Creating Value, Planting the Future.

2023 Annual Report

THE NAVIGATOR COMPANY

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2023 Annual Report

Management Report

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1. Overview

1.1. Message from the Chairman

Having celebrated in 2023 seven decades of uninterrupted operations, built on Portuguese resources and talent, The Navigator Company continues to have an impact on the lives of thousands of people throughout its ecosystem, generating wealth and benefits for the environment, society, and the economy.

A positive impact that is multiplied and passed on through the people and companies with which the Navigator Group interacts on a daily basis and with whom it seeks to establish lasting relationships. A recipe for creating value from the forest to the end product, bearing witness to The Navigator Company's extraordinary ability to reach out to multiple sectors of our society.

The Navigator Company has been implementing a wide-ranging and inspiring commitment to sustainable development within the framework of its 2030 Agenda for responsible business management, a conceptual and operational template that is guiding the Company and its people through the challenges and opportunities of this decade. This agenda has been built around the United Nations Sustainable Development Goals and is an integral part of our Purpose, our decision-making and our business strategy.

When we say in this report - for the first time combining The Navigator Company's sustainability and financial reporting - that "We Create Value", we are referring directly to this holistic vision inspired by our Purpose, that sets the course for our decisions and our strategies, present and future.

The Navigator Company's Corporate Purpose expresses our strategy of sharing with Society not only our results, but also our know-how, our experience, and our resources, with a commitment to leaving a better planet for future generations - through natural products that are sustainable, recyclable and biodegradable, that help to sequester carbon and produce oxygen, that protect biodiversity, improve the soil and combat climate change.

Along our journey, we have been promoting planted forests as the foundation for a forest-based bioeconomy in Portugal, with home-grown know-how, research, and technology. This is a contribution, as asserted in our Purpose, to the much-needed transition from a linear model to a circular development model, neutral in fossil carbon.

We create environmental value, starting in our active and professional management of our planted forests, which in 2023 covered an area of 107,871 hectares in mainland Portugal. These forests are certified and conciliate the interests of producing wood and other forestry products with other ecosystem services, fostered by our management approach, such as promotion of biodiversity, soil protection, regulation of the water cycle and creation of pasturage, as well as carbon sequestration.

I would here draw your attention to our continuous and systematic work in conserving biodiversity in the areas under our management, offering an example of our sustainable approach which conciliates the different functions of forests. In 2023, more than 250 species of fauna were identified, catalogued, georeferenced and protected, along with approximately one thousand species and sub-species of flora.

Another aspect of our sustainable management of resources can be seen in the 7.3 million plants produced during the same year in our nurseries, for the renewal of Portugal's forests.

Throughout our production cycle, we also generate socio-economic value, incorporating local goods and services – in 2030, 73% of our 7,500 Suppliers were Portuguese. Also, this year, the total economic value distributed by The Navigator Company stood at more than €1,848 million. By virtue of the jobs and income it generates in its home country, The Navigator Company makes a larger contribution to National Value Added than any other Portuguese exporter.

These achievements are also firmly anchored in R&D&I, the key factor defining much of our history and our corporate identity. Just as 70 years ago we led the world with our pioneering solutions for pulp and paper made from *eucalyptus globulus*, today we are using our sound business structure, our tradition of innovation and all our accumulated expertise as a launchpad for a new period of diversification, with a strong positive impact.

With this in view, we pressed ahead in 2023 with developing our sustainable packaging business, offering products able to substitute the fossil-based plastics that dominate the segment, and we will continue to invest heavily in this venture over the next two years.

This massive investment drive also involves our From Fossil to Forest Agenda, led by the Company and approved under the Recovery and Resilience Plan (RRP), in the quest for sustainable packaging products to substitute fossil plastic. This mobilising agenda includes projects to develop high yield chemical pulp and brown papers, project to develop moulded cellulose for hard packaging, projects for developing papers with improved mechanical strength and papers with barrier properties.

The capacity to grow, with a Purpose that is relevant and sensitive to the great societal challenges of our time, opens up excellent prospects for the future of The Navigator Company and its importance to society.

These are ambitions that are justified by our people, their talent and expertise. Developing our people is a central plank of our strategy, and in 2023 The Navigator Company provided more than 259 thousand hours of training to its workforce (equivalent to 78 hours, on average, for each Employee). Significant investment is also made in attracting and retaining the best talent, with a specific focus on younger generations, creating opportunities for the innovative potential of young professionals, through well designed recruitment and selection programmes, custom-made for evolving needs. Of The Navigator Company's 3,317 Employees, 434 (13%) are aged under 30. And in 2023, 31% of new hires were in this age range.

As in previous years, 2023 was a year in which we responded to far-reaching and rapid change by putting all our energy and creativity into the search for new approaches, and it is extraordinary to see the ability of all The Navigator Company's Employees to rise to the challenges they faced.

The Semapa Group, to which The Navigator Company belongs, has been pursuing the goal of growth based on talent and investment, in the clear conviction that together they will enable us to achieve lasting development and a positive impact on the ecosystem and society.

With its eyes on the future, The Navigator Company focused in 2023 on securing the future of its current businesses and investing in new paths to sustainable growth, and with this made a crucial contribution to the strategy of our Group.

Ricardo Pires
Chair of the Board of Directors

1.2. Message from the Chief Executive Officer

"We plant the future" is an assertion in this report that bears witness to our business vision and draws a clear and objective connection between the decisions we make today and the positive impact we want to have on our common future.

For Navigator, the idea of "planting" a better future for People and the Planet is more than just a metaphor. Instead, it speaks of our daily work in caring for, and investing in the forests we actively manage in sustainable cycles of growth and replanting. It expresses the value we add to a unique raw material in world-class products. It demonstrates how, based on our experience and ability to put knowledge from R&D and innovation to industrial use, we are developing new bioproducts which stand out as natural, recyclable and biodegradable alternatives to products the world currently obtains from petrochemicals.

Creating a sound situation today as the launchpad for a sustainable future sums up much of what we did in 2023.

Over the course of the year, we pressed ahead on a journey as a bioindustry on the right side of the future, taking care of our current business areas and our financially sound situation, whilst also stepping up strategic investment, especially in areas related to decarbonising operations and diversifying business areas, with which we are contributing to a low carbon circular economy.

Our tissue sector received an important boost in 2023 with the acquisition of a new unit in Spain at the start of the second quarter. In just a few months, what is now Navigator Tissue Ejea had provided extensive synergies, resulting in significant diversification of our customer base and growth in sales. As a result, we closed 2023 with sales up by 40% in volume and 49% in value. Only eight years after diversifying into the tissue segment, Navigator has established itself as the 2nd largest producer in Iberia, with total annual production capacity of 165 thousand tons and annual converting capacity of 180 thousand tons.

Active role in decarbonisation

In 2023, we speeded up development of sustainable packaging solutions from short Eucalyptus globulus fibre, thereby contributing to a reduction in the use of plastic. We have prepared new product lines and done this in hand in hand with the future users of these goods, conducting more than 220 trials with more than 100 customers, more than two thirds of whom are new Customers for the Company.

As part of this diversification of our business, we are set to start up, in the second half of 2024, the first integrated production line for moulded eucalyptus cellulose parts, to be launched under the gKraft™ Bioshield brand. With capacity to produce around 100 million units a year, this plant will be the largest in southern European and one of the largest integrated units in all of Europe, positioning The Navigator Company in a fast-growing segment with huge potential.

Our gKraft brand today has a base of more than 230 active Clients, in 30 countries, after moving into this business in 2020. In 2023, this venture earned us the National Innovation Award, whilst the RRP Mobilising Agenda entitled "From Fossil to Forest - Sustainable Packaging Products to Substitute Fossil Plastic", led by Navigator, was selected by Deloitte Portugal for its Transformation Award, distinguishing transformation, and innovation projects with an impact on markets.

