEFERRED TAX	IMPACT ON EQUITY
Pensions with autonomous fund	1,924,988	(223,719)	1,701,269
	1,924,988	(223,719)	1,701,269
	2020		
	GROSS AMOUNT	DEFERRED TAX	IMPACT ON EQUITY
Pensions with autonomous fund	(10,245,329)	254,213	(9,991,116)
	(10,245,329)	254,213	(9,991,116)





The re-measurements referred to above result from experience gains and losses, both in financial and demographic terms.



Accounting policies

Post-employment benefits - defined benefit plan

Some of the Group subsidiaries have assumed the commitment to make payments to their employees in the form of complementary retirement pensions, disability, early retirement and survivors' pensions, having constituted defined-benefit plans.

The Group set up autonomous pension funds as a means of funding most of the liabilities. Based on the projected credit unit method, the Group recognises the costs with the attribution of these benefits as the services are provided by the employees. The total liability is estimated separately for each plan at least once every six months, on the date of closing of the interim and annual accounts, by a specialised and independent entity.

The liability thus determined is presented in the consolidated statement of financial position, less the fair value of the funds set up, under Pension liabilities.

Actuarial deviations resulting from changes in the value of estimated liabilities, as a consequence of changes in the financial and demographic assumptions used and experience gains, added to the differential between the actual return on fund assets and the estimated share of net interest, are designated as re-measurements and recorded directly in the statement of comprehensive income, under retained earnings.

Net interest corresponds to the application of the discount rate to the value of net liabilities (value of liabilities less the fair value of fund assets) and is recognised in the income statement for the period under Payroll costs.

The gains and losses generated by a curtailment or settlement of a defined-benefit plan are recognised in the income statement for the period when the curtailment or settlement occurs. A curtailment occurs when there is a material reduction in the number of employees.

Costs for past liabilities resulting from the implementation of a new plan or increases in benefits attributed are recognised immediately in the income statement for the period.

Post-employment benefits - defined contribution plan

Most of the Group subsidiaries assumed commitments regarding payments to a defined contribution plan in a percentage of the employees' salary, in order to provide retirement, disability, early retirement and survivors' pensions.

To this end, Pension Funds have been set up to capitalise on those contributions, for which employees may still make voluntary contributions, but for which the Group does not assume any additional contribution responsibilities or a pre-fixed return. Thus, the contributions made are recorded as expenses of the period in which they are recognised, regardless of the time of their settlement.



Estimates and judgements

Actuarial assumptions

	31/12/2021	31/12/2020
Social Security Benefits Formula	Decree Law no 187/2007 of 10 May	
Disability table	EKV 80	EKV 80
Mortality table	TV 88/90	TV 88/90
Discount rate	1.25%	1.25%
Wage growth rate	1.00%	1.00%
Return rate on plan assets	1.25%	1.25%
Pensions growth rate	1.00%	1.00%



Sensitivity analysis

	<i>Amounts in Euro</i>	
	31/12/2021	31/12/2020
0.25% decrease in the discount rate		
Increase in liabilities assumed	7,293,802	7,526,382
0.25% increase in the discount rate		
Decrease in liabilities assumed	(6,901,576)	(7,112,509)
0.25% decrease in the wage growth rate		
Decrease in liabilities assumed	(1,643,123)	(1,894,567)
0.25% increase in the wage growth rate		
Increase in liabilities assumed	1,687,898	1,949,148
0.25% decrease in the pensions growth rate		
Decrease in liabilities assumed	(5,167,727)	(5,174,516)
0.25% increase in the pensions growth rate		
Increase in liabilities assumed	5,375,162	5,382,223

7.3. REMUNERATION OF CORPORATE BODIES

	<i>Amounts in Euro</i>	
	2021	2020
Navigator Corporate Bodies		
Board of Directors	2,978,880	2,979,882
Supervisory Board	53,998	53,998
Environmental Impact Council	33,500	29,000
General Meeting	4,000	16,000
	3,070,378	3,078,880
Corporate Bodies of other Group companies	288,511	249,474
Total (Note 7.1)	3,358,889	3,328,354

REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

All the details of the remuneration policy for the members of Navigator's Board of Directors are detailed in the company's Corporate Governance report.

Regarding post-employment benefits, as at 31 December 2021, the amount of liabilities related to post

employment benefit plans, in respect of one director of the Group, amounted to Euro 956,764 (31 December 2020: Euro 971,706). In addition, three of the current directors are members of pension plans of Navigator Brands, S.A., a subsidiary of the Company, as Employees of that company, before joining management positions.

As at 31 December 2021 and 2020, regarding the members of the Navigator's Board of Directors, there were no: i) additional liabilities related to other long-term benefits, ii) termination benefits, iii) share-based payments assigned; nor iv) outstanding balances.





8. Financial Instruments

8.1. FINANCIAL RISK MANAGEMENT

The Navigator Group has a risk-management program, which focuses its analysis on the financial markets with a view to mitigate the potential adverse effects on its financial performance. Risk management is undertaken by the Group's Financial Management in accordance with the policies

approved by the Board of Directors and monitored by the Risks and Control Commission.

The Group adopts a proactive approach to risk management, as a way to mitigate the potential adverse effects associated with those risks, namely the foreign exchange rate risk and interest rate risk.

8.1.1. Currency risk



Currency risk management policy

A significant part of the Navigator Group's sales is priced in currencies other than the Euro, therefore its evolution can have a significant impact on the cash flows obtained from the Group's future sales, with the currency with the greatest impact being the USD. Also, sales in GBP, PLN and CHF have some weight, having sales in other currencies less expression.

Purchases of some raw materials are also made in USD, namely part of wood and long-fibre pulp imports of wood and acquisitions of long-fibre pulp. Therefore, changes in USD may have an impact on acquisition values.

In addition, once a sale or purchase is made in a currency other than the Euro, the Group becomes exposed to exchange rate risk until the receipt or payment of such sale or purchase, if no hedging instruments are in place. As a result, there is a significant number of receivables and debts payable, the latter with lesser expression, exposed to exchange rate risk.

Use of derivative financial instruments

The Group manages foreign exchange risks by using derivative financial instruments, in accordance with a policy that is subject to periodic review and whose purpose is to limit the exchange risk associated with future sales and purchases and accounts receivable and payable, which are denominated in currencies other than the Euro.

In the periods presented, the Group holds derivatives that are hedging the exchange rate risk of future operations in currencies other than the presentation currency (see Note 8.2 - Derivative financial instruments).



➤ EXPOSURE OF FINANCIAL ASSETS AND LIABILITIES TO EXCHANGE RATE RISK AND SENSITIVITY ANALYSIS

Amounts in foreign currency

31 December 2021										
	US DOLLAR	STERLING POUND	POLISH ZLOTI	SWEDISH KRONA	TURKISH LIRA	SWISS FRANC	MOZAMBIKAN METICAL	MOROCCAN DIRHAM	SOUTH AFRICAN RAND	TOTAL (EURO)
Cash and cash equivalents	3,392,118	442,905	546,861	-	102,302	117,265	10,352,877	651,982	40,922	3,968,677
Receivables	63,112,114	7,550,211	6,306,245	-	-	1,498,477	3,588,455	-	-	67,580,500
Total financial assets	66,504,232	7,993,116	6,853,106	-	102,302	1,615,742	13,941,332	651,982	40,922	71,549,177
Loans										
Payables	(4,349,239)	(24,525)	(12,180)	(62,730)	(1,312)	(4,062)	(6,579,943)	(71,000)	-	(3,979,758)
Total financial liabilities	(4,349,239)	(24,525)	(12,180)	(62,730)	(1,312)	(4,062)	(6,579,943)	(71,000)	-	(3,979,758)
Financial net position in foreign currency	62,154,993	7,968,590	6,840,927	(62,730)	100,990	1,611,680	7,361,389	580,982	40,922	67,569,419
Financial net position in Euro	54,878,150	9,483,256	1,488,161	(6,120)	6,629	1,560,043	101,789	55,245	2,266	67,569,419
Impact of + 10% change in all exchange rates on results for the period										8,223,512
Impact of - 10% change in all exchange rates on results for the period										(10,199,055)

Amounts in foreign currency

31 December 2020										
	US DOLLAR	STERLING POUND	POLISH ZLOTI	SWEDISH KRONA	TURKISH LIRA	SWISS FRANC	MOZAMBIKAN METICAL	MOROCCAN DIRHAM	SOUTH AFRICAN RAND	TOTAL (EURO)
Cash and cash equivalents	2,034,916	380,848	75,379	-	13,525	5,427	12,706,712	718,347	40,922	2,309,685
Receivables	63,112,114	7,550,211	6,306,245	-	-	1,498,477	3,588,455	-	-	62,638,978
Total financial assets	65,147,029	7,931,059	6,381,624	-	13,525	1,503,904	16,295,167	718,347	40,922	64,948,663
Loans										
Payables	(4,349,239)	(24,525)	(12,180)	(62,730)	(1,312)	(4,062)	(6,579,943)	(71,000)	-	(3,661,736)
Total financial liabilities	(4,349,239)	(24,525)	(12,180)	(62,730)	(1,312)	(4,062)	(6,579,943)	(71,000)	-	(3,661,736)
Financial net position in foreign currency	60,797,790	7,906,533	6,369,444	(62,730)	12,213	1,499,842	9,715,224	647,347	40,922	61,286,927
Financial net position in Euro	49,545,913	8,794,515	1,396,900	(6,252)	1,340	1,388,486	104,555	59,199	2,271	61,286,927
Impact of + 10% change in all exchange rates on results for the period										4,793,177
Impact of - 10% change in all exchange rates on results for the period										(5,858,004)

In this Note, the Group discloses the exposure of financial assets and liabilities to foreign exchange rate risk, as well as the respective sensitivity analysis. There are currencies in which the Group has carried out transactions but in which, at the balance sheet

date, it does not have relevant foreign exchange exposures, which is why the exchange rates disclosed in note 1.6.4 are more numerous than the currencies presented in this note.





8.1.2. Interest rate risk



Interest rate risk management policy

A significant share of the Group's financial liabilities cost is indexed to short-term reference interest rates, which are reviewed more than once a year (generally every six months for medium and long-term debt). Hence, changes in interest rates can have an impact on the Group's earnings.

The Group periodically reviews its interest rate risk management strategy. In view of the current level of interest rates, we have favoured the contracting of fixed rate debt.

Use of derivative financial instruments

When deemed appropriate by the Board, the Group uses derivative financial instruments (Note 8.2), namely swaps, with the purpose of fixing the interest rate on loans obtained, within certain parameters, deemed appropriate by the Group's risk management policies.

Exposure to interest rate risk

As at 31 December 2021, approximately 5% (31 December 2020: 36%) of the Navigator Group's financial liabilities are indexed to short-term reference interest rates, revised in periods below one year (usually 6-month rates for long-term debt), plus duly negotiated risk spreads. Hence,

changes in interest rates can impact the Group's earnings.

The Group has favoured the contracting of fixed rate debt and has derivative financial instruments to cover its interest rate risk, namely interest-rate swaps, with the purpose of fixing the interest rate on the Navigator Group's borrowings within certain limits.

As at 31 December 2021 and 2020, the detail of the financial assets and liabilities with interest rate exposure, considering the maturity or the next interest-fixing date is as follows:



	31 December 2021					TOTAL
	UP TO 1 MONTH	1-3 MONTHS	3-12 MONTHS	1-5 YEARS	MORE THAN 5 YEARS	
Assets						
Current						
Cash and cash equivalents	239,171,252	-	-	-	-	239,171,252
Total financial assets	239,171,252	-	-	-	-	239,171,252
Liabilities						
Non-current						
Interest-bearing liabilities	-	-	-	647,913,901	32,202,381	680,116,282
Refundable grants	-	-	-	28,877,757	5,631,853	34,509,610
Current						
Interest-bearing liabilities	-	115,218,254	-	-	-	115,218,254
Refundable grants	-	-	4,099,903	-	-	4,099,903
Total financial liabilities	-	115,218,254	4,099,903	676,791,658	37,834,234	833,944,049
Cumulative differential	239,171,252	123,952,998	119,853,095	(556,938,563)	(594,772,797)	

Amounts in Euro

	31 December 2020					TOTAL
	UP TO 1 MONTH	1-3 MONTHS	3-12 MONTHS	1-5 YEARS	MORE THAN 5 YEARS	
Assets						
Current						
Cash and cash equivalents	302,399,831	-	-	-	-	302,399,831
Total financial assets	302,399,831	-	-	-	-	302,399,831
Liabilities						
Non-current						
Interest-bearing liabilities	-	-	-	503,086,118	149,837,301	652,923,419
Refundable grants	-	-	-	23,516,208	14,438,800	37,955,008
Current						
Interest-bearing liabilities	-	40,000,000	251,527,778	-	-	291,527,778
Refundable grants	-	-	4,578	-	-	4,578
Total financial liabilities	-	40,000,000	251,532,356	526,602,326	164,276,101	982,410,783
Cumulative differential	302,399,831	262,399,831	10,867,475	(515,734,851)	(680,010,952)	



Estimates and judgements

Sensitivity analysis

The Group uses the sensibility analysis technique to measure impacts on the income statement and equity of increase or decrease on interest rates maintaining the other variables constant. This is an illustrative analysis only since changes in market rates rarely occur separately.

The sensitivity analysis is based on the following assumptions:

i) Changes in market interest rates affect interest income and expenses arising from variable financial instruments;

ii) Changes in market interest rates affect the fair value of derivative financial instruments as well as other financial assets or liabilities;

iii) Changes in fair value of derivative financial instruments and other financial assets and liabilities are measured using the discounted cash

flows method, with market interest rates at year end.

A 0.50% increase in interest rates on which interest on loans are calculated would have an impact on its earnings before taxes, for the period ended 31 December 2021 by approximately Euro 106,250 (31 December 2020: Euro 1,701,516).





8.1.3. Liquidity risk

**Liquidity risk management policy**

The Group manages the liquidity risk in two ways:

- i) ensuring that its financial debt has a high medium- and long-term component with maturities appropriate to the characteristics of the industries where it operates, and
- ii) by contracting with financial institutions credit facilities available at all times for an amount that guarantees adequate liquidity.

Available but not used credits

The Group's policy is to maintain credit facilities at adequate levels to, together with the amount of Cash and Cash Equivalents in order to guarantee, with some comfort margin, the cash cycle expected for the next 12 months.