We are firmly committed to these new paths to growth, furthering a forest-based bioeconomy supported by R&D, innovation and our existing industrial base. The next two years will entail heavy investment, especially in the From Fossil to Forest Agenda. In addition to moulded cellulose, this will involve developing high yield chemical pulp and brown papers, as well as papers with barrier properties and biocomposites.

The concept of a bioindustry on the right side of the future is what defines us, and it means not just developing all the dimensions of this new bioeconomy, but also looking after and taking care of our own impacts. In 2023, 57% of all our capital expenditure, totalling €187 million (up by 74 million from 2022), was allocated to projects classified as ESG, with a financial return.

I should here stress that 2023 was an especially important year in the development of our Decarbonisation Roadmap, thanks to an investment plan which will bring forward our interim targets for direct EU ETS emissions by three years. By 2026, we will achieve the goals originally set for 2029. By that year, emissions will be almost 60% lower than in 2018, the baseline for the Roadmap. In 2023, the reduction was already 41%. Also in 2023, we recorded a reduction of 26% in scope 1 and 2 emissions, in relation to 2020 (the baseline for our SBTi targets). All these achievements reflect our heavy investment in cutting emissions of fossil carbon dioxide from our operations: over the period 2019 to 2028, this expenditure totalled €340 million.

In February 2024, The Navigator Company was again singled out as a leader in combating climate change, and in forestry management, with a score of "A-" awarded by CDP Disclosure Insight Action.

This focus on decarbonisation is part of a broader commitment, that we have made in alignment with the Climate and Nature action area in our 2030 responsible business management Agenda, which also includes efficient water use. We made great strides in 2023 with our Water Use Reduction Programme (WURP), with completion of 10 of the total 34 projects. The aim is to increase reuse of this resource in our industrial processes.

In total, our investment in efficient water management is in excess of €25 million. At present, we return to the environment 78% of our water intake, whilst specific consumption (per ton of output) in our industrial operations is down by 5.1% from 2019, the baseline for our 2030 targets.

Growing with the value chain

The Navigator Company is aware of its responsibility to the Community, in view of its leading position in the generation of wealth in Portugal. Creating long-term value and sharing our achievements and knowledge with our Stakeholders are the foundation of our Corporate Purpose and are built into our 2030 Agenda.

We have a positive impact on tens of thousands of people in all the markets in which we operate. Our products, exported to 135 regions around the world, contribute to people's quality of life, helping them to express ideas and communicate, to care for their hygiene and health, or else to wrap, protect and transport goods in a sustainable way. We create a positive impact on society as a whole in our approach to forestry, conciliating the interests of production with the values of conservation, including protection of more than 50 habitats in the Natura 2000 network, as well as more than 1,300 species of fauna and flora that we have identified, geolocated, catalogued and protected on properties under our management. Our positive impact also stems from the renewable energy we produce from waste biomass and waste materials from forestry operations, because we help clear woodlands of undergrowth and brushwood, for the safety of local people.

We create opportunities throughout Portugal, not just in towns and cities, with an impact reflected in 30,000 jobs, in direct, indirect, and induced employment generated by Navigator in Portugal. This large-scale incorporation of local raw materials in the industrial process, as well as Portuguese R&D, means that Navigator is not just the third largest exporter of goods from the country, but also the exporter creating the most national value added. In 2023, of our 7,490 Suppliers, 73% were Portuguese.

On the strength of our value chain, we have been playing an active role in developing better forests in Portugal, applying management practices more widely and halting the abandonment of land, through programmes to support producers, designed to boost yields, with personalised technical support, free of charge, in areas ranging from good silviculture practices to safety and environmental protection.

In what represents a landmark in this commitment to working closely with these Stakeholders, we launched the “Clube Produtores Florestais” (Forestry Producers Club), a pioneering initiative which is supporting our Partners in the forestry sector, on a collaborative basis, in implementing the active and responsible management that Portuguese forests so urgently need.

The new club motto - “Working together for the Forest” - speaks for itself and is based on our firm conviction that it is fundamental to pool resources and capture the interest of the large, but fragmented, community of forest producers in Portugal. Only then will it be possible to increase the area of forests in Portugal where best forestry practices and active management are

applied, leading to better yields. By contributing to actively managed forests where people live and work, we reduce the risk of fire from abandoned or insufficiently managed land, as well as boosting all the related ecosystem services and bringing fresh energy to the rural economy, especially in Portugal's inland regions.

Caring for human capital

The right side of a bioindustry concern like The Navigator Company is, above all, the side occupied by people. Their commitment, dedication, and motivation, as well as their protection and well-being.

This is a responsibility we are extending to the value chain, adding to Navigator's exacting standards in this area. It was therefore entirely in character for us to sign up to the United Nations Global Compact and to take part in the Business & Human Rights Accelerator Programme, by implementing a systematic due diligence procedure. In a further step to honour this commitment, we signed a contract in 2023 with a Third-Party Integrity Verification platform, through which we gather human rights information on 3,735 Navigator Partners in the value chain.

In addition, following on from approval of our Human Rights Policy in late 2022, we started work in 2023 on developing procedures for it to be duly applied, in areas such as auditing, recruitment and procurement, bearing in mind the goal of defending fundamental rights across the Company's strategy and operations.

In the field of skills and motivation, I am proud to report on "CRESCER" (Growing), a programme that is mobilising the Company to reach a new level, by developing and training its teams, including in leadership skills. The initial phase involved a team dynamics exercise involving more than 200 Employees, which resulted in a roadmap of meaningful action for our people. "CRESCER" has already resulted in The Navigator Company's Leading with Purpose Handbook, which clearly defines the role of our leaders and the behaviour expected of them, to foster a culture of togetherness, in which people feel committed and fulfilled, focused on their personal development and on the Group's performance.

We have also given our future leaders an active voice through the Future Leaders Forum, which brings together young management staff aged 33 and under, together with the Executive Board, working closely on the approach to strategic challenges. Several editions of this forum have already had an impact on more than a hundred of our younger Staff and it has been extremely gratifying to see their commitment and sense of initiative, and to watch them develop.

There was a substantial increase in the training provided in 2023, with a total of 259,121 hours, corresponding to an average of 78 hours per Employee. This represents an increase of 89.6% in relation to 2022, due largely to the skill set programmes implemented under the new Careers Plan, applied above all to industrial divisions.

People who make a difference

The Navigator Company's people have once again made a difference in a year dominated worldwide by economic and geopolitical instability. Our teams' full abilities were on display as they faced up to the challenges, focusing objectively on responsible management and planning of production.

In uncoated woodfree (UWF) printing and writing papers, for instance, we were able to ensure that our production lines operated with a capacity utilization rate 7 p.p. higher than the industry average and we increased our market share by 1.5 p.p. What is more, we ended the year with stocks 50% lower than the competition.

The human factor was also crucial in efforts to control total fixed costs, which in 2023 resulted in a reduction of 5%. Maintenance and running costs were up by less than 1%, well below the rate of inflation (4.3%) and below the rate of pay increases, including those in the Company, which averaged 5.3%.

We closed 2023 with the second largest turnover in the Company's history, 11% above the average figure for the past five years. Despite the volatility and instability experienced around the world, the last two years have brought the best ever results in the

seven decades of the Company's history, bearing witness to the resilience of our business model and to the outstanding *esprit de corps* of our extraordinary workforce.

It therefore gave us great satisfaction, at the start of this year, to be able to announce distribution of €14 million in Employee bonuses, in relation to the 2023 profits. Over the past ten years, the Company has paid out more than €110 million in staff bonuses.

2023 was an especially symbolic year for The Navigator Company, as it celebrated the 70th anniversary of its founding, and 66 years since it became the first company in the world to produce bleached eucalyptus pulp using the kraft method, and writing paper based on eucalyptus pulp. This offered an opportunity to look back at the company's pioneering history, which is still being written by generations of people with an extraordinary ability to challenge the conventions of their time.

The Navigator Company's DNA still features the markers of innovation, talent and dedication, a genetic legacy that puts the Company in a class of its own and underpins its ability to anticipate global developments and so operate successfully and sustainably through periods of uncertainty, but also through the future opportunities we are creating.

António Redondo
Chief Executive Officer

1.3. 2023 in numbers

FINANCIAL DATA

€1,953m
Total sales

€502m
EBITDA

€275m
Net Income

€187m
Capital expenditure

26%
EBITDA Margin

21.3%
ROCE

21.4%
ROE

0.98x
Interest Bearing Net Debt/EBITDA

€200m
Dividends

FOR THE CLIMATE AND NATURE: ACT

Climate change and CO_2 sequestration

744,091 tCO_2e
(down 21.3% on 2022)
Scope 1 and 2 emissions[2]

41%
Reduction in direct EU ETS CO_2 emissions[3] in relation to 2018 (baseline)

0.176 tCO_2e/t produced[1]
(down 2.7% on 2022)
GHG emissions intensity

6.2m tCO_2
Accumulated stock in our forests

Energy management

39,747 TJ
(down 3.4% on 2022)
Energy consumed

81%
Primary energy consumed from renewable sources **in Portugal**

12.9 GJ/t
(up 7% on 2022)
Energy intensity[4] **in Portugal**

5,130,339 GJ
(down 4.5% on 2022)
Energy sold

[1] The calculation of emissions intensity took into consideration scope 1 emissions (excluding primary energy from Biomass Power Plants - BPP) and the total quantity of products manufactured.
[2] In 2023, the emission factors of the International Energy Agency (IEA) were used to calculated scope 2 (location-based) emissions, instead of the energy mix of the ERSE (Energy Services Regulatory Authority) in 2022 and 2021.
[3] EU ETS- European Emissions Trading Scheme.
[4] The calculation of energy intensity took into consideration direct energy consumption by primary resources (excluding primary energy from Biomass Power Plants - BPP) and the total quantity of products manufactured.

Sustainable forest management

107,871 ha

Forest area under management[5], corresponding to **1.2% of the area of mainland Portugal**

69%

Wood used from woodlands with **certified forestry management**

92.1%

Wood suppliers with **chain-of-custody certification**

€9.61m

Investment in **fire prevention and support for firefighting**

Biodiversity conservation

12.19%

of the area under management classified as **Conservation Interest Areas** (managed for conservation purposes, and not for production)

4,420 ha

Classified as protected **habitats** by the **Natura 2000 Network**

191 ha

Ecological restoration or rehabilitation projects, including **110 ha on Zambujo estate**

Water management

down 2.4% on 2022

Water withdrawal

down 5.1%

Specific water use in industrial operations **in Portugal** vs. 2019 (baseline for 2030 target)

21.2 m^3/t

(up 11.2% on 2022)

Specific water use[6] in industrial operations **in Portugal**

78%

Water returned to environment

[5] Navigator also manages 1,062 hectares of forests in Galicia (Spain), 153 hectares in the Azores, and approximately 14,000 hectares in Mozambique.
[6] Takes into consideration volume of water withdrawal by total manufacturing output.

Raw Materials Management

4,714,216 t
(down 8.6% on 2022)
Raw materials consumed

90%
Renewable raw materials

1.66 t/t output
(up 4.4% on 2022)
Intensity of materials consumption

Circular economy

441,642 t
(up 7.5% on 2022)
Waste generated

35,624 t
(up 25.5% on 2022)
Sands (by-product) recovered for construction sector

12%
Rate of waste disposal in industrial landfill

FOR SOCIETY: GROW

Creating sustainable value

€2,034m
Direct economic value generated

€1,848m
Direct economic value distributed

46%
ESG finance[7]

Talent management and development of human capital

3,467
Direct jobs[8]

€171.1m
Employee pay and benefits

94.2%
Employees on permanent contracts

approximately

78
Average training hours per Employee

326
Young people in the Talent Attraction Programme[9]

50%
Integration rate for vocational internships

22,467
Training hours for Interns

Health, safety and well-being

92%
Internal employees included under **Occupational Health and Safety Management System**[10]

1,852
Employees included under Occupational Health Programme

5.9
Frequency rate for accidents at work[11]

[7] The percentage refers to the value of the financing contracted.
[8] This figure includes Employees at Navigator Tissue Ejea. It does not include trainees/bursary holders or Company bodies. For the purposes of this report, all indicators consider 3,317 Employees referring to Group operations, except for the Employees belonging to Navigator Tissue Ejea.
[9] Includes vocational internships, trainees and summer internships in 2023.
[10] There are various activities in the organisation, in particular Forest Management, Wood Supply and RAIZ, which do not fall under ISO 45001. However, activities in these sectors are subject to the same principles and procedures.
[11] Includes figures for internal Employees and external Employees.

Community relations

€1.46m
Investment in the community (In Portugal and Mozambique)

More than
10,000
People reached by initiatives to promote forest literacy in Portugal

10,510
Participants in "Floresta do Saber" (Forest of Knowledge) project in 2023

Approximately
31,000
Copies of "Dá a Mão à Floresta" (Give the Forest a Hand) and My Planet magazines (5 editions)

Responsible business conduct

2,942
Employees (including Interns) with training in internal Compliance Policies in 2023

0
Confirmed cases of corruption and discrimination

5
Women on Governance Bodies (35.7%)

Research and innovation in the forest-based bioeconomy

€14.2m
Investment in RDI[12]

5
New patents submitted and 2 approved (one national and one European)

Customer Management

0
Incidents of nonconformity in marketing communications

0
Incidents of nonconformity in product labelling

64.2%
Products sold with certification[13]

95%
Customer Satisfaction Index, paper – **Printing and writing papers**

67%
Customer Satisfaction Index– **Tissue**

Supply Chain Management

7,490
Suppliers

74%
Purchases from Portuguese suppliers

[12] Navigator's total RDI spending on the basis of the amount eligible for SIFIDE (the figure stated is that for 2022, as the final value for 2023 will only be determined in June 2024)

[13] Includes UWF, Pulp, Tissue and Packaging.

1.4. Highlights

Over the course of this report we have sought to highlight the following projects and initiatives that were part of Navigator's activities in 2023.

Climate change

- Decarbonisation: 360 degree business vision
- Figueira da Foz Complex fitted with one of Portugal's largest solar facilities for in-house consumption

Sustainable forestry management and conserving biodiversity

- "Clube Produtores Florestais" (Forestry Producers Club): for the future of the forest
- Portucel Moçambique and the Forest Fire Defence Strategy
- Off-road cycling, carnivorous plants and salamanders in the Serras do Porto Park
- Cultural treasures protected in Navigator forests

Water management

- Aveiro Pulp Mill more efficient in use of water
- What if we could transform industrial effluent into fresh water?