► **CONTRACTUAL MATURITY OF FINANCIAL LIABILITIES**
(UNDISCOUNTED FLOWS, INCLUDING INTEREST)

Amounts in Euro

	31 December 2021					TOTAL
	-1 MONTH	1-3 MONTHS	3-12 MONTHS	1-5 YEARS	+5 YEARS	
Liabilities						
Interest-bearing liabilities (Note 5.7)						
Bond loans	420,000	2,197,750	6,495,875	457,660,500	-	466,774,125
Commercial paper	65,130,000	36,242,500	994,000	144,224,500	-	246,591,000
Bank loans	-	552,000	13,495,740	80,570,487	33,462,507	128,080,736
Lease liabilities (Note 5.8)	-	-	-	-	-	-
Derivative financial instruments (Note 8.2)	-	1,185,597	1,259,307	323,238	-	2,768,142
Other payables	-	-	-	-	-	-
Total liabilities	65,550,000	40,177,847	26,344,825	711,656,483	39,094,361	882,823,517
Of which interest (at the rates prevailing at that date)						37,408,448

Amounts in Euro

	31 December 2020					TOTAL
	-1 MONTH	1-3 MONTHS	3-12 MONTHS	1-5 YEARS	+5 YEARS	
Liabilities						
Interest-bearing liabilities (Note 5.7)						
Bond loans	-	351,070	36,732,406	358,440,835	98,316,486	493,840,798
Commercial paper	189,470	1,259,757	2,043,761	262,416,635	103,695,050	369,604,674
Bank loans	-	-	12,022,560	93,578,767	57,606,355	163,207,681
Lease liabilities (Note 5.8)	-	-	-	-	-	-
Derivative financial instruments (Note 8.2)	-	941,492	987,948	4,115,276	-	6,044,716
Other payables	-	-	-	-	-	-
Total liabilities	189,470	2,552,319	51,786,674	718,551,513	259,617,891	1,032,697,868
Of which interest (at the rates prevailing at that date)						43,904,949



The table takes into account the debt issued and the long-term debt contracted and not disbursed that will refinance the debt maturing in 2022 (Available and unused credit facilities).



The contractual maturity of the interest-bearing liabilities presupposes the fulfilment of financial covenants, as detailed in Note 5.7 - Interest-bearing liabilities.

► CREDIT FACILITIES AVAILABLE BUT NOT USED

Amounts in Euro

	31/12/2021	31/12/2020
Unused credit facilities		
Commercial paper (with long term underwriting)	125,000,000	125,000,000
Long-term financing contracted and not disbursed	-	132,500,000
Other credit facilities	20,450,714	20,450,714
	145,450,714	277,950,714
Commercial paper used (Note 5.7)	240,000,000	375,000,000
Other credit facilities used	605,415,068	613,792,919
Contracted credit facilities (nominal value)	990,865,782	1,266,743,633





Credit risk management policy

The Group is exposed to credit risk on balances receivable from Trade receivables and other debtors and has adopted a policy of managing risk coverage within certain levels through credit insurance with a specialised independent company.

The Group has adopted a policy of credit insurance for the majority of Trade receivables, with a 5% deductible. As such, its exposure to credit risk is considered to have been mitigated up to acceptable levels, when compared with its sales. Most sales that are not covered by credit insurance are covered by bank guarantees, letters of credit, documentary credits or retention of title agreements, and any unhedged exposure is within limits previously approved by the Executive Committee.

However, the worsening of global economic conditions or adversities affecting only economies on a local scale may lead to deterioration in the ability of the Navigator Group's Customers to meet their obligations, leading entities providing credit insurance to significantly decrease the amount of credit facilities that are available to those Customers. This scenario may result in limitations on the amounts that can be sold to some Group Customers without directly incurring credit risk levels that are not compatible with the risk policy in this area.

Cash equivalents

The Navigator Group adopts strict policies in approving its financial counterparties, limiting its exposure in accordance with an individual risk analysis and within previously approved limits.



Maximum exposure to credit risk

The Group's maximum exposure to the credit risk of financial assets corresponds to their net amount, as follows:

	<i>Amounts in Euro</i>	
	31/12/2021	31/12/2020
Non-current		
Receivables (Note 4.2)	8,604,547	34,696,105
Current		
Receivables (Note 4.2)	317,882,760	231,772,282
Cash and cash equivalents (Note 5.9)	239,171,252	302,399,831
	565,658,560	568,868,218

Ageing structure of Trade receivables balances

As at 31 December 2021 and 2020, Trade receivables showed the following ageing structure, considering the due

dates for the balances outstanding before impairment:

	<i>Amounts in Euro</i>	
	31/12/2021	31/12/2020
Amounts not due	208,051,472	126,761,061
from 1 to 90 days	2,455,066	6,813,003
from 91 to 180 days	199,088	343,775
from 181 to 360 days	83,457	105,723
from 361 to 540 days	-	-
from 541 to 720 days	-	-
more than 721 days	-	11,485
	210,789,083	134,035,046
Balances considered impaired	2,173,128	1,984,970
Impairment	(2,173,128)	(1,984,970)
Net balance of trade receivables (Note 4.2)	210,789,083	134,035,046
Trade receivables covered by credit insurance	191,731,227	111,665,812
Trade receivables covered by bank guarantees	2,761,574	1,727,494
Trade receivables covered by title retention agreements	5,464,991	1,101,555
Trade receivables covered by letters of credit / documentary remittances	5,765,396	10,045,496
Covered receivables	205,723,188	124,540,357
Credit facilities available and unused	353,731,395	337,776,838
Credit hedging facilities contracted	559,454,583	462,317,195



The amounts shown above correspond to the amounts outstanding according to the contracted due dates.

The amounts not covered relate to amounts previously approved by the Navigator Executive Committee (Euro 5,065,895).

Despite some delays in the settlement of those amounts, that does not result, in accordance with the available information, in the identification of impairment losses

other than the ones considered through the respective losses. These are calculated based on the information periodically collected on the financial behaviour of the Group's Customers, which allow, in conjunction with the experience obtained in the client portfolio analysis and with the history of credit defaults, in the part not attributable to the insurance company, to define the amount of losses to be recognised in the period. The

guarantees in place for a significant part of outstanding and long-term balances, justify the fact that no impairment loss has been recorded for those balances. The rules defined by the credit risk insurance policy applied by the Navigator Group, ensure a significant coverage of all outstanding balances.

The analysis of the open balances, by business area, is as follows:

Amounts in Euro

	31 December 2021					
	MARKET PULP	UWF PAPER	TISSUE PAPER	ENERGY	SUPPORT	TOTAL
Amounts not due	27,781,181	145,229,659	29,844,012	791,242	4,405,378	208,051,472
from 1 to 90 days	-	-	1,127,754	-	1,327,312	2,455,066
from 91 to 180 days	-	-	96,945	-	102,143	199,088
from 181 to 360 days	-	-	45,744	-	37,713	83,457
from 361 to 540 days	-	-	-	-	-	-
from 541 to 720 days	-	-	-	-	-	-
more than 721 days	-	-	-	-	-	-
	27,781,181	145,229,659	31,114,455	791,242	5,872,546	210,789,083

Amounts in Euro

	31 December 2020					
	MARKET PULP	UWF PAPER	TISSUE PAPER	ENERGY	SUPPORT	TOTAL
Amounts not due	15,182,277	81,824,414	25,632,756	660,642	3,460,972	126,761,061
from 1 to 90 days	269,027	2,433,162	885,598	716,630	2,508,586	6,813,003
from 91 to 180 days	-	-	166,561	-	177,214	343,775
from 181 to 360 days	-	-	-	-	105,723	105,723
from 361 to 540 days	-	-	-	-	-	-
from 541 to 720 days	-	-	-	-	-	-
more than 721 days	-	-	-	-	11,485	11,485
	15,451,304	84,257,576	26,684,915	1,377,272	6,263,980	134,035,046



The table below represents the quality of the Navigator Group's credit risk, as at 31 December 2021 and 2020, for financial assets (cash and cash

equivalents), (Highest credit rating by one of the three rating agencies, Standard & Poor's, Fitch or Moody's):

Amounts in Euro

Rating	Financial Institutions	
	31/12/2021	31/12/2020
AA	9,801,253	-
AA-	-	19,181,980
A+	84,976,652	18,252,728
A	6,609,078	50,876,601
A-	61,586,886	40,589,336
BBB+	-	2,211,916
BBB	73,253,991	167,647,778
BBB-	-	-
BB+	60,468	4,512
BB	108,006	1,695,165
BB-	-	-
B+	-	-
B	179,662	-
B-	-	-
Other	2,595,255	1,939,816
	239,171,252	302,399,831

"Other" amounts include bank deposits with banks or entities with no rating, namely local banks in Mozambique and other foreign branches.

The Navigator Group adopts strict policies in approving its financial counterparties, limiting its exposure in accordance with an individual risk analysis and within previously approved limits.

➤ IMPAIRMENT FROM TRADE RECEIVABLES AND OTHER DEBTORS

Amounts in Euro

	Impairment		
	TRADE RECEIVABLES	OTHER DEBTORS	TOTAL
Balance as at 01 January 2020	(1,538,464)	(31,262)	(1,569,726)
Increase - IFRS 9 impact on results for the period	(677,723)	-	(677,723)
Increase (Note 2.3)	(106,018)	(200,000)	(306,018)
Reversals	47,052	-	47,052
Charge-off	290,183	-	290,183
Balance as at 31 December 2020	(1,984,970)	(231,262)	(2,216,232)
Increase - IFRS 9 impact on results for the period	123,146	-	123,146
Increase (Note 2.3)	(404,476)	(3,762)	(408,238)
Reversals	77,603	-	77,603
Charge-off	15,568	-	15,568
Balance as at 31 December 2021	(2,173,128)	(235,025)	(2,408,153)





Accounting policies

Impairment of debt instruments

The Group assesses, on a prospective basis, the expected credit losses associated with its financial assets measured at amortised cost and at fair value through other comprehensive income, in accordance with IFRS 9.

On this basis, the Group recognises expected credit losses throughout the lifetime of financial instruments that have been subject to significant increases in credit risk since its initial recognition, assessed either individually or collectively, considering all reasonable and sustainable information, including available prospective information.

If, at the reporting date, the credit risk associated with a financial instrument has not increased significantly since its initial recognition, the Group measures the impairment of that financial instrument by an amount equivalent to the expected credit losses.

IFRS 9 provides that for the calculation of these impairments, one of two models is used: the 3-step method or the use of a matrix, the distinguishing component being the existence or not of a significant financing component. For Navigator's financial assets, since it is not a financial institution and there are no assets that

have a significant financing component, the use of a matrix was chosen.

The model adopted for the impairment assessment in accordance with IFRS 9 is as follows:

- I. Calculate the total credit sales made by the Group over the last 12 months, as well as the total amount of bad debts relating to them;
- II. Determine the Customers' payment profile, by setting buckets of receipt frequency;
- III. Based on I. and II. above, estimate the probability of default (i.e., the amount of bad debts calculated at I. compared to the balance of outstanding sales in each bucket calculated at II.);
- IV. Adjust the percentages of future projections obtained in III.;
- V. Apply the default percentages as calculated in IV. to the balances of Customers still outstanding at the reporting date.

Although IFRS 9 assumes 90 days as "default", the Navigator Group considered a period of 180 days, since the experience of real losses before this period is low. This period is aligned with the current risk management policies of the company, namely in what regards the credit insurance hired, and to the fact that there is no sales with significant components of funding in light of IFRS 15. Additionally,

the company evaluated the impact of considering 180 days of "default" instead of the 90 days and the Expected Credit Loss would not change significantly.

In addition to this period, in the event of an accident in the credit insurance company, the model considers the limit of 5% paid by the Navigator Group (10% for national Customers).

Given the Covid-19 pandemic situation, the Group analysed the credit risk, considering the expected economic and financial impacts arising from Covid-19 at the macroeconomic level.

In this regard, as at 31 December 2021, the recoverability risk value was decreased by Euro 123,146 (31 December 2020: increased in Euro 677,723).

In addition, the Group recognises impairment on a case-by-case basis, based on specific balances and specific past events, considering the historical information of the counterparties, their risk profile and other observable data in order to assess whether there are objective indicators of impairment for these financial assets. The Group uses the write-off procedure only when the credit is considered to be definitely uncollectible by a court decision.

8.2. DERIVATIVE FINANCIAL INSTRUMENTS

MOVEMENTS IN DERIVATIVE FINANCIAL INSTRUMENTS

Amounts in Euro

	2021			2020		
	TRADING DERIVATIVES	HEDGING DERIVATIVES	NET TOTAL	TRADING DERIVATIVES	HEDGING DERIVATIVES	NET TOTAL
Balance at the beginning of the period	3,160,131	(5,336,693)	(2,176,561)	536,035	(4,316,491)	(3,780,456)
New contracts/settlements	(623,573)	2,326,437	1,702,864	623,573	2,982,135	3,605,708
Change in fair value through profit or loss (Note 5.11)	(4,265,016)	(3,191,640)	(7,456,656)	2,000,523	(3,647,914)	(1,647,391)
Change in fair value through other comprehensive income (Note 5.5)	-	1,430,747	1,430,747	-	(354,422)	(354,422)
Balance at the end of the period	(1,728,458)	(4,771,149)	(6,499,607)	3,160,131	(5,336,693)	(2,176,561)



8.2.1. Detail and maturity of derivative financial instruments by nature

Amounts in Euro

	31 December 2021					
	NOTIONAL	CURRENCY	MATURITY	POSITIVE (NOTE 4.2)	NEGATIVE (NOTE 4.3)	NET AMOUNT
Hedging						
Hedging (future sales)	242,500,000	USD	2022	9,066	(1,426,675)	(1,417,609)
Hedging (future sales)	83,000,000	GBP	2022	-	(483,940)	(483,940)
Interest rate swaps - Bonds	375,000,000	EUR	2026	1,621,916	(2,804,403)	(1,182,487)
BHKP pulp	27,120,000	USD	2022	-	(1,687,112)	(1,687,112)
				1,630,982	(6,402,131)	(4,771,149)
Trading						
Foreign exchange forwards (future sales)	129,745,503	USD	2023	-	(1,640,154)	(1,640,154)
Foreign exchange forwards (future sales)	9,050,000	GBP	2021	-	(86,856)	(86,856)
Foreign exchange forwards (future sales)	300,000	CHF	2021	-	(1,448)	(1,448)
				-	(1,728,458)	(1,728,458)
				1,630,982	(8,130,589)	(6,499,607)

Amounts in Euro

	31 December 2020					
	NOTIONAL	CURRENCY	MATURITY	POSITIVE (NOTE 4.2)	NEGATIVE (NOTE 4.3)	NET AMOUNT
Hedging						
Hedging (future sales)	204,000,000	USD	2021	831,818	(668)	831,149
Hedging (future sales)	72,000,000	GBP	2021	-	(515,688)	(515,688)
Interest rate swaps - Bonds	200,000,000	EUR	2025	-	(5,501,229)	(5,501,229)
BHKP pulp	9,120,000	USD	2021	-	(150,926)	(150,926)
				831,818	(6,168,511)	(5,336,693)
Trading						
Foreign exchange forwards (future sales)	100,228,946	USD	2023	2,564,049	-	2,564,049
Foreign exchange forwards (future sales)	5,425,000	GBP	2021	-	(27,345)	(27,345)
Foreign exchange forwards (future sales)	225,000	CHF	2021	-	(146)	(146)
Future purchase of CO ₂ allowances (Note 3.2)	2,545,625	EUR	2021	623,573	-	623,573
				3,187,622	(27,491)	3,160,131
				4,019,440	(6,196,002)	(2,176,562)

CASH FLOW HEDGE | EXCHANGE RATE RISK EUR/USD AND EUR/GBP

During the last quarter of 2021, the Group concluded the contracting of derivative financial instruments by acquiring USD 242,500,000 and GBP 83,000,000 in Zero Cost Collar, thus guaranteeing total coverage of the estimated value of exposure for 2022.