Use of resources and circular economy

- New wood preparation line improves efficiency of raw material use and brings other environment and social benefits
- Waste reduction and processing create value for Navigator and for forests

Creating sustainable value

- EIB loan for accelerating decarbonisation

Contributions to SDGs

- Navigator: an example of good business practice

Talent management and development of human capital

- Signing of "Pacto para Mais e Melhores Empregos para os Jovens" (More and Better Youth Employment Pact)
- "CRESCER" (Growing) with our people

Health, safety and well-being

- Safety is a daily mission for all Employees
- Safepro

Community relations

- "Let's talk about sustainability": conference series
- Channels for proximity to Communities: Liaison Workers and Communication Officers
- "Floresta do Saber" (Forest of Knowledge): forest literacy "tailored" to younger generations
- Social Development Programme in Mozambique

Responsible business conduct

- More than 2,200 Navigator Employees complete Training in Prevention of Corruption and Related Offences
- Navigator implements new Third-Party Integrity Verification System

Research and innovation in the forest-based bioeconomy

- A natural enemy to fight the eucalyptus snout beetle
- Moulded cellulose packaging: the new sustainable packaging solution

Customer Management

- Pioneer Inspire Hope

Supply Chain Management

- Suppliers' Day: Debate on new supply chain challenges

1.5. Awards

RATINGS

SUSTAINALYTICS

Score: 16.5
Ranked 8th out of 75 Paper & Forestry companies



READ HERE

CDP
DISCLOSURE INSIGHT ACTION

Climate Change
Score: A- ("Leadership" level)

Forests
Score: A- ("Leadership" level)

READ THE SCORE LISTS HERE

MSCI

Score: A



In 2023, The Navigator Company obtained an MSCI ESG Rating of A

OTHER PUBLIC RECOGNITION

Investor Relations & Governance Awards (IRGA)

At the IRGA Awards, Navigator's innovative packaging solutions won it the Transformation Award, for transformation and innovation projects with a market impact.

READ HERE

5 Star Award

The focus on innovation and differentiation was again rewarded by recognition from consumers, as Navigator won the "5 Star Award" for the third year running,

READ HERE

Reporting Matters

In the "Reporting Matters 2023" league table, organised by WBCSD and Radley Yeldar (RY), Navigator ranked third in the Basic Resources group.

Navigator held up as an example of good business practice

In recognition of our 2030 Agenda and contributions to SDGs, Navigator was singled out as an example of good business practice, in the published findings of the Sustainable Development Goals Observatory (Portuguese Catholic University).

READ HERE

1.6. Partnerships for impact

We believe that establishing partnerships and taking part in cooperation schemes with organisations that share our values helps us to achieve our aims and boosts the positive impact we want to have on Society, the Climate and Nature.

Because we want to plant a promising future, in 2023 we continued to invest in these collaborative models for many of the initiatives and projects on which we worked, as highlighted in this report. It is important to note that the partnerships in which we are involved are not all included in these examples and that, at Navigator, we value all the people and organisations who cooperate with us.

FOR THE CLIMATE AND NATURE: ACT

- Synergies with academic, educational and research institutions, forestry sector and fire-fighting associations and companies, with the aim of helping to maintain and continuously improve the economic, ecological and social functions of woodlands.
- Partnerships with a number of organisations for developing innovative products and solutions, able to contribute to a low-carbon economy, in line with current climate science, and a sustainable circular bioeconomy, which is Nature-positive and Climate-neutral.
- Active participation, as members, of associations of strategic importance for promoting cooperation centred on sustainability, in close engagement with the Community.

- **AFOCELCA**, in the area of fire response resources and procedures (Chap. 6.3.3)
- **BCSD Portugal**, through the act4Nature Portugal initiative, which Navigator was one of the first companies to join, now sitting on the **Advisory Board** (Chap. 6.3.3)
- **EDP**, for development of a 17MW solar power station at the Figueira da Foz industrial complex, due to be one of the largest solar projects for in-house consumption in an industrial setting in Portugal (Chap. 6.3.2)
- **Faculty of Science, University of Lisbon**, in logistical support for the FORCE project (Forest Certification in Eucalyptus Plantations) (Chap. 6.3.3)
- **Forest Solutions Group (WBCSD)**, in collaboration with the climate team at WBCSD and with McKinsey Sustainability, as **knowledge partner**, in the launch of the interactive publication "**Catalogue of key decarbonization actions**", as part of "**Forest Sector Net-Zero Roadmap – Phase II**" (Chap. 6.3.2)
- **Institute of Nature Conservation and Forests (ICNF), Working Conditions Authority (ACT)**, and **representatives of forestry certification schemes**, in the debate on "The importance of using PPE and the challenges facing companies with forestry certification", held at the second edition of "Forest in Fashion" (Chap. 6.3.3)
- **National Institute for Agrarian and Veterinary Research (INIAV)**, among other partners, in connection with the RRP TransForm project "P1.1 Genetic improvement, production and conservation of forestry reproduction materials", particularly for the recovery of the Monchique oak (Chap. 6.3.3).
- **OMYA**, for the supply of combustion gases from Navigator's boilers and lime kilns in Setúbal and Figueira da Foz, so that CO_2 can be captured and incorporated (Chap. 6.3.5)
- **Serras do Porto Park**, in connection with the Life Serras do Porto project (Chap. 6.3.3)
- **Specialty Minerals Inc.**, for the supply of combustion gases from Navigator's boilers and lime kilns in Setúbal and Figueira da Foz, so that CO2 can be captured and incorporated, and for recovery of carbonate sludges (Chap. 6.3.5)
- **University of Aveiro** for R&D project to study and monitor drainage basins (Chap. 6.3.4) and logistical support for the FORCE project (Forest Certification in Eucalyptus Plantations) (Chap. 6.3.3)

FOR SOCIETY: GROW

- Partnerships with academe, Navigator's peer companies and organisations in the science and technology system, involving national and international partners, with the aim of reinventing ourselves as a business that contributes to solutions that respond to the current challenges facing Society.
- Partnerships with entities that help us promote topics ranging from environmental and forest literacy to the importance of sport and social inclusion, associating ourselves with social causes and working on projects for the wider Community.
- Partnership with Portugal's public employment service, helping to develop skills and add value to human capital.

- **Serra da Estrela Nature Protection Association**, in an initiative to reforest a number of hectares of burned woodlands in the Serra da Estrela, by supplying plants (Chap. 6.4.3)
- **BCSD Portugal**, as a member of the working party for Diversity, Equity and Inclusion (DEI) and participation in the "Study of DEI in Portuguese business", conducted by BCSD Portugal, in partnership with EY (Chap. 6.5.1)
- **Católica Lisbon School of Business & Economics**, in connection with the Sustainable Development Goals Observatory in Portuguese Business, a research project designed to monitor and accelerate implementation of the 2030 Agenda in Portugal (Chap. 6.2.5)
- **Qualifica Centres in Figueira da Foz and Setúbal**, as part of the Qualifica programme, in order to improve the skills of Navigator's workforce (Chap. 6.4.1)
- **Vocational colleges and universities**, such as **ISCTE**, **University of Coimbra**, o **Instituto Superior Técnico** and **NOVA University Lisbon**, for participation in job fairs, award of study bursaries, promotion of workshops and seminars, and hosting students for curricular internships (Chap 6.4.1)
- **Lisbon Book Fair**, with a number of initiatives, related to the "Dá a Mão à Floresta" (Give the Forest a Hand) and My Planet projects (Chap. 6.4.3)
- **Biofund, Wildlife Conservation Society (WCS)** and the **Government of Mozambique**, as part of the COMBO+ project in Mozambique, allowing organisations to share experience of applying good practices in implementing the biodiversity impacts Mitigation Hierarchy (Chap. 6.4.3)
- **Calouste Gulbenkian Foundation**, on the forest literacy project – "Floresta do Saber" (Forest of Knowledge) (Chap. 6.4.3)
- **GirlMove Academy**, which works to empower young women and train them for leadership, as a corporate social responsibility project at Portucel Moçambique (Cap. 6.5.1)
- **GRACE**, largely to promote engagement by key personnel at Navigator with the work of this association, and to educate the Company on DEI issues (Chap. 6.5.1)
- **iMM-Laço Hub** and **ABC Global Alliance** in the project to support the fight against breast cancer - Pioneer Inspire Hope (Chap. 6.5.3)
- **Institute of Employment and Vocational Training (IEFP**), on specific development programmes for future operatives - training with hands-on component, 9-month vocational internship and subsequent integration into the Company's workforce (Chap. 6.4.1)
- **Instituto Superior de Agronomia (ISA) and Altri Florestal**, on the project for introducing a species/biological control agent to combat the eucalyptus snout beetle (Chap. 6.5.2)
- **Polytechnic Institute of Setubal (IPS)**, with the donation of trees and shrubs for the Miyawaki Woods, (Chap. 10.2.3)
- **World Youth Day**, with the donation of trees and shrubs for the WYD Symbols Pilgrimage (Chap.10.2.3)
- **Expresso** (newspaper), in connection with the series of conferences on "Let's talk about sustainability" (Chap. 6.4.3)
- 27 national partners, including companies, universities and research centres, in connection with the RRP From Fossil to Forest Agenda, led by Navigator, with RAIZ as consortium member, to research, develop and industrialise cellulose-based packaging, with a high level of value added (Chap. 6.5.2)