INTEREST RATE HEDGE

During the first quarter of 2021, the Group increased its interest rate hedges, by contracting a swap in the amount of

Euro 75,000,000 to set the interest rate associated with the Navigator 2020-2026 bond loan, of the same amount. At the end of the second quarter, the Group contracted a new interest rate hedge, in the amount of Euro 100,000,000, to set the interest rate associated to the Navigator 2021-2026 bond loan, starting in August 2021.

BHKP PULP HEDGE

As in the previous year, the Group periodically monitors its exposure to the price of BHKP pulp.

During the fourth quarter of 2021, the Group opted to acquire a financial instrument to hedge the pulp price, by contracting a swap to set the price of 30,000 tons of pulp for the next 12 months, ended 31 December 2022.



Accounting policies

The fair value of derivative financial instruments is included under Payables (Note 4.3), when negative, and under Receivables (Note 4.2), when positive.





In accordance with IFRS 9 – Financial Instruments, the Group has opted to continue applying the hedge accounting requirements of IAS 39 – Financial Instruments, until there is greater visibility on the Dynamic Risk Management (macro hedging) project currently in progress.

Whenever expectations of changes in interest or exchange rates so justify, the Navigator Company Group hedges these risks through derivative financial instruments, such as interest rate swaps (IRS), interest rate and foreign exchange collars, forwards, etc.

Trading derivative financial instruments

Although the derivatives contracted by the Group represent effective economic hedges of risks, not all of them qualify as hedging instruments in accounting terms to satisfy the applicable rules and requirements. Instruments that do not qualify as hedging instruments are recorded in the consolidated financial position at their fair value and changes in the same are recognised in Net financial results (Note 5.11), when related to financing operations, or in External services and supplies (Note 2.3) or Revenue (Note 2.1), when referring to hedging of sales receivable flows in a currency other than the presentation currency.

Hedging derivative financial instruments

Derivative financial instruments used for hedging purposes may be recognised as hedging instruments provided that they comply, cumulatively, with the conditions set out in IAS 39.

CASH FLOW HEDGING (INTEREST RATE, EXCHANGE RATE AND COMMODITY RISK - BHKP)

In order to manage its exposure to interest rate risk and exchange rate risk, the Group enters into cash flow hedges.

Those transactions are recorded in the interim consolidated statement of financial position at their fair value, if considered effective hedges. Changes

in the fair value are initially recognised in other comprehensive income for the period. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Accumulated amounts in equity are reclassified to profit or loss in the periods when the hedged item affects the income statement (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within “Net financial results” (Note 5.11). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or property, plant and equipment), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity is recycled to the income statement, unless the hedged item is a forecast transaction, in which case any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Income statement.

Derivative financial instruments used by Navigator Group

FOREIGN EXCHANGE TRADING DERIVATIVES

The Navigator Group has a currency exposure on sales invoiced in foreign currencies, namely US dollars (USD) and pounds sterling (GBP). As the Group’s financial statements are presented in Euro, it is exposed to an economic risk on the conversion of these currency flows to the Euro. The Group is also obliged, albeit to a lesser degree, to make certain payments in those same currencies which, for currency exposure purposes, act as a natural hedge. Thus, the hedge is aimed

at safeguarding the net value of items in the statement of financial position denominated in a currency other than the presentation currency against the respective currency fluctuations.

The hedging instruments used in this operation are foreign exchange forward contracts covering the net exposure to currencies other than the presentation currency, for amounts and due dates close to that exposure. The nature of the risk hedged is the change in the book value on sales and purchases expressed in currencies other than the presentation currency. At the end of each month, the balances of Trade receivables and Trade payables expressed in foreign currency are updated, with the gain or loss offset against the fair value change of the forwards negotiated.

CASH FLOW HEDGE | EXCHANGE RATE RISK EUR/USD AND EUR/GBP

The Navigator Company Group makes use of derivative financial instruments in order to limit the net exchange risk associated with sales and future purchases estimated at USD and GBP.

CASH FLOW HEDGE | INTEREST RATE

The Navigator Group hedges future interest payments associated with commercial paper issues by hiring an interest rate swap, which pays a fixed rate and receives a floating rate. This instrument is designated as hedges of cash flows from the commercial paper program and the bond loan.

CASH FLOW HEDGE | COMMODITIES - BHKP

The Navigator Group uses derivative financial instruments in order to minimise the exposure risk associated with the variation of the pulp price, indexed to PIX, in USD.





Estimates and judgements

Fair value in derivative financial instruments

Whenever possible, the fair value of derivatives is estimated on the basis of quoted instruments. In the absence of market prices, the fair value of derivatives is estimated through the discounted cash-flow method and option valuation models, in accordance with prevailing market assumptions.

8.3. FINANCIAL ASSETS AND LIABILITIES

8.3.1. Categories of Group Financial Instruments

The financial instruments included in each item of the consolidated statement of financial position are classified as follows:

Amounts in Euro

	NOTE	FINANCIAL ASSETS AT AMORTISED COST	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (EXCLUDING DERIVATIVES)	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	HEDGING DERIVATIVE FINANCIAL INSTRUMENTS	TRADING DERIVATIVE FINANCIAL INSTRUMENTS	FINANCIAL ASSETS OUTSIDE THE SCOPE OF IFRS 9	NON FINANCIAL ASSETS	TOTAL
31 December 2021									
Non-current receivables	4.2	8,604,547	-	-	-	-	-	-	8,604,547
Current receivables	4.2	236,454,808	-	-	1,630,982	-	-	79,796,970	317,882,760
Cash and cash equivalents	5.9	239,171,252	-	-	-	-	-	-	239,171,252
Total assets		484,230,608	-	-	1,630,982	-	-	79,796,970	565,658,560
31 December 2020									
Non-current receivables	8.3	34,696,105	-	-	-	-	-	-	34,696,105
Current receivables	4.2	142,680,703	-	-	3,187,622	831,818	-	85,072,139	231,772,282
Cash and cash equivalents	5.9	302,399,831	-	-	-	-	-	-	302,399,831
Total assets		479,776,638	-	-	3,187,622	831,818	-	85,072,139	568,868,217

Amounts in Euro

	NOTE	FINANCIAL ASSETS AT AMORTISED COST	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (EXCLUDING DERIVATIVES)	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	TRADING DERIVATIVE FINANCIAL INSTRUMENTS	FINANCIAL ASSETS OUTSIDE THE SCOPE OF IFRS 9	NON FINANCIAL ASSETS	TOTAL
31 December 2021								
Interest-bearing liabilities	5.7	833,944,049	-	-	-	-	-	833,944,049
Lease liabilities	5.8	-	-	-	-	53,240,925	-	53,240,925
Payables	4.3	422,045,733	-	6,402,131	1,728,458	-	-	430,176,321
Total liabilities		1 255,989,782	-	6,402,131	1,728,458	53,240,925	-	1 317,361,295
31 December 2020								
Interest-bearing liabilities	5.7	982,410,783	-	-	-	-	-	982,410,783
Lease liabilities	5.8	-	-	-	-	53,080,919	-	53,080,919
Payables	4.3	327,687,925	-	6,168,511	27,491	-	-	333,883,926
Total liabilities		1 310,098,708	-	6,168,511	27,491	53,080,919	-	1 369,375,629





8.3.2. Fair value of financial assets and liabilities

► FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

Amounts in Euro

	31/12/2021			31/12/2020		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
Financial assets at fair value through profit or loss						
Trading derivatives	-	-	-	-	3,187,622	-
Hedging financial instruments	-	1,630,982	-	-	831,818	-
Assets measured at fair value						
Biological assets	-	-	147,324,061	-	-	148,584,452
Total assets	-	1,630,982	147,324,061	-	4,019,440	148,584,452
Financial liabilities at fair value through profit or loss						
Trading derivatives	-	(1,728,458)	-	-	(27,491)	-
Hedging financial instruments	-	(6,402,131)	-	-	(6,168,511)	-
Total liabilities	-	(8,130,590)	-	-	(6,196,001)	-



Accounting policies

The fair value of financial instruments is classified according to the fair value hierarchy of IFRS 13 – Fair Value Measurement:

- Level 1** Based on quotes from active net markets at reporting date
- Level 2** Determined using evaluation models, the main inputs of which are observable in the market
- Level 3** Determined using evaluation models, the main inputs of which are not observable in the market.



Estimates and judgements

FAIR VALUE OF FIXED-INTEREST INTEREST-BEARING LIABILITIES

The fair value of these liabilities is calculated using the discounted cash flow method at the reporting date, using a discount rate in accordance with the characteristics of each financing, belonging to level 2 of the fair value hierarchy of IFRS 13.



9. Operational Risk Management

The Group operates in the forestry sectors, in the production of eucalyptus for use in the production of BEKP pulp, which is essentially incorporated in the production of UWF and Tissue paper but is also sold in the market, and in energy production, essentially through the forest biomass that is generated in the BEKP production process.

All the activities in which the Navigator Group is involved are subject to risks which could have a significant impact on its operations, its operating results, the cash flow generated and in its financial position.

The risk factors analysed in this chapter can be structured as follows:

i. Specific risks inherent to the sectors of activity in which the Navigator Group operates:

- Risks associated with the forestry sector
- Risks associated with the production and sale of BEKP pulp, UWF paper and tissue paper
- Risks associated with the production of energy
- Risks associated with climate change
- Human resources and talent management
- Information systems
- Context risks

ii. Navigator Group risks and the way it performs its activities.

The Group has a risk-management program in place which is focused on the analysis of the financial markets in order to mitigate the potential adverse effects on its financial performance. Risk management is conducted by the Finance Department in accordance with policies approved by the Board of Directors. The Finance Department evaluates and undertakes the hedging of financial risks in strict coordination with the Navigator Company Group's operating units.

The Board of Directors provides the principles of risk management as a whole and policies covering specific areas such as foreign exchange risk,

interest rate risk, liquidity risk, credit risk, the use of derivatives and other non-derivative financial instruments and the investment of liquidity surplus. The Risk Management Department monitors the implementation of risk management policies defined by the Board of Directors.

9.1. SPECIFIC RISKS INHERENT TO THE SECTORS OF ACTIVITY IN WHICH THE GROUP OPERATES

9.1.1. Risks associated with the forestry sector

As at 31 December 2021, the Navigator Group managed around 105,5 thousand hectares (2020: 108 thousand hectares) distributed across mainland Portugal, the Azores and Galicia (Spain), in around 1,283 Management Units in 170 municipalities in Portugal, and 32 Management Units distributed across 2 municipalities in Galicia, Spain, in accordance with the principles expressed in its Forestry Policy. Eucalyptus and areas under ongoing afforestation with this sort of species occupy 73% of this area, namely the Eucalyptus globulus species, deemed to have the perfect fibre for high-quality papers. In the remaining area, in addition to conservation areas that account for about 11.8% of the total area under management, pine and cork oak forests are among the largest privately owned national producers.

As a pioneer in Portugal in promoting certified forest management, most of its forestry assets located in Portugal are certified by FSC® (Forest Stewardship Council®) (FSC®-C010852) and by PEFC (Programme for the Endorsement of Forest Certification schemes) (PEFC/13-23-001), recognition that management of these areas is carried out in an environmentally, economically and socially responsible way, following a strict and internationally recognised criteria.

Navigator operates in sophisticated markets around the world where the demand for certified products is an unavoidable reality. Since only a small part of the national forest is certified, in 2016, the Company started a program to encourage producers to join sustainable forest management models that, once certified, allow the continuous improvement of management practices, the production valuation and the answer to the demand for certified products that is felt worldwide. This effort has been increasing the area of certified forest in Portugal between 2016 and 2021 both via FSC® (from 370,000 ha to 545,907 ha) and PEFC (from 260,000 ha to 306,956 ha).

Even so, it is clear that the effort should continue in the future, given the weight that still represents the forest area not covered by any sustainable forest management system in Portugal. As an example, at the end of 2021 the forestry area managed by the Navigator Group, although it represented about 3% of Portugal's total forested area, it represented, however, 34% of all certified Portuguese forests according with PEFC standards and 19% of all certified Portuguese forests according with FSC® standards.

We are, however, optimistic about the path taken, which demonstrates the adherence of Forestry Production to sustainable forest management models. In 2021, 63% of wood from national sources, excluding self-sufficiency, already came from properties that had their forest management certified (2020: 61%). It should also be noted that, within this initiative, the Group has seen a significant increase in the number of wood Supplier chain of custody / liability certification, representing a step further on the development of a Supplier's portfolio which will make it possible to ensure the purposes defined in terms of wood from sources with certified forest management.





As a way of promoting the certification of forest management in the national eucalyptus forest, since 2007, the Group has continuously differentiated the value of the wood received at its factories, positively discriminating in the price of wood from management units that have certified their management. sustainable forestry. This support to the system was innovative worldwide and allowed the stabilization of forest management certified as a practice recognized in the market and which, being remunerated in the products it incorporates, must remunerate the respective production chain.

In addition, and as a way of demonstrating its commitment to sustainable forest management processes, on 5 August 2021, the Group issued debt with an interest rate indexed to several sustainability criteria, including the evolution of the weight of wood from units with their certified forest management. This issue (the details of which are described in Note 5.7) places the Group in a position of clear commitment to its practices, intending to involve its entire management structure and its value chain around its strategic objectives.

The Group was awarded Land Use and Use Rights (DUAT) in Mozambique, located in the provinces of Manica and Zambezia, comprising about 50 non-contiguous plots, and a planting permit for up to 246,000 hectares, made available under the Investment Agreement signed with the Mozambican Government, of which around 13.6 thousand hectares have been planted. The project foresees the installation of an industrial unit for the production of BEKP pulp and electric power in that country. In July 2018, the Mozambican Government and Portucel Moçambique signed a Memorandum of Understanding (MoU) through which they agreed on a set of preceding conditions required to proceed with the investment, namely and particularly of a logistical nature, which will be implemented in two phases. In the first phase, the forest base will be increased

to approximately 40,000 hectares, which will guarantee the supply of a unit (to be built) for the production of eucalyptus wood chips for export, of approximately 1 million tons per year, in an estimated additional investment of USD 140 million.

In a statement made to the market in mid-November, the concessionaire of the Macuze port and the American fund, Ethos Asset Management Inc, informed that they had signed a long-term financing agreement in the amount of USD 400 million, which will ensure the construction of the first phase of the Macuse port and road accessibility, which involves the construction of terminals for the operation of agricultural products, woodchips, fertilizers and fuel, with the capacity to operate ships up to 65,000 DWT. The beginning of construction is scheduled for 2022 and the beginning of operations for 2025.

Navigator and the Government of Mozambique have been working under the terms of the MoU signed in 2018, namely on the theme of land and development, having advanced the first Forest Development programme in Mozambique, a Government initiative with funding from the World Bank. The goal is to promote small and medium-scale sustainable commercial forest plantations and the restoration of degraded areas, with about 2,000 ha having been planted in the 2019-2020 and 2020-2021 campaigns. Portucel Moçambique plays an active role in developing and implementing the programme, providing a range of support, defining the forestry model, supplying cloned plants at subsidised prices and access to raw materials and know-how. Later, at harvest time, Portucel Moçambique will have an option to purchase the wood.

Work also started on harvesting timber from Portucel Moçambique's plantations in Manica, for export from the Port of Beira, which will make it possible, amongst other goals, to put Mozambique on the world map for this forest-based industry. During 2021, around 100,000 m³ of wood

were harvested, and three vessels were shipped to Portugal, with around 90,000 m³.

In terms of forestry production, the main factor threatening the competitiveness of the eucalyptus forestry sector lies in the low productivity of the Portuguese forest, which has a low intensity of management, which contributes to decreasing profitability and increasing risks of forest fire and plant health. The combination of all these factors, in recent years, without any strategic measures of the State in the industry, has forced the import of raw material, a process conditioning the profitability of the industry.

The Company considers the challenge of productivity and active forest management as a strategic axis of development. As a company with responsibilities in the sector, Navigator has been promoting several initiatives aimed at helping to reverse this trend. These initiatives cover several areas, from the supply of improved plants from a genetic improvement program with decades of development, technical support to forestry producers (with programs such as Premium, e-globulus and technical support through dozens of actions of training that, complementing those organized with the Suppliers we use, extend the transfer of knowledge to other companies in the sector).

In addition, through CELPA - Associação da Indústria Papeleira (representing the main industrial groups in the sector), Navigator has also collaborated in the "Melhor Eucalipto" Program, in which "Limpa & Aduba" is developed. Under this initiative, CELPA carries out at its own expense the fertilisation of the plots of land owned by private individuals who apply to the programme, and who clean up their eucalyptus forest properties. This measure, empowering productivity, also enables a reduction in the risk of wildfire by reducing the fuel load on the plots, impacting on 12,000 ha during 2020 and on more than 15,000 ha in 2021, accumulating more than 33,000



ha already intervened. CELPA is also studying the implementation of an additional program - Replantar - which aims to provide landowners with direct financial support for the replanting of their eucalyptus forest plots, as well as an initiative of the same content aimed at the recovery of burned areas hit by fires from 2016 to 2018 seeking the rehabilitation of these areas for forest management.

In addition to the risks related to the impacts of rural fires and plant health, there is a regulatory environment that strongly affects professional forestry activity, leading to a continued decrease in the levels of forestry intervention at scale, whose leading indicator is the evolution (continuous reduction) of forested or reforested areas in our country. The sustainability of an entire sector, based on a large number of small suppliers of services and products, is dependent on the activity levels (regardless of the species) that our country has not been able to ensure. This compromises the sustainability of this business network, which is essential to ensure the interventions in rural areas that reduce risk and promote productivity and income in regions of the country where the forest is a significant component of the income of many families.

The Navigator Group's activity is exposed to risks related to fires in rural areas, including:

- I. Destruction of current and future wood inventory, belonging to the Navigator Group as well as to third parties;
- II. Increasing costs of forestry and subsequent land preparation for plantation.

In this respect, the manner in which the Navigator Group manages its woodlands is the front line for mitigating this risk. In addition, the Innovation and Development effort is aimed at adapting forestry techniques to the reality of the national forest, with a view to mitigating impacts, reducing costs and improving management

practices, by the Company and by market operators.

Among the different management measures undertaken by the Navigator Group, the strict compliance with biodiversity rules, a proper planning of the forest facilities to be implemented and the construction and maintenance of roads and access roads to each of the areas under development are particularly relevant in mitigating the fire risk.

In addition, the Navigator Group has a share in the Afocelca grouping - an economic interest grouping between the Navigator Group and the ALTRI Group, whose mission is to provide assistance in the fight against forest fires at the grouped companies' properties, in strict coordination and collaboration with the National Civil Protection Authority (Autoridade Nacional de Protecção Civil - ANEPC). This grouping manages an annual budget of about Euro 3 million, without public funds, and has created an efficient and flexible structure which implements practices aimed at reducing protection costs and minimising the damage caused by forest fires to the ACE companies, which own and manage more than 190 thousand hectares of forests in Portugal.

The Navigator Group has also a research institute, RAIZ, whose activity is focused on 3 main areas: Applied Research, Consulting and Training. In the forestry research area, RAIZ seeks:

- i. To improve the productivity of eucalyptus forests;
- ii. To enhance the quality of the fibre produced from that wood;
- iii. To implement a sustained forestry management program from an economic, environmental and social perspectives;
- iv. To foster practices and processes aimed at reducing wood production costs.

9.1.2. Risks associated with the production and sale of BEKP pulp, UWF paper and Tissue paper

Supply of raw materials

Self-supply of wood for BEKP pulp production is only about 18% of the Group's needs. Therefore, is a regular need for the Company to purchase wood in the domestic market (still insufficient), using the Spanish market and the non-European (outside the Iberian Peninsula) markets, mainly Brazil, Uruguay and Mozambique (mainly from NVG's local plantations) at an additional compared to the national market due to transport.

The supply of wood from international markets, namely eucalyptus, is subject to price variations mainly due to exchange rate effect, which has consequently implications in the production cost of Navigator and BEKP pulp producing companies. In addition, the volatility of wood transportation costs to the units also has impacts mainly due to the effect of fuel prices, oil prices, lower scarcity of large ships without optimisation of returns and sea freight oscillation.

The realisation of new forest plantations is subject to the authorisation of the competent entities and to a policy of area increase restrictions, which may limit the national production potential, although there are many initiatives to help forest producers, among them the support in wood certification to meet the commercial demand for certified products (paper and pulp), and to increase the productivity of the existing areas, for a greater availability of raw material in the domestic market, the use of imports will always be an unavoidable need in the short/medium/long term.

Due to the insufficient domestic production of wood in quantity, namely in terms of certified wood, the Company has to increase the quantity of imported wood, either from Spain or from other more distant markets, to





ensure the supply to the mills, without restrictions, in the next decade(s).

It should be noted that, since wood is one of the main pulp production costs, any increase in the cost of m³ of eucalyptus wood consumed in the pulp production BEKP always represents a negative impact on the Company's operating profit.

On 31 December 2021, a 10% decrease in the cost per m³ of eucalyptus wood consumed in BEKP pulp production would have had a negative impact in the Navigator Group's operating results of approximately Euro 31,400,000 (31 December 2020: Euro 28,100,000).

For other raw materials, including chemicals, the main risk identified is the scarcity of products under the growing demand for these products in emerging markets, particularly in Asia and markets supplying them, which can create occasional imbalances of supply and demand.

In this regard, the Navigator Group, together with the Altri Group, established in 2018 a Complementary Grouping of Companies - Pulp Chem, ACE - intended for the joint acquisition of chemical products, benefiting from economies of scale and thus mitigating this risk.

The Navigator Group seeks to mitigate these risks through proactive sourcing, by identifying sources of supply geographically dispersed, whilst seeking to secure long-term supply contracts that ensure volume, price and quality levels consistent with its requirements.

As at 31 December 2021, a 10% worsening in the price of chemical products would have represented a negative impact on the Group's operating results of around Euro 11,300,000 (31 December 2020: Euro 9,600,000).

Finally, another resource required for the production process is water. Considering that water is a finite resource and given its relevance to the pulp and paper production process, the Group has taken on a special concern for its preservation, and over the last

few years, investments have been made to reduce the use of this important resource. Simultaneously, as a result of investments in the implementation of BATs in the production processes and the improvement of the efficiency of its effluent treatment plants (ETP), it was also possible to significantly improve the quality of the effluent returned to the receiving environment. Between 2005 and 2018 there was a reduction of more than 25% in the specific use of water (cubic meters used for the production of one ton of product) and, in the same period, there was a reduction of more than 20% in the load emitted for the vast majority of the parameters monitored, which translates into the minimisation of the Group's environmental impact.

Market Price for UWF paper, BEKP pulp and Tissue paper

The increase in competition, caused by an imbalance of supply and demand in the BEKP pulp, UWF or Tissue paper markets may have a significant impact on prices and, as a consequence, in the Navigator Group's performance. The market prices of BEKP pulp, UWF and Tissue paper are defined in the world global market in perfect competition and have a significant impact on the Navigator Group's revenues and on its profitability. Cyclical fluctuations in BEKP pulp, Tissue paper and UWF Paper prices mainly arise from both changes in the world supply and demand and the financial situation of each of the international market players (Producers, Traders, Distributors, Customers, etc.), creating successive changes in equilibrium prices and raising the global market's volatility.

The BEKP pulp and UWF paper markets are highly competitive. Significant variations in existing production capacities could have a strong influence on world market prices. These factors have encouraged the Navigator Group to follow a defined marketing and branding strategy and to invest in relevant capital expenditure to improve productivity and generate

high-quality and differentiated products.

On 31 December 2021, a 10% drop in the price per ton of BEKP pulp and of 5% in the price per ton of UWF paper and tissue paper sold by the Navigator Group in the period, would have represented an impact on its operating results of approximately Euro 17,000,000 and Euro 65,400,000, respectively (31 December 2020: Euro 15,600,000 and Euro 54,300,000, respectively).

Demand for the Navigator Group's products

Notwithstanding the references below to the concentration of the portfolio of the Navigator Group's Customers, any decrease in demand for BEKP, UWF and tissue paper in the European and the United States markets could have a significant impact on the Navigator Group's turnover. The demand for BEKP produced by the Group also depends on the evolution of the capacity for paper production in the world, since various Navigator Group's major Customers are themselves paper producers.

The demand for uncoated printing and writing paper has been historically related with macroeconomic factors (e.g., GDP growth, employment, particularly in white collar jobs, confidence indices), technological (e.g., penetration of information technology and hardware / software, and demographic (e.g., population, average level of education, age structure of society). The evolution of these factors drives the demand for paper positively or negatively, and in the recent past, the trend of paper consumption is negative in the more developed countries and positive or stable in the emerging / developing countries. Naturally, the performance of the Navigator Group also depends on the evolution of demand in the various markets in which it operates.

Uncertainty over the effects of the Pandemic Covid-19 waves on Western economies, as well as changes in the pace of recovery of economic activity



and the return to normality, may affect demand for the Group's products, whether for BEKP, UWF and tissue.

Regarding the demand for eucalyptus market pulp, this is largely dependent on the production progress in the non-integrated producers of printing and writing paper, tissue and speciality papers. Chinese demand for this type of pulp represents more than 1/3 of the world's demand, making China one of the most breakthrough drivers of demand.

Regarding Tissue segment, the key variables affecting the demand are:

- Expected future economic growth;
- Population growth and other social and demographic changes;
- Level of development of the service sector, namely tourism;
- Hygiene standards and product penetration levels;
- Developments in the quality of Tissue paper and product specifications; and
- Substitution effects.

Tissue paper consumption is not very sensitive to cyclical economical changes, although it tends to grow faster with higher economic growth. On the other hand, an increase in production costs and, consequently, sales prices can create a downgrading effect on consumption.

The importance of economic growth for the consumption of Tissue is more obvious in developing countries. When the level of the income per capita is very low, the consumption of Tissue tends to be low. There is a threshold after which consumption accelerates. Economic growth allows greater penetration of the product, which is one of the main drivers of demand for such paper in the population with lower incomes. In economies with strong dependence on tourism, a gradual recovery in consumption by the professional sector is expected, as restrictions on mobility are lifted and tourist flows are normalized. The Tissue paper is a product that does not face major threats of substitution by other materials, and there are no expected changes at this level. In contrast,

changes in hygiene and cleaning standards that may be associated with the current health crisis will tend to boost Tissue consumption.

Consumer preferences may have an impact on global paper demand or in certain particular types of paper, such as the demand for recycled products or products with certified virgin fibre.

Regarding this matter, and in the particular case of UWF and Tissue paper, the Navigator Group believes that the marketing strategy and branding that has been followed, combined with the significant investments made to improve productivity and produce high quality products, allow it to deliver its products in market segments that are less sensitive to variations in demand, resulting in a lower exposure to this risk.

Energy

The pulp and paper production process are dependent on the constant supply of electric and steam energy. The Group has several cogeneration units, which provide this supply, and redundancies have been planned between the various units in order to mitigate the risk of any unplanned shutdowns.

Part of the electricity production is sold to the supplier of last resort at regulated tariffs, based on a legal framework that lays down the special regime production from renewable resources and cogeneration. The remuneration legal framework provides for a progressive tariff reduction over the applicable time period, implying that the central banks will tend to operate in a self-consumption regime. This fact can be proven by both the reduction shown in revenues associated with the electric power generation activity in recent years and by the reduction of electric energy and natural gas consumption.

As of November 2021, given the volatility of electricity market prices, the Group started selling the surplus production from the natural gas combined cycle plant in Setubal at market prices to the detriment of the regulated tariff. It is expected that, in

2022, the same will happen with the surplus production of other plants of the Group.

As at 31 December 2021, a 10% worsening in the price of electricity, without compensation in the contractual tariff, would have represented a negative impact on the Group's operating results of around Euro 10,800,000 (31 December 2020: Euro 9,800,000).

Country risk - Portugal

The Navigator Group has a strong presence in Portugal. Its activity is based on assets mainly located in Portugal. Similarly, about 20% of its raw material comes from Portuguese forests.

The Group is the third largest exporter in Portugal and the largest generator of National Added Value, representing approximately 1% of the national GDP, about 3% of national exports of goods, close to 6% of total containerised cargo exported by national ports.

Although open to the world, the strong dependence of its country of origin in terms of production factors exposes the Group to Portugal's risk index.

Country risk - Mozambique

Due to the investment in the Mozambican project, the Navigator Group is exposed to the specific risk in this country. However, consideration has been given to investments in terms of timing, choice of suppliers/partners and geographical location, taking this risk into account, and the Group ensures that these steps are taken with reasonable certainty that there will be no effects arising from the risk.

At this moment, the Mozambique project is essentially a forestry project, with an option to develop an industrial project. The planned investment will be implemented in two phases, the first being a ship production (woodchip) project and a second phase the construction of a large-scale pulp mill. The Group is, however, prepared to move forward with the forestry plan





foreseen, once the necessary conditions - most of which are under discussion with the Mozambican authorities - are met.

Until 31 December 2021, the expenditure with this project amounted to Euro 124.9 million (31 December 2020: Euro 113.6 million), mainly related to plantation, land preparation and forest maintenance, to land management, environmental and social licensing and the construction of what is now one of Africa's largest forest nurseries.