2. Our Identity

2.1. Purpose and Values



Purpose

It's people, their quality of life and the future of the planet that inspire and motivate us.

We want to share with society not just our achievements, but also our knowledge, our experience and our resources, all in the name of a better future.

That is why we are committed to creating sustainable value for our shareholders, and for society as a whole, leaving a better planet for future generations, through natural products that are sustainable, recyclable and biodegradable, that help to sequester carbon and produce oxygen, that protect biodiversity, improve the soil and combat climate change.



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 amongst ourselves and with others.

Enterprise

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.

Excellence

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

Innovation

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

Sustainability Dep.

Our responsible business model incorporates sustainability in all its pillars: environment, social and economic.

2.2. Profile

GRI 2-6
ESRS SBM-1

The Navigator Company is a bioindustry with a purpose. Its sustainable products and solutions are natural, recyclable and biodegradable, and are the result of a responsible business strategy focused on people and the planet.

As an integrated producer of forests, pulp, paper, tissue sustainable packaging solutions and bioenergy, Navigator carries on its business on the basis of continuous R&D, in world-leading, state-of-the-art mills.

The Company has **annual production capacity** for 1.6 million tons of paper, 1.6 million tons of pulp and 165 thousand tons of tissue, as well as rated power production capacity of 375.5 MW[14]. In tissue paper, Navigator has annual production capacity of 165 thousand tons and annual converting capacity of 180 tons.

The Group operates a **vertically integrated forestry business**, with its own forestry research institute, and is responsible for planting vast areas of woodlands in Portugal (1.2% of the country's mainland area), 100% certified under the FSC®[15] and PEFC[16] schemes.

More than 92% of the Group's products are sold outside Portugal and are shipped to 134 countries.

Navigator is a bioindustry on the right side of the future, both in leading the research and industrialisation of a new generation of forest-based bioproducts, and in taking care with its impact.

Navigator was the first Portuguese company, and one of the first in the world, to make the ambitious **commitment to decarbonise its industrial complexes** in 2035, fifteen years ahead of the Portuguese and European targets.
The investment allocated by Navigator to its Decarbonisation Roadmap totals 340 million euros, between 2019 and 2028, with 89% of this total already implemented or in progress.

Thanks to the investment already made, Navigator decided in 2023 to bring forward its interim emissions targets by three years, meaning the Company will now achieve in 2026 the aims originally set for 2029. In 2026 direct emissions of fossil CO_2 will be approximately 60% lower than in 2018, the baseline year.

Research and development (R&D)

Research, combined with **innovation** and the **ability to put knowledge to industrial use** are essential components of The Navigator Company's identity and lie behind its history as a global pioneer. This work is today supported by RAIZ, a Forestry and Paper Research Institute, functioning as an R&D laboratory owned by Navigator and the universities of Aveiro, Coimbra and Lisbon (Instituto Superior de Agronomia).

[14] Includes in-house consumption

[15] FSC® – Forest Stewardship Council® (License no. FSC® - C010852).

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

RAIZ works in three areas of R&D: forestry, industrial/technological and specialist services to support operational areas, as well as education and knowledge sharing, with a view to promoting sustainable development and the bioeconomy based on eucalyptus forests.

In 2023, RAIZ was once again one of Portugal's leading innovators, listed in the TOP 10 of Portuguese organisations in terms of the number of international patent applications. The 5 patent applications submitted in 2023 bear witness to the hard work and dedication of its team of researchers in developing innovative and sustainable solutions. In 2022, RAIZ had ranked third in the league table of Portuguese inventors, with a total of 20 patent applications submitted to INPI (Instituto Nacional da Propriedade Industrial).

Forest

In 2023, Navigator's **forests under management in mainland Portugal** grew to 107,871 ha. The company's responsible management practices entail sharing knowledge with others in the value chain, and especially with the community of forest producers.

The different initiatives and project undertaken in 2023 include the launch of the **Navigator "Clube Produtores Florestais" (Forestry Producers Club)**, a pioneering scheme designed to support the Company's partners in the forestry sector, on a collaborative basis, helping to implement active and responsible forest management.

Navigator believes that by increasing the area of land in Portugal on which best forestry practices are applied and all certification requirements are complied with, the project will bring benefits that extend well beyond a stronger eucalyptus sector. It will also contribute to lower fire risks, less CO_2 emissions, increased biodiversity, with more conservation areas, and to a more dynamic economy in inland regions of Portugal.

Pulp

Pulp sales stood at 462 thousand tons in 2023, up 81% on the previous year, with sales in value growing by 26%, due to the current level of prices. Over the course of the year, Navigator had a larger quantity of pulp available for sale, as a result of less being incorporated into paper.

The pulp segment was the Group's top performer in terms of productivity, exemplified by the achievement at the Figueira da Foz industrial complex, where a new record was set for annual output, at 649,193 tAD; the previous record had been set just one year earlier, in 2022, thanks to the capex project executed in 2018.

Printing and writing paper

Navigator's **sales of printing and writing paper (UWF)** totalled 1,131 thousand tons in 2023, with mill brands accounting for 80% of total, as compared to an average of 65% over the period 2012-2022.

This performance again bears witness to the market's recognition of the quality of Navigator brands, especially in segments where the quality demands are toughest. Premium products again enjoyed a large share in 2023, at 57% of the market.

The *Navigator* brand is recognised around the world as the leading premium office paper brand (and the world's best-selling brand), with a vast range of printing solutions.

In general, UWF paper continues to show resilience, thanks to its versatile uses. In 2023, in a global context of a sharp drop in apparent demand (down 11%), UWF fell by just 6%, as compared with CWF papers (coated/couché), which were down by 17%. Demand for paper produced from mechanical pulp dropped by 18%.

Tissue

Operating in this market segment since 2015, Navigator is committed to tissue with a strong component of innovation and has invested in launching **distinctive products**. In just eight years, Navigator has established itself as the 2nd largest producer in Iberia, with total annual production capacity of 165 thousand tons and annual converting capacity of 180 thousand tons.

The key development in 2023 was the acquisition of a **new mill in Spain**, now called Navigator Tissue Ejea, which has boosted growth in sales and expanded our client base, as well as generating significant gains in cross-group synergies.

In 2023, **sales in volume**, of finished products and reels, stood at 142 thousand tons, up by 40% from 2022.
In terms of the value of sales, the increase was 49%.

Sales of Navigator brands in 2023 were up by 25% in comparison with 2022.
Sales of more distinctive and innovative products rose to record levels in 2023 and were up by 64% in relation to 2022.

Navigator develops its Tissue products in close collaboration with teams at RAIZ, its forestry and paper research institute, having registered 7 trademarks for its technological innovations. This has resulted in highly distinctive end products. The focus on continuous innovation and differentiation has permitted Navigator to establish itself with consumers, as reflected in the "5 Star Award" that it won for the third consecutive year.

Packaging

The sustainable packaging solutions developed by Navigator under its **gKraft** brand have brought it growing recognition from the market, thanks to the quality demonstrated by these products based on *eucalyptus globulus* fibre.

This success is reflected in growth in the **client base**, which today boasts more than 230 active clients, in 30 countries, in sectors varying from fashion and food retail to e-commerce, manufacturing and farming.

Market recognition has brought more than just **commercial success**: in July last year, Navigator's work in the field of sustainable packaging solutions earned it the National Innovation Prize, awarded by Jornal de Negócios, BPI and Claranet, in partnership with Nova SBE and Cotec Portugal. In addition, the Mobilising Agenda entitled "From Fossil to Forest - Sustainable Packaging Products to Substitute Fossil Plastic", led by Navigator, was selected by Deloitte Portugal for its Transformation Award, distinguishing transformation and innovation projects with an impact on markets.

In a series of projects to expand its offering, Navigator developed new product ranges in 2023, aimed at the food industry and a large number of consumer products, opening doors in the short term to other high value-added segments.

At the start of the 2nd half of 2024, Navigator will start up a new line for **integrated production of moulded eucalyptus cellulose parts**, intended to substitute single-use packaging products in fossil-based plastic, used in the food service and food packaging market. This new production line will have production capacity of approximately 100 million units a year, making it one of the largest in Europe and the first integrated unit in the south of the continent. Under the gKraft™ Bioshield brand, this new product range will be offered to a market with great potential for growth. Operations will start with 4 products for the food sector, and the facility offers production flexibility and scalability in order to make the most of all opportunities opening up for substituting plastics.

Energy

In 2023, 76% of the **energy produced** by The Navigator Company was from renewable sources. The Company remained committed to renewables, which in the same year represented 80% of the primary energy consumed in the Company.

The year saw further investment in solar power: the 7MW of solar capacity already installed at the industrial complexes in Setúbal and Figueira da Foz, the Espirra Estate and RAIZ, were joined by the 5 MWp facility at Navigator Tissue Ejea. Work also started in 2023 on the construction of 4 new photovoltaic facilities at the sites in Figueira da Foz (one of the largest in Portugal for in-house consumption), Aveiro and Vila Velha de Ródão, which will make it possible to triple the rated capacity at the Group's sites from 12 MWp to around 38 MWp.

Mozambique

Portucel Moçambique's Social Development Programme (SDPP Mozambique), set up on the basis of the needs identified in an Environmental and Social Impact Study, has already invested more than 7.6 million dollars since 2015.
Portucel Moçambique also receives requests for help with social or environmental emergencies, as well as for support for local culture. This can involve using the Company's resources/equipment for a given purpose, often to overcome the logistical difficulties faced by institutions, or to deliver basic necessities, which are requested by the administrative authorities, in the event of natural disasters or extreme weather events such as storms, floods and the like. In 2023, these contributions totalled the equivalent of around 6,000 euros, in the provinces of Manica and Zambézia.

On a different front, Portucel Moçambique has worked in several fields with RAIZ, such as on the Genetic Improvement Programme, in the identification and genetic certification of the materials used by the Company, or in the area of Pests and Diseases, both in forest operations and in the production of plants in nurseries. The **Luá Nurseries** supplied 1.3 million plants in 2023, with 66% of this output destined for internal use on the Company's plantations (production and trials) and 34% for external partners.

3. Strategy and governance

3.1. Business Strategy

ESRS SBM-1

Sustainability and ESG

Sustainability is part of our strategic business vision, as a concept that promotes a long-term balance between three essential pillars - economic, environmental and social. It is an essential feature of any development model able to meet the needs of today without compromising the future of mankind and the planet. Because sustainability is what guides and underpins our business, we constantly assess our performance in this area by using an ESG framework, designed to monitor our management of environmental, social and governance issues.

In keeping with this, The Navigator Company has decided to incorporate its strategy for sustainability into its business strategy. The Company's **Responsible Management Strategy** is based on Ethics, Responsibility and Transparency. We are responsible for forest-based products that contribute to sustainable development and to the well-being of Society, in alignment with the United Nations 2030 Agenda. This commitment to sustainability, set out most ambitiously and comprehensively in our 2030 Responsible Business Management Agenda, has been based on an analysis of global macrotrends and the main business challenges, and is supported by the ESG framework in our 2030 Roadmap.

The Navigator Company has embraced an active role in the low-carbon economy, both through sustainable management of its forests, investment in renewable energy, and through its commitment to a forest-based bioeconomy, by offering bioproducts able to substitute other fossil-based goods.

Thanks to our strong financial position, which enables us not only to consider opportunities for investing in efficiency and innovation in our core businesses, but also to look for new opportunities for growth, our strategy is based on diversification:

Energy

The Navigator Group is already one of the leading producers of sustainable renewable energy and in 2023 generated approximately 1,100 GWh of green energy, representing 76% of all the energy produced. In addition to producing energy from forest biomass, the group has been expanding its solar capacity at its industrial complexes. Work is currently under way on building new photovoltaic plants for internal consumption at the industrial sites in Figueira da Foz, Aveiro and Vila Velha de Ródão, which will enable it to triple the existing capacity at Group sites from 12 Mwp to approximately 38 MWp. In connection with this, the Navigator Group is also investing in batteries (electrical storage), above all for providing regulation reserve system services.

With more of a medium-long term view, Navigator is still looking into the attractiveness of investing in green fuels, both biofuels (medium term) and e-fuels or synthetic fuels (medium-long term).

In terms of biofuels, possible capex projects are being assessed in the production of second-generation bioethanol (using eucalyptus bark as raw material) and in producing kraft biomethanol (through the recovery and purification of by-product biomethanol produced at pulp mills) for use as fuel or in the chemicals industry.

In the field of e-fuels, capex projects are still being assessed for production of e-methanol and e-jet fuel. These are two distinct projects, with different technologies and potential partners. In both cases, an essential component is biogenic CO_2, which is a by-

product in our pulp production processes. In brief, these are processes for synthesising (biogenic) CO_2 and green H_2 (obtained from water electrolysis) with a view to producing sustainable hydrocarbons (e-methanol, e-kerosene), neutral in carbon emissions, for the shipping and/or aviation sectors, where electrical engines are not an option.

Tissue

In line with its business diversification strategy, the Navigator Group decided in 2014 to move into the tissue sector, and has pursued this goal consistently since then. It started in 2015 with acquisition of AMS Star Paper, which currently has the capacity to produce 60,000 tons of tissue each year. In 2018, the Group invested in a greenfield tissue production unit at our industrial site in Aveiro, integrated with our pulp mill, with rated capacity of 70,000 tons of tissue paper/year and converting capacity of 55,000 tons. More recently, in 2023, the Navigator Group acquired the tissue business of the Spanish Gomà-Camps group and the industrial site in the Zaragoza region, which has capacity to produce 35,000 tons of tissue paper a year, along with converting capacity of 55,000 tons.

The Tissue business has proved both resilient and profitable in challenging market conditions, permitting us to look forward to continued growth (organic and/or non-organic) in this market segment.