Considering that Navigator is still working on the conditions precedent for Phase 1 of the MoU, as previously mentioned, the estimated liabilities are duly provisioned.

Country risk - USA

The US market has a significant weight in the total turnover of UWF paper, increasing the exposure to the country's specific risk.

This exposure requires a careful evaluation of the impacts resulting, for example, from changes in regulations and taxes, or even from their application and interpretation by Governmental entities and tax authorities.

Similarly to producers of other nationalities (Australians, Brazilians, Chinese and Indonesians), with regard to UWF paper imports to the USA, the Group has, since 2015, been the target of anti-dumping measures by the Department of Commerce of this country, and its products are subject to anti-dumping duties defined by the United States Department of Commerce - see Note 4.2. Until 2021 these duties affected the Group's earnings by Euro 30,482,935 - review periods 1 to 6 (2020: Euro 19,702,424).

Competition

Increased competition in the paper and pulp markets may have a significant impact in price and consequently, in the Navigator Group's profitability.

The pulp and paper markets are highly competitive and thus the entry

into the market of new production units with increased available production capacity could have a relevant impact on prices worldwide.

BEKP producers from the southern hemisphere (namely from Brazil, Chile, Uruguay and Indonesia), with production costs still significantly lower than those in the northern hemisphere, have been gaining weight in the market, undermining the competitive position of European pulp producers. In the coming years capacity increases are planned in South America, strengthening the position of these producers in the global market.

These factors have forced the Navigator Group to make significant investments in order to keep production costs competitive and produce high-quality products as it is likely that this competitive pressure will remain strong in the future.

There has been some disinvestment in the paper sector in the US, with closures/conversions of installed capacity by some UWF producers, in a clear attempt to adjust supply according to the negative evolution of demand. On the contrary, investments in new UWF capacity in China in the short- and medium-term have occurred and are expected.

The Navigator Group has been adjusting its commercial strategy to the evolution of regional consumption patterns. The Group has a significant presence in the US, accounting for about half of European producer sales to this market. The turnover intended to the European markets represented 55% (2020: 59%), achieving particularly strong market shares in Western European countries and relevant market shares in the other main European markets.

Concentration of Customers' portfolio

As at 31 December 2021, the Navigator Group's 10 main BEKP Customer groups accounted for 15% of the period's production of BEKP pulp (2020: 11%) and 71% of external sales of BEKP pulp (2020: 39%). This

asymmetry is a result of the strategy pursued by the Navigator Group, consisting of a growing integration of the BEKP pulp produced into the UWF paper produced and sold. Nevertheless, the Group believes there is little exposure to risks of Customer concentration in the marketing of BEKP pulp.

In 2021, the Navigator Group's 10 main Customer groups for UWF paper represented 37% of this product's sales during the period (2020: 40%). Regarding concentration, the group's individual Customers decreased 21% of the sales volume (2020: 22%). The Navigator Group recorded 154 new Customers with sales in 2021. Also, regarding UWF paper, the Group follows a risk mitigation strategy for its Customer concentration. The Navigator Group sells UWF paper to more than 130 countries and to more than 1,000 individual Customers, thereby allowing a dispersion of the risk of sales concentration in a reduced number of markets and/or Customers.

2021 was also marked by the launch of the latest omnichannel platform, NVG Hub, which aims to improve the level of service, transparency and information we offer our Customers. The NVG Hub allows all participating users to insert orders online, with automatic integration into the system, as well as 24/7 access to a set of account information, including order tracking, current account status and invoice consultation. The platform closed the year with presence in 9 markets, 110 on-board Customers, a rate of use and submission of on-line orders of approximately 80% and positive feedback from most users who describe it as intuitive, easy to navigate, useful and functional.

2021 was also marked by the official entry of the Navigator Group into the Packaging business, as well as the launch of the gkraft brand, associated with the packaging market segments, covered by the product ranges offered by the company and making use of the powerful concept "gkraft: From fossil to Forest".



It was marked by a very active attitude of market research, identifying all the crucial factors when entering the business (competition, benchmarking, potential Customers, pricing policy, commercial conditions, etc.), as well as a constant activity in the field of developing products, which materialized during the year, through the production of a highly innovative unbleached pulp (HYKEP Pulp), the basis of its new range of “brown” products, and an equally new range of products in “natural white” (using less chemicals, without optical brighteners and dyes).

The products developed by the company for the packaging market serve the segments of flexible packaging (gKraft FLEX), the sack industry (gKraft BAG), and corrugated cardboard (gKraft BOX).

In total, the Group exceeded 45 thousand tons of sales, exceeding the budget outlined for the year, and for now concentrating its sales in the proximity markets, in southern Europe, and conquering more than a hundred Customers.

In 2022, Navigator has the ambition to double its sales in packaging products, and, in line with the growth plan in this business, the Group already has plans for geographic expansion, further north, and even outside Europe, namely in North Africa and Turkey, where it has noticed interesting business opportunities, and where it intends to expand its Customer base.

To this end, The Navigator Company is already committed to being present at three European Fairs linked to the Packaging business, where it will seek to disclose and affirm the competitive advantages offered by gKraft, and to position itself ever closer to its Customers and consumers.

Regarding the Tissue segment, tissue paper sales amounted to approximately Euro 145,8 million in 2021 (+3% compared to 2020). Commercial activity focuses essentially on sales of finished goods in the Iberian Peninsula, which represent 63% of its sales.

The Group continues with the goal of expanding its commercial activity in Tissue for the foreign market, namely by increasing Navigator’s presence in Spain, and by strengthening sales of finished goods.

9.1.3. Risks associated with the production of energy

The production of electricity is an important activity for the Group, enabling the valuation of an endogenous renewable resource, the biomass generated in the production of BEKP pulp. The energy generation assets also allow the Group’s wood suppliers to generate additional income from the sale of residual forest biomass from their farms, and in this way contribute to reducing the risk of fire in the country.

As a way of boosting the use of forest residual biomass made available by the forestry sector, two biomass thermoelectric plants to produce renewable electric energy were built by the Group in 2009 and are fully operational.

The Group has played a pioneering role and has been developing a market for the sale of biomass for supplying its renewable cogeneration power stations and biomass power plants. The fostering of this market in a phase prior to the start-up of the new power-generating units has enabled it to secure a sustained raw-material supply network.

The incentives in place in Portugal only consider the use of residual forest biomass, rather than the use of wood to produce electrical power.

In terms of legal framework, we highlight the following diplomas:

- i. Decree-Law No. 68-A/2015 of 30 April, which establishes provisions on energy efficiency and cogeneration and amends Decree-Law No. 23/2010 and Order 140/2012, revised by Order 325-A/2012, applicable to the regime of PRE- Special Regime Production in cogeneration;
- ii. For the Biomass Power Plants (CTB) in operation, dedicated to

the production of electricity the legal framework is supported by Decree-Law 33-A/2005 revised by Decree-Law 225/2007, which changes from 15 to 25 years the period of guaranteed remuneration in PRE - Special Regime

Generation. For these assets, the legal framework thus supports a tariff framework that is expected to be stable over the coming years.

- iii. More recently, the Decree-Law no. 120/2019 of 22 August created a special and extraordinary regime for the installation and operation of new biomass recovery plants, located near forest areas considered critical in terms of wildfire risk.
- iv. Decree-Law no. 119-A/2021, of 22 December, which amends a set of measures within the scope of the Covid-19 disease pandemic, namely within the scope of the legal and remuneration regime applicable to electric and mechanical energy and useful heat produced in cogeneration, approved by Decree-Law no. 23/2010, of 25 March, which revised the rules of access and operation of the activity, with regard to admissible technologies and production processes and the change between the different modalities of the remuneration system to mitigate the rise in prices of fossil fuels, namely natural gas, in the post-pandemic recovery period.

As a result of the measures taken under the Financial Adjustment Program to which Portugal was subject, the entire remuneration system of the national electricity sector was revised, being the major impact in the electricity produced from cogeneration, recognised as an energy efficiency measure already which represents one of the most efficient forms of energy production.

The Navigator Group represents a significant part of the energy produced in Portugal. The units owned





and operated by the Group under the Cogeneration regime, supported by a review of the electric energy sales prices, over a period that began temporarily in 2012 and which will end progressively between 2025-2030.

The progressive tariff reduction associated with the sale of electricity in special regime, affects the economic sustainability of the sale to the electricity grid, so therefore after the applicable legal periods, the cogenerations might operate on a self-consumption basis, i.e. directly supplying the industrial units which has already occurred at the natural gas cogeneration plant at Figueira da Foz since February 2016 and at the natural gas combined cycle plant at the industrial complex in Setubal, since the beginning of 2021.

The constant quest for optimisation of production costs and efficiency of generating units and the analysis of new projects for the production of energy from renewable sources are the ways in which the Group seeks to mitigate this risk. Accordingly, the Group will conclude the construction of a new biomass boiler at the industrial site of Figueira da Foz in 2021 and is evaluating the development of a new biomass recovery plant under Decree-Law no. 120/2019. It has also implemented several projects for solar photovoltaic energy on a self-consumption basis.

9.1.4. Environmental risks

Regulatory environment

In recent years, environmental legislation in the EU has become increasingly restrictive regarding the control of CO₂ Emissions. The companies of the Navigator Group comply with the prevailing legislation, in its various parameters (VLEs).

On September 2014, the Commission's implementing decision 2014/687 / EU approved the BREF (Best Available Technologies Reference Documents) – Conclusions on Best Available Techniques of the Reference Paper – for the paper and pulp

sectors containing the new limits and requirements for these sectors. The companies have four years to promote the required adjustments to its practices and equipment. Furthermore, the technical discussion on the Large Combustion Facilities Reference Document was finalised and published. This document has an impact on the Navigator Group's equipment, particularly in boilers and combustion facilities, which will be covered by the new legislation, therefore requiring new investments, such as particle filters for biomass boilers.

In 2015, an environmental strategic plan was analysed and established, aiming to adapt Navigator Group to a set of new and future requirements in the environmental area, namely to the reference document for the sector (Conclusions on Best Available Techniques of the Reference Document for the sector - BREF. Commission Decision 2014/687/EU) and for Large Combustion Facilities. The reference documents correspond to the implementation of Directive 2010/75/EU on industrial emissions. Projects are underway to implement the appropriate technological changes, as well as a new version of the Environmental Master Plan, which incorporates new environmental challenges that have arisen in the meantime.

The Environmental Strategic Plan aimed for areas other than the environmental covered by this document. It was possible to confirm that Navigator Group is broadly in compliance with this future referential and to identify some areas for improvement as well as technological solutions such as atmosphere emissions from biomass boilers.

On the other hand, under the terms set in Decree-Law 147/2008, dated 29 June that transposed directive 2004/35/CE to the national law, the Navigator Group secured the environmental insurances demanded by that law, thus guaranteeing compliance and reducing exposure to environmental risks.

Regarding the evolution of the EU Emissions Trading Scheme (EU ETS), the EU Directive 2018/410, of 14 March, was approved, amending Directive 2003/87/EC to reinforce the cost-effectiveness of emission reductions and investment in low carbon technologies. EU 2018/410 Directive sets out, among other things, the new EU ETS period to be in force between 2021-2030, which will show a reduction in the amount of CO₂ emission allowances allocated free of charge.

This development will bring increased costs for the transformation industry in general and in particular for the paper and pulp industry, without any compensation for the CO₂ that, annually, is absorbed by the forests of this industry.

In order to mitigate the impact of this change, the Group has long undertaken a series of investments of an environmental nature that, among other advantages, have allowed the continued reduction of CO₂ emissions. In 2021, the Navigator Group's direct CO₂ emissions were reduced by 22% compared to 2020. For this decrease, the start-up of the new biomass boiler at the Figueira da Foz industrial complex was decisive.

In addition, the group has a Carbon Neutral Company Program that aims to implement, by 2035, changes in its production processes in order to minimise the use of fossil fuels and consequently reduce their CO₂ emissions.

It should be remembered that Navigator was the first Portuguese company, and one of the first in the world, to anticipate by 15 years, to 2035, the commitment to have its industrial complexes carbon neutral. To this end, the Company had already defined, in 2019, a Roadmap that includes projects based on the use of renewable energy sources, namely biomass and solar, with the aim of minimizing CO₂ emissions resulting from its activity and promoting the improvement of its energy performance.



In 2021, Navigator joined the Science Based Targets initiative (SBTi), following the commitment made in the 2030 Agenda. Contrary to what is usual and allowed for companies by the SBTi methodology, Navigator has already submitted its greenhouse gas (GHG) emission reduction targets for validation based on the most current climate science, waiving the period of two years that companies have and typically use to do so, thus taking another important step in their positioning in the fight against climate change.

The short-term, science-based targets submitted by Navigator are consistent with the ambition to reduce GHG emissions to levels necessary to limit global warming to 1.5°C in the case of scopes 1 and 2, and well below of 2°C, in scope 3. It should be noted that by joining the SBTi, Navigator will induce significant reductions in emissions from its Suppliers within scope 3.

Thus, Navigator reinforces its commitment and objectives for the next decade around one of the relevant themes identified within the scope of its Agenda 2030 for responsible business management - "Climate Change and CO₂ Fixation" -, pursuing the ambition to contribute for the Sustainable Development Goal 13 (Climate Action) and make a positive impact on People and the Planet.

In 2021, the Company also saw its efforts to reduce environmental impact being recognized again, registering an increase in the ESG Risk Rating 2021 of Sustainalytics, the entity that evaluates the Company in the Environmental, Social and Corporate Governance aspects (environment, social and corporate governance) and annually assigns a rating of its performance (within the context of the pulp and paper sector), placing it among the best companies in the world in sustainability with a score of 14.3, having been classified again as a "Low ESG Risk Company" for investors. In this ranking, Navigator is in 3rd place, out of a total of 81 global companies

that are part of the Paper & Forestry industry cluster, and 3rd in the subset of 60 global companies that make up the Paper & Pulp cluster.

The European Commission's policy initiatives will in future include policy and legislative developments in areas such as the EU forestry and biodiversity strategies, the Renewable Energy Directive, the EU Emissions Trading System (ETS) as well as the EU taxonomy.

The EU taxonomy regulation evolved during 2021, but uncertainty remains as to how much Navigator Group economic activities will fall within the scope of the taxonomy, as the legislation evolves. Good management of financial and sustainability risks and opportunities, as well as their disclosure, will improve the likelihood of a favourable perception by the capital markets and, consequently, the cost of capital.

For more detailed information on these and other initiatives within the scope of the Navigator Group's roadmap for carbon neutrality, we advise you to consult our Sustainability Report.

Climate-related Financial Disclosures (TCFD)

In December 2015, the Financial Stability Board (FSB) created the Task Force on Climate-related Financial Disclosures (TCFD) to develop a set of recommendations to clearly and consistently disclose information that helps financial markets understand risks and impacts related to climate change.

The recommendations comprise 4 reporting dimensions:

Governance

Disclose the organization's governance of climate risks and opportunities;

Strategy

Disclose the actual and potential impacts of climate risks and opportunities on the organization's business, strategy and financial planning;

Risk Management

Disclose how the organization identifies, assesses and manages climate risks;

Metrics and Goals

Disclose the metrics and goals used to assess and manage climate risks and opportunities.

During 2022, the Navigator Group intends to integrate the TCFD recommendations into corporate risk management strategy and processes, taking the opportunity to assess potential financial and strategic implications arising from climate change and develop appropriate responses.

Climate change risks

Navigator has been developing a set of strategies to measure and reduce its total GHG footprint, as well as to promote mitigation and adaptation to the risks generated by climate change.

The Group monitors the potential impacts on its financial position, performance and cash flows arising from climate change, namely impacts on relevant accounting estimates and judgements.

Long-term (25 to 30 years) changes in rainfall patterns, periods of drought, frequent extreme weather events and higher average temperatures that increase the risk of forest fires and insect outbreaks can cause damage to the Group's operations and forests, affecting the fair value of biological assets and wood prices. More frequent extreme weather events also increase the risk of disruptions in production, logistics and the supply of raw materials and energy. Uncertainties regarding climate change may also result in changes in the group's cash flow projections or in the review of the useful lives of assets.

The Group has several mechanisms in place aimed at monitoring and mitigating these risks through proactive management and early detection. The Group has incorporated climate change considerations into its reforestation practices, such as establishing and maintaining paths and firebreaks,





conserving species biodiversity, and increasing monitoring during periods of fire danger. In terms of property, plant and equipment, the Group periodically requests independent assessments and reviews of the economic useful lives of its assets.

Physical risks arising from fires and droughts are largely covered by the Group's property and operating loss insurance programs. However, if the frequency and severity of these events increase as a result of climate change, the cost of such coverage could increase.

The Group believes that sustainable forest management, as well as the ability to react to events such as forest fires and diseases, play an important role in mitigating the negative impacts of climate change.

As widely disclosed, the Group's strategy is to provide sustainable and renewable alternatives to fossil-based solutions, presenting attractive growth opportunities in the future. The Group's innovation, the development of sustainable products and investments in energy efficiency will enable Navigator to achieve its climate goals and an adequate response to climate challenges.

The Company continues to show a remarkable free cash-flow generation and a strengthened financial position, and it is the Board of Directors' belief that, given its financial and liquidity position, relevant negative impacts arising from climate change are not expected to justify the recognition of additional impairments or that jeopardize the going concern principle applied in the preparation of these financial statements.

9.1.5. Human resources and talent management

In 2021, despite the pandemic context that brought added challenges, the strategy of standardizing processes, policies and systems was maintained, with a view to making the People and Talent Management processes more robust, as critical supports for the Organization and for Employee

development. It was also a year that required close work with the business in order to jointly overcome some of the challenges that were posed.

During the year, extensive work was performed with the structures representing Workers within the scope of labour negotiations in Navigator's different business areas, with emphasis on the new career regulation for operational technicians, which allowed the career development of more than 1,235 Employees (70% of Employees in the business areas). For the first time, a collective bargaining agreement was also signed for the Tissue segment, with conditions that reflect the current reality of this business.

From the activities plan implemented in 2021, the following should be highlighted:

- Update and standardisation of the rules for attributing the additional supplement to the sickness allowance;
- Recruitment, training and professional internships for future operators, through partnerships with the Instituto do Emprego e Formação Profissional (IEFP), which made it possible to strengthen the theoretical and practical training of future operators, thus contributing to the ongoing rejuvenation program;
- Implementation of the Employer Branding plan in a digital context, without the existence of in-person events, but maintaining the presence of NVG in the different types of remote academic events;
- Implementation of a uniform performance management model for all NVG Employees, with very significant adherence rates and close to 99%;
- Design of new skills programs, in line with the new Career Plan, contributing significantly to the expansion of the Learning Center specialized offer and to the development of Employees;
- Implementation of the Job Family, a new, more flexible career model with clearer development criteria,

- working closely with the Board of Directors and first lines, for future communication to the Organization;
- Development of plans customized to the different needs of the business, including topics such as: Functions convergence plans; Upgrading of Supervisors, Young Executives Plan (standard and faster), among others.

9.1.6. Information systems

The Group's information systems, some of which rely on services rendered by third parties, play key role in the operation of its business. Given the strong reliance placed on information technologies in the several geographies and business areas in which the Group operates, it is important to highlight the risk inherent to systems failures resulting from intentional actions such as computer attacks or accidental actions.

Despite the procedures designed and implemented to mitigate the mentioned risks, the Navigator Group is aware that, in the absence of inviolable information systems, it cannot be guaranteed that these efforts will be sufficient to prevent such system failures, as well as the related repercussion on reputation, litigation, inefficiencies or even in allocating operating margins.

The Group uses the support of service providers in the area of outsourcing information systems, having renewed, during 2021, the outsourcing contracts for the management and operation of infrastructures and for application management and maintenance until 31 December 2023 and 31 December 2024, respectively.

9.1.7. Other risks associated with the Group's activity

The Navigator Company Group's manufacturing facilities are subject to risks inherent to any industrial activity, such as accidents, breakdowns or natural disasters that may cause losses in the assets or temporary interruptions in the production process.



Likewise, these risks may also affect the Navigator Group's main Customers and Suppliers, which would have a significant impact on the levels of the profitability, should it not be possible to find new Customers to ensure sales levels and new Suppliers that would enable the Group to maintain its current cost structure.

The Navigator Group exports over 95% of its production of UWF paper and about 44% of its production of Tissue paper. Consequently, transportation and logistics costs are materially relevant. A continuous rise in transport costs may have a significant impact in its earnings.

9.1.8. Context risks

The lack of efficiency in the Portuguese economy continues to be followed, adversely affecting the Group's competitiveness, mainly in the following areas:

- i. Ports and railroads;
- ii. Roads, particularly those providing access to the Navigator Group's producing units;
- iii. Territorial planning and forest fires;
- iv. Low productivity of the country's forests;
- v. The lack of certification of most of the Portuguese forest;
- vi. Volatility of the tax policy and no reduction of the corporate income tax rate, as well as non-elimination of the surcharges.





10. Provisions, Commitments and Contingencies

10.1. PROVISIONS

> MOVEMENTS IN PROVISIONS

Amounts in Euro

	Legal proceedings	Other Provisions	Total
1 January 2020	5,506,894	14,441,452	19,948,347
Increases	2,166,697	3,122,460	5,289,157
Reversals	(2,978,869)	-	(2,978,869)
Impact in profit or loss for the period	(812,172)	3,122,460	2,310,288
Exchange rate adjustment	(26,617)	-	(26,617)
Other transfers and adjustments	-	1,177,317	1,177,317
31 December 2020	4,668,105	18,741,229	23,409,335
Increases	3,815,210	1,300,000	5,115,210
Charge-off	(16,250)	-	(16,250)
Reversals	(1,443,952)	(512,064)	(1,956,016)
Impact in profit or loss for the period	2,355,008	787,936	3,142,944
Exchange rate adjustment	(71,839)	-	(71,839)
Other transfers and adjustments	-	271,641	271,641
31 December 2021	6,951,274	19,800,805	26,752,081

No refunds of any nature are expected in respect of these provisions.

LEGAL PROCEEDINGS

The outcome of provisions for legal proceedings depends on the labour or civil court decisions.

As at 31 December 2021, the balance is mainly composed of amounts referring to labour processes (2021: Euro 6 million; 2020: Euro 2.8 million) and proceedings initiated by the IGAMAOT (Inspeção-Geral da Agricultura, do Mar, do Ambiente e do Ordenamento do Território) (2021: Euro 617 thousand (2020: Euro 496 thousand).

OTHER PROVISIONS

The amount presented includes provisions to cover risks related to events of a different nature, the resolution of which may result in outflows of cash, in particular organisational restructuring processes, risks of contractual positions assumed in investments, among others.

In 2021, Other provisions include Euro 17,300,000 (2020: Euro 16,000,000) related to the

Mozambique project. Although the Memorandum of Understanding (MoU) signed with the Mozambican Government provided for a “best effort” commitment to create the necessary conditions to carry out the investment until last 31 December 2018, that was not possible until 31 December 2021, and both parties continued to work towards that goal. The reinforcement for the period in the amount of Euro 1,300,000 results from the financial update of this responsibility.



Accounting policies

Provisions are recognised whenever the Group has a present legal or constructive obligation, as a result of past events, in which it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions for future operating losses are not recognised. Provisions are reviewed on the date of the statement of financial position and are adjusted

to reflect the best estimate at that date.

The Group incurs expenditure and assumes liabilities of an environmental nature. Accordingly, expenditures on equipment and operating techniques that ensure compliance with applicable legislation and regulations (as well as on the reduction of environmental impacts to levels that do not exceed those representing a viable application of the best available technologies, on those related to minimising energy consumption, atmospheric emissions, the production of residues and noise), are capitalised when they are intended to serve the Group’s business in a durable way, as well as those associated with future economic benefits and which serve to extend the useful lives, increase capacity or improve the safety or efficiency of other assets owned by the Group.





The Group's uncertain income tax positions are disclosed in Note 6.1 - Income Tax



Estimates and judgements

Legal and tax proceedings

These provisions were made in accordance with the risk assessments carried out internally by the Group with the support of its legal advisers, based on the probability of the decision being favourable or unfavourable to the Group.

10.2. COMMITMENTS

› GUARANTEES PROVIDED TO THIRD PARTIES

	<i>Amounts in Euro</i>	
	31/12/2021	31/12/2020
Guarantees provided		
Navigator guarantees for EIB loans	42,916,667	56,666,667
Portuguese Tax Authorities	6,513,318	15,264,923
Customs clearance - USA	-	5,671,909
IAPMEI	1,280,701	1,280,701
Customs clearance	1,250	1,250
Spanish Tax Administration State Agency	1,033,204	1,033,204
Portuguese Environment Agency	1,527,484	1,141,618
Simria	338,829	338,829
Other	1,987,855	700,971
	55,599,308	82,100,072

The guarantees provided to IAPMEI were carried out within the scope of the Investment contracts signed between the Portuguese State and Navigator Pulp Aveiro, S.A. (Euro 833,097) and Navigator Tissue Ródão, S.A. (Euro 447,604), in accordance with the terms and conditions defined

in the Payment Standard applicable to projects approved under QREN Incentive Systems.

The bank guarantees provided to the Tax Authority relate to the dispute of litigation processes, related to the IRC for the 2015 tax period.

In the case of the Portuguese Environment Agency, bank guarantees were provided in the context of proceedings in litigation associated with the water resources rate for the years 2017 to 2020.

› PURCHASE COMMITMENTS

	<i>Amounts in Euro</i>	
	31/12/2021	31/12/2020
Purchase commitments		
Property, plant and equipment - Industrial equipment	14,612,464	9,367,666
Wood		
Commitments with acquisitions in the subsequent period	287,700,000	191,698,539
Commitments to long-term acquisitions	88,100,000	79,200,000
	390,412,464	280,266,205





Other commitments

The Navigator Group has made a commitment to achieve carbon neutrality by 2035, with an estimated global investment of Euro 154 million, of which Euro 55 million have already been invested until 31 December 2021.

10.3. CONTINGENT ASSETS AND LIABILITIES

PUBLIC DEBT SETTLEMENT FUND

According to Decree-Law no. 36/93 of 13 February, the tax debts of privatised companies relating to periods prior to the privatisation date (25 November 2006) are the responsibility of the Public Debt Settlement Fund

(FRDP). The Navigator Company submitted an application to the FRDP on 16 April 2008, requesting the payment of the tax debts until then settled by the Tax Authorities. On 13 December 2010, the company filed a new request for payment of debts assessed by the Tax Administration for the periods of 2006 and 2003, which was supplemented, on 13 October 2011, with the amounts already paid and undisputed relating to these same debts, as well as the expenses directly related thereto, pursuant to the ruling dated 24 May 2011 (Case no. 0993A/02), which confirmed the Company's position regarding the enforceability of such expenses.

On 13 December 2017, The Navigator Company, S.A. has made an extra-judicial agreement with the Tax Authorities, in which it was acknowledged the FRDP responsibility for refunding the amount of Euro 5,725,771 corresponding to the amount of Corporate Income Tax (IRC) unduly paid, resulting from the alleged qualification/incorrect consideration, by the Tax Authorities, of the tax loss calculated as a result of the operations performed by Soporcel, S.A. in 2003, as well as to promote the reimbursement to Navigator of the mentioned amount.

In this context, FRDP is liable for Euro 22,140,855, detailed as follows:

Amounts in Euro

	Period	Amounts requested	Decrease due to RERD	Proceedings decided favourable to the Group	Outstanding amounts
Proceedings confirmed in court					
Corporate income tax	2002	18,923	-	-	18,923
Corporate income tax (withholding tax)	2004	3,324	-	-	3,324
Corporate income tax	2004	766,395	-	(139,023)	627,372
Expenses		314,957	-	-	314,957
		1,103,599	-	(139,023)	964,576
Proceedings not confirmed in court					
Corporate income tax	2005	11,754,680	(1,360,294)	-	10,394,386
Corporate income tax	2006	11,890,071	(1,108,178)	-	10,781,893
		23,644,751	(2,468,472)	-	21,176,279
		24,748,350	(2,468,472)	(139,023)	22,140,855

Regarding the aggregate corporate income tax proceedings of 2005 and 2006, if Courts come to a decision in favour of Navigator Group, the Group will withdraw the request made to FRDP.

PUBLIC DEBT SETTLEMENT FUND - PROCEEDING NO. 774/11.3 BEALM

Additionally, a new petition was filed in the Administrative Court of Almada on 11 October 2011, which called for the refund of various amounts, amounting to Euro 136,243,949. These amounts regard adjustments in the financial statements of the Group after its privatisation that had not

been considered in formulating the price of its privatisation as they were not included in the documentation made available for consultation by the bidders.

On 24 May 2014, the Court denied the Navigator Company Group's proposal to present testimony evidence, alternatively proposing written submissions. On 30 June 2014, the Group appealed against this decision, but continuously presented written evidence. The Court subsequently confirmed the Navigator Company Group's views on this matter, both parts appointed experts and the partial expert report was issued on

July 2017, being required either by The Navigator Company, S.A. either by the Ministério das Finanças, the attendance of both designated experts in court hearing, in order to provide oral explanations on the expert report.

Following claims filed by Navigator on 11 September 2017 and 15 January 2019, the experts submitted redrafted Expert Reports on 27 December 2018 and 19 March 2019, respectively.

The trial hearing sessions took place between May and June 2019, with the parties filing closing arguments in September 2019 and now awaiting the Court's decision.



INFRASTRUCTURE ENHANCEMENT AND MAINTENANCE FEE

Under the licensing proceeding no. 408/04 related to the new Setubal paper mill project, the City Council issued a settlement note to Navigator regarding an infrastructure enhancement and maintenance fee ("TMUE") amounting to Euro 1,199,560, with which the Company disagrees.