Packaging

The development of our Packaging business continues to show considerable promise, with a growing customer base and recognition of the quality of our sustainable products, based on eucalyptus globulus fibre, for varied uses in sectors ranging from fashion to food retail, e-commerce, manufacturing and farming.

As part of the diversification of Packaging business in line with the sustainability and ESG goals mapped out, the Navigator Group went ahead in 2023 with a project for integrated production of moulded parts in eucalyptus cellulose. These are designed to substitute single-use plastics in the food service and food packaging market, a segment we are confident presents great potential for growth.

Mozambique

Since the Memorandum of Understanding signed in 2018, our work with the Mozambican government has continued to centre on Phase 1 (export of woodchip). Construction of the new port in Macuse is a major step forwards and one of the pre-conditions for developing the project.

Biomaterials

The Group has been studying and exploring the development of new bioproducts based on *Eucalyptus globulus*. Our R&D Programme has worked on creating a vast range of applications including in hygiene and personal care, cosmetics, nutraceutics, food additives and the health sector.

3.2. Governance model

GRI 2-9,2-17, 405-2
ESRS GOV-1

The Navigator Company has a unitary management model, with a Board of Directors (BD) comprising executive and non-executive directors, as well as an Audit Board and a Statutory Auditor. The General Meeting consists of all the shareholders who wish to attend: there are no limits on exercise of voting rights by its shareholders.

The following **internal committees** exist in the Company:

Attached to the board of directors:

i. Executive Board (EB)

ii. Corporate Governance Committee

iii. Talent Committee

iv. Risk Management Committee

v. Environmental Council

vi. Sustainability Forum

Not attached to the board of directors:

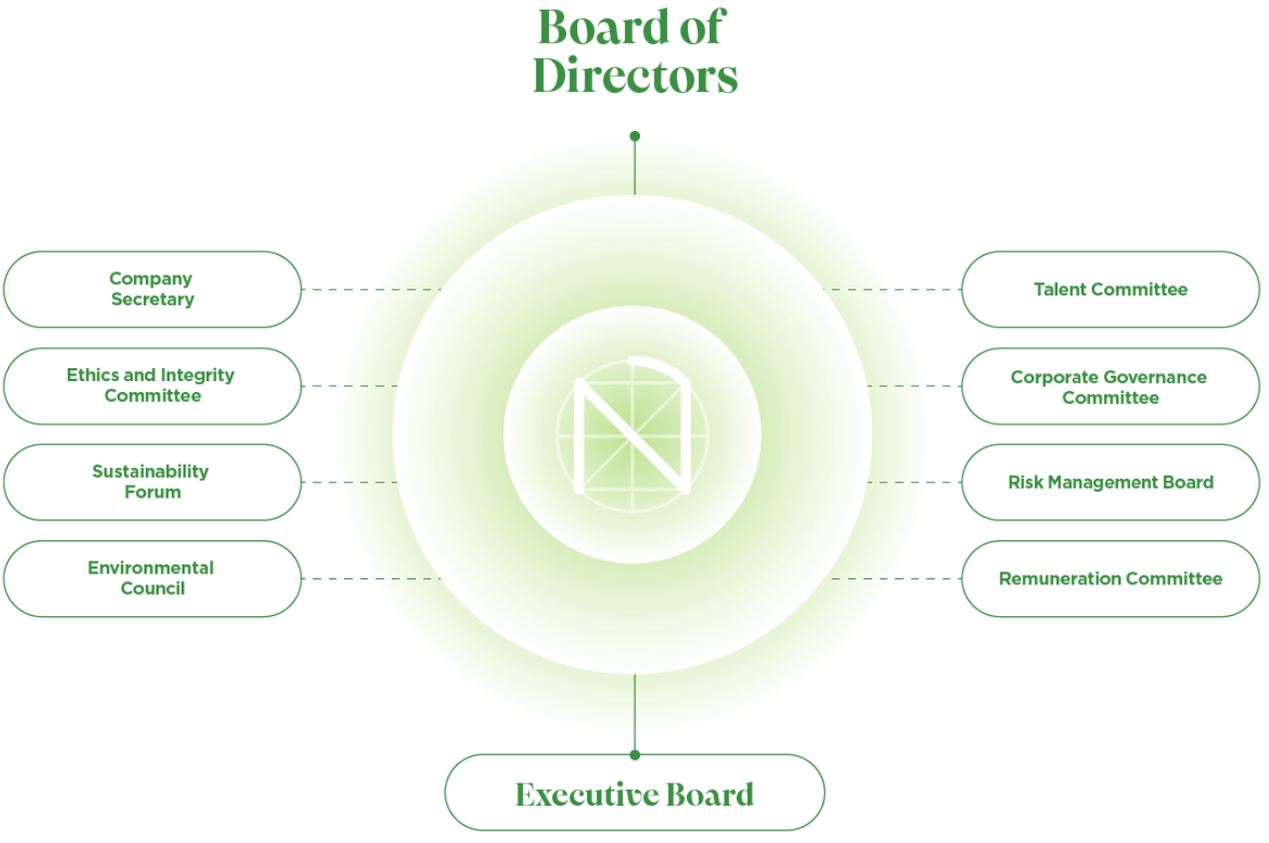
vii. Remuneration Committee

viii. Ethics and Integrity Committee

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

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

ORGANISATIONAL CHART



CORPORATE BODIES AND OFFICERS

BOARD OF DIRECTORS

Chairman

Ricardo Miguel dos Santos Pacheco Pires

Members

Ana Teresa Cunha de Pinho Tavares Lehmann

António José Pereira Redondo

António Quirino Soares

Dorival Martins de Almeida

Hugo Alexandre Lopes Pinto

João Paulo Cabete Gonçalves Lé

José Fernando Morais Carreira de Araújo

Maria Isabel da Silva Marques Abranches Viegas

EXECUTIVE BOARD

Chairman

António José Pereira Redondo

Members

António Quirino Soares

Dorival Martins de Almeida

João Paulo Cabete Gonçalves Lé

José Fernando Morais Carreira de Araújo

Nuno Miguel Moreira de Araújo Santos

AUDIT BOARD

Chairman

José Manuel Oliveira Vitorino

Full members

Gonçalo Nuno Palha Gaio Picão Caldeira

Maria da Graça Torres Ferreira da Cunha Gonçalves

Alternate member

Maria da Luz Gonçalves de Andrade Campos

REMUNERATION COMMITTEE

Chairman

Maria Eduarda Faria e Maia de Oliveira Luna Pais

Maria Teresa Aliu Presas
Mariana Rita Antunes Marques dos Santos
Nuno Miguel Moreira de Araújo Santos
Sandra Maria Soares Santos
Vítor Paulo Paranhos Pereira

Members
Carlota Infante da Câmara Albergaria Caldeira
João do Passo Vicente Ribeiro

OFFICERS OF THE GENERAL MEETING

Chairman
Rui Pinto Duarte

Secretary
Luís Nuno Pessoa Ferreira Gaspar

COMPANY SECRETARY

Full
António Pedro Gomes Paula Neto Alves

Alternate
António Alexandre de Almeida e Noronha da Cunha Reis

STATUTORY AUDITOR AND EXTERNAL AUDITOR

KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A.

Represented by
Rui Filipe Dias Lopes, Statutory Auditor, registered with the Association of Statutory Auditors under no. 1715

Alternate
Vítor Manuel da Cunha Ribeirinho, registered with the Association of Statutory Auditors under no. 1081

DETAILS OF BOARD OF DIRECTORS

Members
6 Executive directors
8 Non-executive Directors

Gender
0.55 Average ratio of women to men (5:9)

35.7 % Women
64.3 % Men

Nationality
93% Portuguese
7% Other

Average age
56.5 years.