This situation regards the amount collected under this levy in the licensing process mentioned above, for the construction of a new paper mill in the industrial site of Mitrena, Setubal. The Navigator disagrees with the amount charged and filed

an administrative claim against it on 25 February 2008 (request no. 2485/08), followed by an appeal to Court against the rejection of the claim on 28 October 2008. On 3 October 2012, this claim had an adverse decision, and in 13 November 2012, Navigator appealed to the Supreme Administrative Court (STA - Supremo Tribunal Administrativo), which referred the case to the Administrative Central Court (TCA - Tribunal Central Administrativo) on 4 July 2013.

On 19 November 2020 the South Administrative Central Court (TCA Sul- Tribunal Central Administrativo) issued a decision which determined

that the case should be sent back to the court of first instance to expand on the contested facts. An exceptional appeal was filed with the STA against this decision, and on 24 March 2021 the STA decided not to allow the appeal. Having the case returned to the first instance, the Administrative and Fiscal Court (TAF - Tribunal Administrativo e Fiscal) of Almada issued a new unfavourable sentence on 4 November 2021. Navigator presented an appeal to TCA Sul on 13 December 2021, which was allowed and is now awaiting a decision.





11. Group Structure

11.1. COMPANIES INCLUDED IN THE CONSOLIDATION PERIMETER

11.1.1. NAVIGATOR GROUP SUBSIDIARIES

COMPANY	HEAD OFFICE	Share equity owned				MAIN ACTIVITY
		31/12/2021			31/12/2020	
		DIRECT	INDIRECT	TOTAL	TOTAL	
Parent company:						
The Navigator Company, S.A.	Portugal	-	-	-	-	Sale of paper and pulp
Subsidiaries:						
Navigator Brands, S.A.	Portugal	100.00	-	100.00	100.00	Acquisition, operation, lease or concession of the use and disposal of trademarks, patents and other industrial or intellectual property
Navigator Parques Industriais, S.A.	Portugal	100.00	-	100.00	100.00	Management of industrial real estate
Navigator Paper Figueira, S.A.	Portugal	100.00	-	100.00	100.00	Paper production
Empremédia - Corretores de Seguros, S.A.	Portugal	100.00	-	100.00	100.00	Insurance mediation and advisory services
Empremédia, DAC	Ireland	100.00	-	100.00	100.00	Management of shareholdings
Empremédia RE, DAC	Ireland	-	100.00	100.00	-	Insurance mediation and advisory services
Raiz - Instituto de Investigação da Floresta e Papel	Portugal	97.00	-	97.00	97.00	Applied research in the field of pulp and paper industry and forestry activity
Raiz Ventures, SA	Portugal	-	97.00	97.00	97.00	Promotion of business units directly or indirectly related to research, development and innovation activities in the field of forest-based bioeconomy
About the Future - Essential Oils, SA **	Portugal	-	97.00	97.00	97.00	Production, rectification and wholesale of essential oils
Enerpulp - Cogeração Energética de Pasta, S.A.	Portugal	100.00	-	100.00	100.00	Energy production
Navigator Pulp Figueira, S.A.	Portugal	100.00	-	100.00	100.00	Production of cellulose pulp and provision of administration, management and internal advisory services
Ema Cacia - Engenharia e Manutenção Industrial, ACE	Portugal	-	74.20	74.20	74.20	Provision of industrial maintenance services
Ema Setúbal - Engenharia e Manutenção Industrial, ACE	Portugal	-	80.20	80.20	80.20	
Ema Figueira da Foz- Engenharia e Manutenção Industrial, ACE	Portugal	-	79.80	79.80	79.80	
Navigator Pulp Setúbal, S.A.	Portugal	100.00	-	100.00	100.00	Cellulose pulp production
Navigator Pulp Aveiro, S.A.	Portugal	100.00	-	100.00	100.00	Cellulose pulp production
Navigator Tissue Aveiro, S.A.	Portugal	100.00	-	100.00	100.00	Tissue paper production
Navigator Tissue Ródão, S.A.	Portugal	-	100.00	100.00	100.00	
Navigator Tissue Iberica, S.A.	Spain	-	100.00	100.00	100.00	Sale of tissue paper
Portucel Moçambique - Sociedade de Desenvolvimento Florestal e Industrial, Lda	Mozambique	90.02	-	90.02	90.02	Forestry production
Navigator Internacional Holding SGPS, S.A.	Portugal	100.00	-	100.00	100.00	Management of shareholdings
Navigator Financial Services sp. z o.o. **	Poland	-	-	-	100.00	Financial services
Navigator Forest Portugal, S.A.	Portugal	100.00	-	100.00	100.00	Forestry production
EucaliptusLand, S.A.	Portugal	-	100.00	100.00	100.00	Forestry production

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COMPANY	HEAD OFFICE	Share equity owned				MAIN ACTIVITY
		31/12/2021			31/12/2020	
		DIRECT	INDIRECT	TOTAL	TOTAL	
Sociedade de Vinhos da Herdade de Espirra - Produção e Comercialização de Vinhos, S.A.	Portugal	-	100.00	100.00	100.00	Wine production
Gavião - Sociedade de Caça e Turismo, S.A.	Portugal	-	100.00	100.00	100.00	Management of hunting resources
Afocelca - Agrupamento complementar de empresas para protecção contra incêndios, ACE	Portugal	-	64.80	64.80	64.80	Provision of forest fire prevention and fighting services
Viveiros Aliança - Empresa Produtora de Plantas, S.A.	Portugal	-	100.00	100.00	100.00	Plant production in nurseries
Atlantic Forests, S.A.	Portugal	-	100.00	100.00	100.00	Provision of services within the scope of forestry activities and trade in timber
Bosques do Atlantico, SL	Spain	-	100.00	100.00	100.00	Trade in wood and biomass and logging
Navigator Africa, SRL	Italy	-	100.00	100.00	100.00	Trade in wood and biomass and logging
Navigator Paper Setúbal, S.A.	Portugal	100.00	-	100.00	100.00	Paper and energy production
Navigator North America Inc.	USA	-	100.00	100.00	100.00	Sale of paper
Navigator Afrique du Nord	Morocco	-	100.00	100.00	100.00	Provision of sales intermediation services
Navigator España, S.A.	Spain	-	100.00	100.00	100.00	Provision of sales intermediation services
Navigator Netherlands, BV	The Netherlands	-	100.00	100.00	100.00	Provision of sales intermediation services
Navigator France, EURL	France	-	100.00	100.00	100.00	Provision of sales intermediation services
Navigator Paper Company UK, Ltd	United Kingdom	-	100.00	100.00	100.00	Provision of sales intermediation services
Navigator Italia, SRL	Italy	-	100.00	100.00	100.00	Provision of sales intermediation services
Navigator Deutschland, GmbH	Germany	-	100.00	100.00	100.00	Provision of sales intermediation services
Navigator Paper Austria, GmbH	Austria	-	100.00	100.00	100.00	Provision of sales intermediation services
Navigator Paper Poland sp. z o.o.	Poland	-	100.00	100.00	100.00	Provision of sales intermediation services
Navigator Eurasia	Turkey	-	100.00	100.00	100.00	Provision of sales intermediation services
Navigator Rus Company, LLC **	Russia	-	-	-	100.00	Provision of sales intermediation services
Navigator Paper Mexico	Mexico	25.00	75.00	100.00	100.00	Provision of sales intermediation services
Navigator Middle East Trading DMCC	Dubai	-	100.00	100.00	100.00	Provision of sales intermediation services
Navigator Egypt, ELLC	Egypt	1.00	99.00	100.00	100.00	Provision of sales intermediation services
Navigator Abastecimento de Madeira, ACE	Portugal	97.00	3.00	100.00	100.00	Sale of timber

* Companies merged and liquidated in 2021 (Note 11.2)





11.1.2. Incorporated joint operations

COMPANY	HEAD OFFICE	Share equity owned			TOTAL	TOTAL	MAIN ACTIVITY
		31/12/2021	31/12/2020				
Pulpchem Logistics, A.C.E.	Portugal	50.00	-	50.00	50.00	Purchases of materials, subsidiary materials and services used in the pulp and paper production processes	

11.2. CHANGES IN THE CONSOLIDATION PERIMETER

During the period ended 31 December 2021, the consolidation perimeter was changed from the previous period by the following corporate reorganisation operations:

- Merger by incorporation of About The Future - Essencial Oils, S.A. in Raiz Ventures, S.A.
- Liquidation of Navigator Financial Services Sp. Z.o.o. and Navigator Rus Company, LLC.
- Incorporation of Empremedia RE, DAC, in Ireland.

11.3. TRANSACTIONS WITH RELATED PARTIES

> BALANCES WITH RELATED PARTIES

Amounts in Euro

	31/12/2021			31/12/2020		
	RECEIVABLES (NOTE 4.2)	PAYABLES (NOTE 4.3)	LEASE LIABILITIES (NOTE 5.8)	RECEIVABLES (NOTE 4.2)	PAYABLES (NOTE 4.3)	LEASE LIABILITIES (NOTE 5.8)
Shareholders (Note 5.2)						
Semapa - Soc. de Investimento e Gestão, SGPS, S.A.	-	7,470,630	-	-	7,001,046	-
Other subsidiaries of Semapa Group						
Secil - Companhia Geral Cal e Cimento, S.A.	-	40,831	-	443,649	35,503	-
Secil Britas, S.A.	-	138,666	-	-	86,954	-
Secil Prebetão, S.A.	-	41,858	-	-	-	-
CMP - Cimentos Maceira e Pataias, S.A.	-	24	-	-	23,682	-
Unibetão, S.A.	-	16,527	-	-	66,595	-
Other related parties						
Sonagi Imobiliária, S.A.	-	-	-	-	-	188,841
Hotel Ritz, S.A.	-	3,464	-	-	3,654	-
	-	7,712,000	-	443,649	7,217,433	188,841



> TRANSACTIONS WITH RELATED PARTIES

Amounts in Euro

	31/12/2021			31/12/2020			
	PURCHASE OF GOODS AND SERVICES	SALES AND SERVICES RENDERED	FINANCIAL (EXPENSES)/ INCOME	PURCHASE OF GOODS AND SERVICES	SALES AND SERVICES RENDERED	OTHER OPERATING INCOME	FINANCIAL (EXPENSES)/ INCOME
Shareholders (Note 5.2)							
Semapa - Soc. de Investimento e Gestão, SGPS, S.A.	10,043,173	34	-	8,743,735	-	-	9,217
	10,043,173	34	-	8,743,735	-	-	9,217
Other subsidiaries of Semapa Group							
Secil - Companhia Geral Cal e Cimento, S.A.	165,466	15,750	606	58,549	12,000	233,356	-
Secil Britas, S.A.	310,125	-	-	45,188	-	-	-
Secil Prebetão, S.A.	5,475	-	-	-	-	-	-
CMP - Cimentos Maceira e Pataias, S.A.	8,846	-	450	45,582	-	-	-
Unibetão, S.A.	5,756	-	-	78,684	-	-	-
	495,668	15,750	1,056	228,003	12,000	233,356	-
Other related parties							
Seinpar Investments BV	-	-	-	-	-	1,735	-
Hotel Ritz, S.A.	21,656	-	-	7,878	-	-	-
	21,656	-	-	7,878	-	1,735	-
	10,560,497	15,784	1,056	8,979,616	12,000	235,091	9,217

On 1 February 2013, a contract to render administrative and management services was signed between Semapa - Sociedade de Investimentos e Gestão, SGPS, S.A. (currently owner of 69.97% of the Group's share capital) and Navigator Group, establishing a remuneration system based in equal criteria for both parties in the continuous cooperation and assistance relationships, that meets the rules applicable to commercial relationships between Group companies.

A lease agreement was also entered into between Navigator Brands, S.A. (formerly called Navigator

Paper Figueira, S.A.) and Cimilonga - Imobiliária, S.A. under which an office was leased in Semapa SGPS, SA headquarters' building, in Lisbon, which was terminated in 2020.

The Navigator Company, S.A. and Refundos - Sociedade Gestora de Investimentos Imobiliário, S.A., also entered into a lease agreement beginning on 1 June 2017 and ending on 31 May 2027, automatically renewable for a 5-year period, regarding the lease of an office building located in Lisbon, Avenida Fontes Pereira de Melo. Since the Company was sold to a third party,

it is no longer considered a related party in 2020.

The operations performed with the Secil Group arise from normal market operations.

In the identification of related parties for the purpose of financial reporting, the members of the Board of Directors and other corporate bodies were considered as related parties.



The remuneration of the Group's key corporate bodies is detailed in Note 7.3 - Remuneration of corporate bodies.

12. Explanation added for translation

These financial statements are a translation of the financial statements originally issued in Portuguese. In the

event of discrepancies, the Portuguese language version shall prevail.



BOARD OF DIRECTORS

Ricardo Miguel dos Santos Pacheco Pires
Chairman of the Board of Directors

António José Pereira Redondo
Chairman of the Executive Board

Adriano Augusto da Silva Silveira
Executive Board Member

José Fernando Morais Carreira de Araújo
Executive Board Member

Nuno Miguel Moreira de Araújo Santos
Executive Board Member

João Paulo Araújo Oliveira
Executive Board Member

João Paulo Cabete Gonçalves Lé
Executive Board Member

Manuel Soares Ferreira Regalado
Member

Maria Teresa Aliu Presas
Member

Mariana Rita Antunes Marques dos Santos
Member

Sandra Maria Soares Santos
Member

Vítor Manuel Rocha Novais Gonçalves
Member

Vítor Paulo Paranhos Pereira
Member







Statutory Auditor's Report and Audit Report / Consolidated Financial Statements

STATUTORY AUDITORS' REPORT and AUDITORS' REPORT

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

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of **The Navigator Company, S.A.** (the Group), which comprise the consolidated statement of financial position as at 31 December 2021 (showing a total of Euro 2,527,311,551 and total equity of Euro 1,045,114,080, including a profit for the year of Euro 171,411,455), the consolidated income statement by nature, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the accompanying notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of **The Navigator Company, S.A.** as at 31 December 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and further technical and ethical standards and guidelines as issued by Ordem dos Revisores Oficiais de Contas (the Portuguese Institute of Statutory Auditors). Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section below. We are independent of the entities that comprise the Group in accordance with the law and we have fulfilled other ethical requirements in accordance with the Ordem dos Revisores Oficiais de Contas' code of ethics.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Recoverability of Goodwill (Euro 377,339,466) and Property, plant and equipment (Euro 1,145,244,507)

See Note 1.6 Significant accounting estimates and judgements and Notes 3.1 and 3.3 of the notes to the Financial Statements

The Risk

The recoverability of goodwill and property, plant and equipment is critical due to the materiality of the amounts involved and the complexity and subjectivity associated with impairment tests, namely as a result of the uncertainty inherent to financial projections, which rely on the Board of Directors' expectations, materialised in business plans, which are based on several assumptions, associated with discount rates, expected margins, short and long term growth rates, investment plans and demand behaviour, assumptions that are not observable in the market.

Our response to the identified risk

Our audit procedures included, amongst others, those that we describe below:

- We assessed the design and implementation of the main controls implemented by the Group related to this matter and analysed the budgeting procedures on which the projections are based, by comparing the current performance with estimates made in previous periods, and the integrity of the discounted cash flow model;
 - We compared the internal and external assumptions used and their reasonableness, such as current business trends, market performance, inflation, projected economic growth and discount rates;
 - We performed sensitivity analyses to the robustness of the assumptions and forecasts used;
 - We involved our experts in benchmarking the average cost of capital rate; and,
 - We reviewed the adequacy of the disclosures to the financial statements, in accordance with the applicable accounting standards.
-



Fair value of biological assets (Euro 147,324,061)

See Note 1.6 Significant accounting estimates and judgements and Note 3.8 of the notes to the Financial Statements.

The Risk

The fair value of biological assets is determined through an internally developed model, based on economic and market projections, whose assumptions, namely forest productivity, wood sales price deducted by harvesting costs, the value of own and leased land rents, logging and transportation costs, plantation and maintenance costs and discount rate, require a high degree of estimation and judgment by the Board of Directors.

Our response to the identified risk

Our audit procedures included, amongst others, those that we describe below:

- We assessed the design and implementation of the main controls implemented by the Group related to this matter;
 - We tested the model's mathematical accuracy and integrity;
 - We analysed the budgeting procedures on which projections are based;
 - We compared the current performance of the variables underlying the model with estimates made in previous periods, on the main variables: forest productivity, the value of land rents, structure costs, logging and transportation costs, plantation and maintenance costs;
 - We compared the internal and external assumptions used in the model, such as spot and trend price and the discount rate with market data and assessed their sensitivity;
 - We reviewed the adequacy of the disclosures to the financial statements, in accordance with the applicable accounting standards.
-



Uncertainty over income tax treatments

See Note 1.6 Significant accounting estimates and judgements and Notes 6.1 and 6.2 of the notes to the Financial Statements

The Risk

The application of tax law to different transactions and circumstances of uncertain tax treatment has an inherent complexity and requires judgment in determining and measuring the risks and uncertainties in defining the best estimate, by weighing all possible outcomes under its control and their associated probabilities.

The estimate of amounts that may result in future outflows requires a high degree of judgment by the Board of Directors. The Board of Directors assesses the probability of outcome, based on the opinion of legal and tax advisors.

Our response to the identified risk

Our audit procedures included, amongst others, those that we describe below:

- We assessed the processes for monitoring uncertain tax positions regarding the income tax treatment, including design and implementation testing of the main controls in place and inquiries to the Board of Directors and to tax managers on the basis of their estimates and judgements;
 - We analysed ongoing tax proceedings and potential uncertain tax positions, considering the effect of uncertainty for each uncertain tax treatment, with the support of tax experts, and reviewed existing documentation;
 - We analysed the responses to the confirmation requests received from external lawyers;
 - We assessed the consistency of the criteria followed in the previous years; and
 - We reviewed the adequacy of the disclosures to the financial statements, in accordance with the applicable accounting standards.
-



Responsibilities of management and the supervisory body for the consolidated financial statements

Management is responsible for:

- the preparation of consolidated financial statements that give a true and fair view of the Group's consolidated financial position, financial performance and the consolidated cash flows, in accordance with the International Financial Reporting Standards as adopted by the European Union;
- the preparation of the management report, the corporate governance report, the consolidated non-financial information and the remuneration report in accordance with applicable laws and regulations;
- the designing and maintaining of an appropriate internal control system to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and
- assessing the Group's ability to continue as a going concern, and disclosing, as applicable, the matters that may cast significant doubt about the Group's ability to continue as a going concern.

The supervisory body is responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;



- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and the events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.
- communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit, and significant audit findings including any significant deficiencies in internal control that we identify during our audit;
- determine, from the matters communicated with those charged with governance, including the supervisory body, those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes their public disclosure; and,
- provide the supervisory body with a statement that we have complied with the relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Our responsibility also includes the verification that the information contained in the consolidated management report is consistent with the consolidated financial statements, and the verification of the requirements as provided in numbers 4 and 5 of Article 451 of the Portuguese Companies' Code regarding the corporate governance report, as well as the verification that the consolidated non-financial information and the remuneration report were presented.



REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the consolidated management report

Pursuant to Article 451, nr. 3, al. (e) of the Portuguese Companies' Code, it is our opinion that the consolidated management report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited consolidated financial statements and, having regard to our knowledge and assessment of the Group, we have not identified any material misstatements.

On the corporate governance report

Pursuant to Article 451, nr. 4, of the Portuguese Companies' Code, it is our opinion that the corporate governance report includes the information required to the Group to provide under Article 29-H of the Securities Code, and we have not identified any material misstatements on the information provided therein in compliance with paragraphs c), d), f), h), i) and l) of number 1 of that Article.

On the non-financial information

Pursuant to Article 451, nr. 6 of the Portuguese Companies' Code, we inform that the Group has prepared a separate report which includes the consolidated non-financial information as provided for in Article 508-G of the Portuguese Companies' Code and was disclosed together with the consolidated management report.

On the remuneration report

Pursuant to Article 26-G, nr. 6, of the Securities Code, we inform that the Group has included in the corporate governance report, in a separate chapter, the information provided in number 2 of that Article.

On the European single electronic format (ESEF)

The consolidated financial statements of The Navigator Company, S.A. for the year ended 31 December 2021 have to comply with the applicable requirements established by the European Commission Delegated Regulation 2019/815 of 17 December 2018 (ESEF Regulation).

Management is responsible for the preparation and presentation of the annual report in accordance with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements, included in the annual report, have been prepared in accordance with the requirements of the ESEF Regulation.

Our procedures considered the Portuguese Institute of Statutory Auditors technical application guide on ESEF reporting and included, amongst others:

- obtaining an understanding of the financial reporting process, including the presentation of the annual report in a valid XHTML format; and
- identifying and assessing the risks of material misstatement related to the tagging of information in the financial statements, in XBRL format using iXBRL technology. This assessment was based on an understanding of the information tagging process implemented by the Entity.



In our opinion, the consolidated financial statements, included in the annual report, are presented, in all material respects, in accordance with the requirements established by the ESEF Regulation.

On the additional matters provided in Article 10 of the Regulation (EU) 537/2014

Pursuant to article 10 of the Regulation (EU) 537/2014 of the European Parliament and of the Council, of 16 April 2014, and in addition to the key audit matters mentioned above, we also report the following:

- We were first appointed as auditors of The Navigator Company, S.A. (parent Entity of the Group) in the shareholders general assembly held on 22 September 2017 to complete the last year of the mandate from 2015 to 2018. We were appointed at the shareholders general assembly held on 9 April 2019 for a second mandate from 2019 to 2022.
- Management has confirmed to us that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the financial statements. In planning and executing our audit in accordance with ISAs we maintained professional scepticism, and we designed audit procedures to respond to the possibility of material misstatement in the consolidated financial statements due to fraud. As a result of our work, we have not identified any material misstatement of the consolidated financial statements due to fraud.
- We confirm that the audit opinion we issue is consistent with the additional report that we prepared and delivered to the supervisory body of the Group on 28 March 2022.
- We declare that we have not provided any prohibited services as described in Article 5 of the Regulation (EU) 537/2014 of the European Parliament and of the Council, of 16 April 2014, and we have remained independent of the Entity in conducting the audit.

28 March 2022

KPMG & Associados

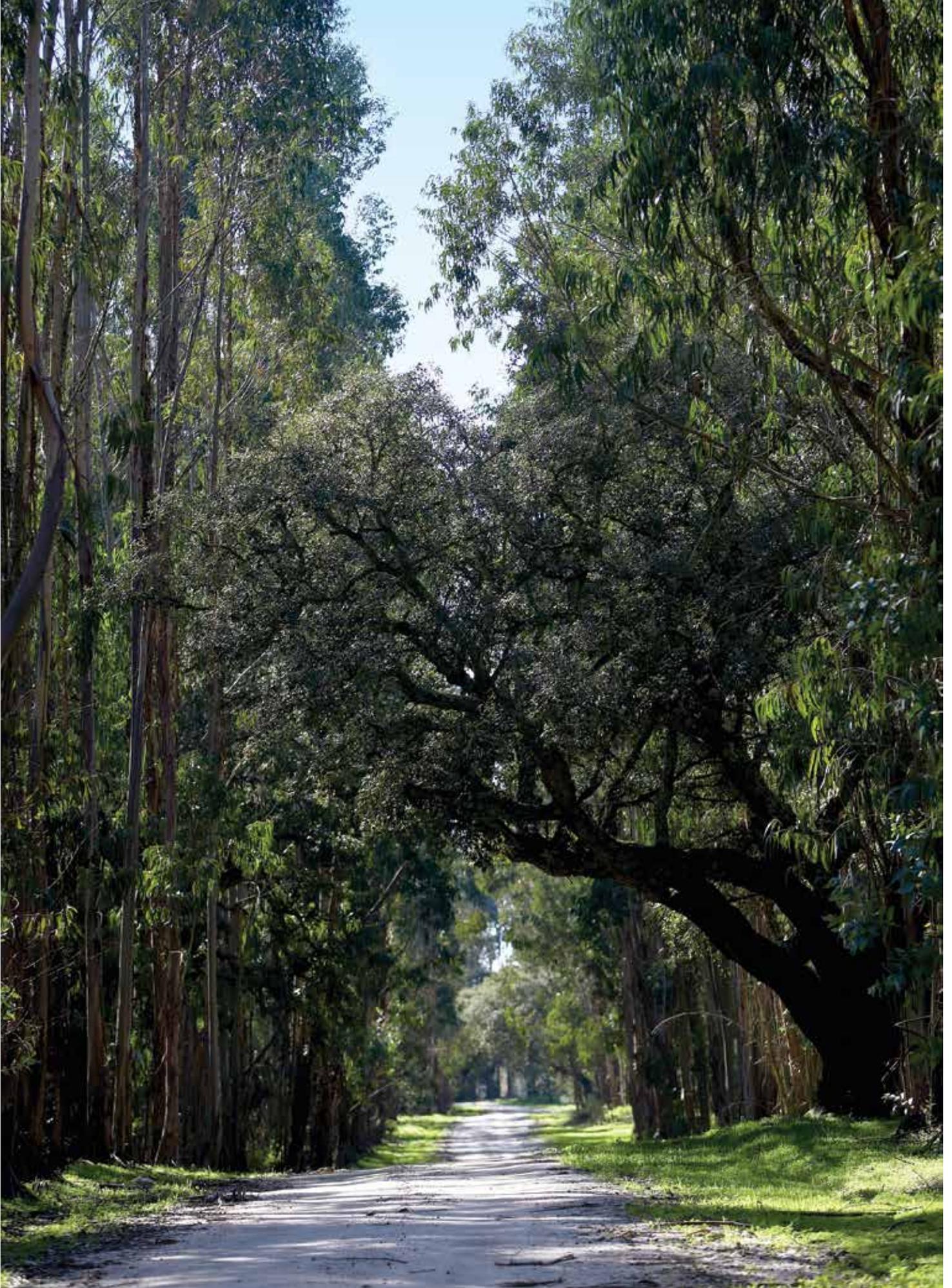
**Sociedade de Revisores Oficiais de Contas, S.A. (no. 189)
(no. 189 and registered at CMVM with no. 20161489)**

represented by

Rui Filipe Dias Lopes

(ROC no. 1715 and registered at CMVM with no. 20161037)







Report and Opinion of The Supervisory Board Fiscal / Consolidated Financial Statements

THE NAVIGATOR COMPANY, S.A.

Report and Opinion of the Audit Board CONSOLIDATED FINANCIAL ACCOUNTS

2021 Financial Year

Shareholders,

1. In accordance with the law, the articles of association of the Company and the terms of our mandate, we hereby submit the report on our supervisory activities in 2021 and issue our opinion on The Consolidated Management Report and Consolidated Financial Statements presented by the Board of Directors of the Navigator Company, SA, for the financial year ended 31 December 2021.
2. Over the course of the year we regularly monitored the affairs of the Company and its most significant affiliates and associates, with the frequency and to the extent we deemed appropriate,

through periodic meetings with the Company's directors and senior management. We monitored the verification of the accounting records and respective supporting documentation, as well as the effectiveness of the risk management, internal control and internal audit systems. We monitored compliance with the law and the articles of association. In the course of our work we encountered no constraints whatsoever.

3. We met several times with the Statutory Auditor and External Auditor, KPMG & Associados, SROC, Lda, monitoring its auditing activities and checking its independence. We assessed the Legal Accounts Certificate and the Audit Report and are in agreement with the Legal Accounts Certificate presented.
4. The Audit Board analyzed the proposals submitted to it for the provision of non-audit services by the external auditor, and approved those that concerned permitted services, did not affect the independence of the external auditor

and complied with additional legal requirements.

5. In the course of our work we found that:
 - a) The Consolidated Income Statement, the Consolidated Statement of Financial Position, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related Notes to the Consolidated Financial Statements, provide an adequate understanding of the Company's financial position and results, comprehensive income, changes in equity, and cash flows;
 - b) The accounting policies and valuation criteria adopted comply with the International Financial Reporting Standards (IFRS) as adopted in the European Union and suitably assure that such criteria lead to a correct valuation of the Company's assets and profits, taking due account of the analyses and recommendations of the external auditor;

- c) The Management Report provides a sufficient description of the business affairs of the Company and its affiliates included in the consolidated accounts, offering a clear account of the most significant developments;
- d) The Corporate Governance Report includes the information required by Article 245-A of the Securities Code and takes into account the recommendations of the Code of the Portuguese Institute for Corporate Governance (IPCG).
- 6.** Accordingly, taking into consideration the information received from the Board of Directors and the Company departments, and also the conclusions of the Legal Accounts Certificate and the Audit Report, we recommend that:
- a) The Management Report be approved;
 - b) The Consolidated Financial Statements be approved.
- 7.** Finally, the members of the Audit Board wish to acknowledge and express their appreciation for the assistance received from the Board of Directors, the senior managers of the Company and other staff, as well as the external auditor, KPMG & Associados, SROC, Lda.

Lisbon, March 28, 2022

The Chairman of the Audit Board
José Manuel Oliveira Vitorino

Member
Gonçalo Nuno Palha Gaio Picão Caldeira

Member
Maria da Graça Torres Ferreira da Cunha Gonçalves









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ACKNOWLEDGMENT

We want to leave a word of thanks to all stakeholders who participated in this communication project.

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- Communication and Brand Management Department
- Accounting and Remuneration
- Relationship with investors
- Legal Department

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- FCT (page 80)

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Estratégica

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From page 105 on pg. 308
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