Age range
45 to 71 years

Independence
64.3 % non-independent
35.7 % Independent

Average time on board
4.7 years overall average, simple mean with extremes of 0 to 16 years
5 less than 1 year
5 between 1 and 5 years
2 between 5 and 10 years
2 more than 10 years

For more detailed information we refer to the Report on Corporate Governance Practices. Issues of **sustainability governance** are addressed in Chapter 6.2.1.

SKILLS MATRIX

	Gender	Year of birth	Position	Engineering	Economics	Management	Mathematics	Other areas of study	Business Management and Administration	*Governance*	Mergers & Acquisitions	International Expansion	Academic	Talent Management	Research and Development	Information Technologies	Environment and sustainability*	Pulp and Paper	Energy	Industry
Ricardo Miguel dos Santos Pacheco Pires	M	1976	Chairman			●		●	●	●	●	●	●	●			●	●	●	●
António José Pereira Redondo	M	1964	CEO	●		●		●	●	●	●	●	●		●			●	●	●
José Fernando Morais Carreira de Araújo	M	1964	CFO			●		●	●	●	●	●	●			●	●	●		●
Nuno Miguel Moreira de Araújo Santos	M	1970		●		●			●	●	●	●			●		●	●	●	●
João Paulo Cabete Gonçalves Lé	M	1963		●		●		●	●			●			●		●	●	●	●
Dorival Martins de Almeida	M	1966		●		●		●	●	●		●		●	●	●	●	●	●	●
António Quirino Soares	M	1974			●	●			●			●	●		●			●		●
Ana Teresa Cunha de Pinho Tavares Lehmann	F	1972			●	●			●		●	●	●		●	●	●		●	●
Hugo Alexandre Lopes Pinto	M	1978		●		●		●	●		●		●	●		●				●
Maria Isabel da Silva Marques Abranches Viegas	F	1958						●					●	●	●					
Maria Teresa Aliu Presas	F	1952						●	●	●	●	●					●	●		●
Mariana Rita Antunes Marques dos Santos	F	1966				●			●	●		●	●	●		●				
Sandra Maria Soares Santos	F	1971			●	●			●		●	●	●	●			●		●	●
Vitor Paulo Paranhos Pereira	M	1957			●				●	●	●	●		●		●	●			

* Includes skills in areas related to (i) sustainable forestry management (management of risks and opportunities) and (ii) climate action (management of risks and opportunities, impact assessment and strategies).

3.3. Risk management

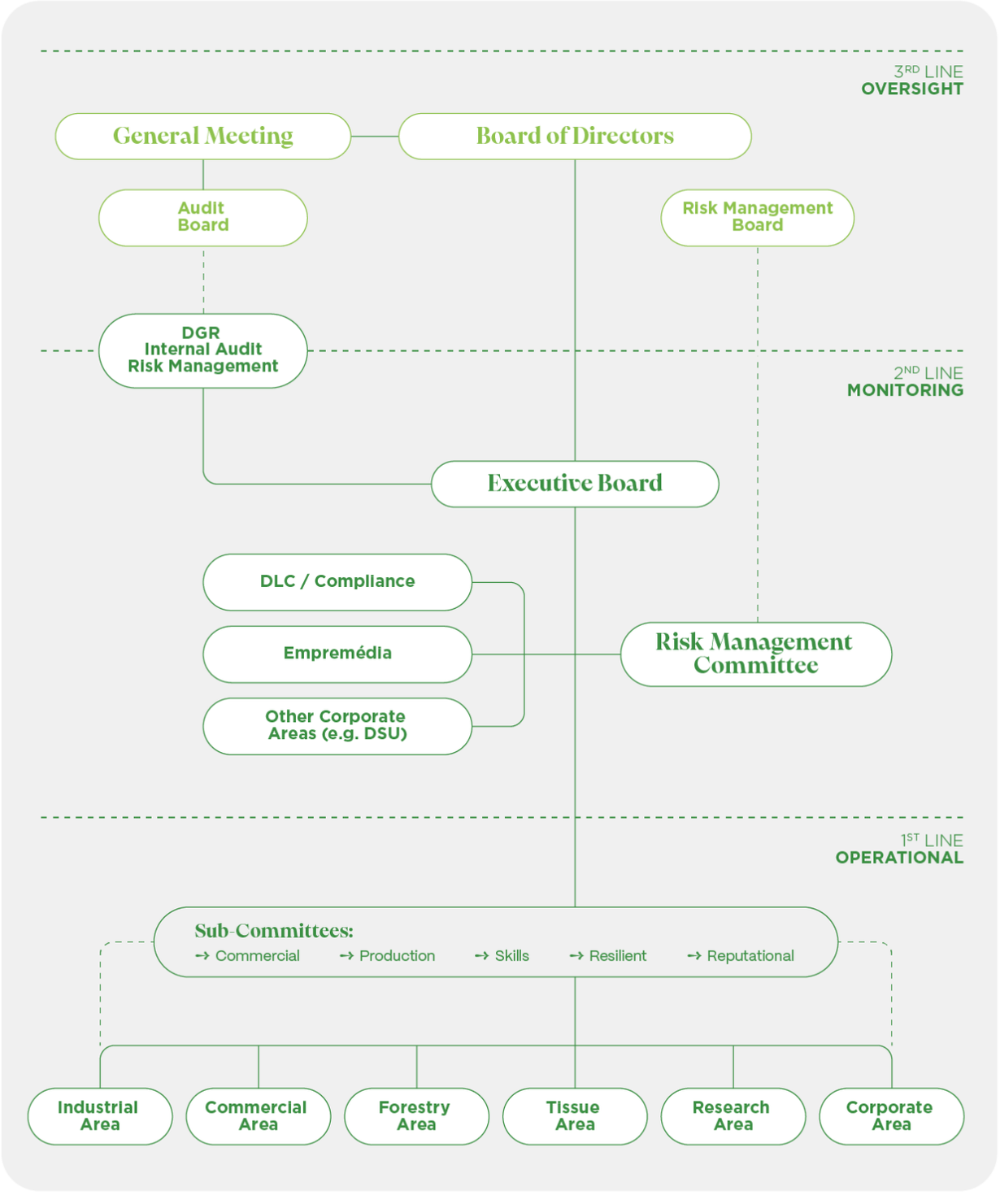
ESRS IRO-1

Risk management is a crucial process in our business as it provides a structured approach for identifying, assessing and analysing potential risk events that might influence the Group's objectives, and also for identifying mitigation measures, so as to reduce the likelihood of the occurrence of such events and the scale of their impact.

In 2023, in order to strengthen the company's risk management process, the **Risk Management Division (DGR)** reviewed and implemented a new **Enterprise Risk Management (ERM)** in accordance with the COSO guidelines (Committee of Sponsoring Organisations, Treadway Commission) and ISO 31000. This tool was implemented in conjunction with the various Group divisions, and was initially rolled out for UWF Paper and Pulp business. This has brought improved alignment with the Group's strategy and goals, as well as targeted and continuous monitoring of risks, with clear division of responsibilities between those involved in the process.

The Risk Management Governance Model has also been improved, entailing a new **Risk Management Committee** which is geared primarily to: (1) permanent monitoring of Group risks; (2) the need to empower the risk management process; (3) the specific expertise needed in risk management; (4) coordination between the different Risk Management areas and subsystems. Five Subcommittees (Commercial, Production, Skills, Resilience and Reputational) have also been set up with the following objectives: (1) integrate and coordinate relations between risks; (2) calibrate risk assessments and appetite levels; (3) monitor and push for risk mitigation; (4) help think through the response to risk (expertise); (5) help implement mitigation measures; (6) communicate risk issues.

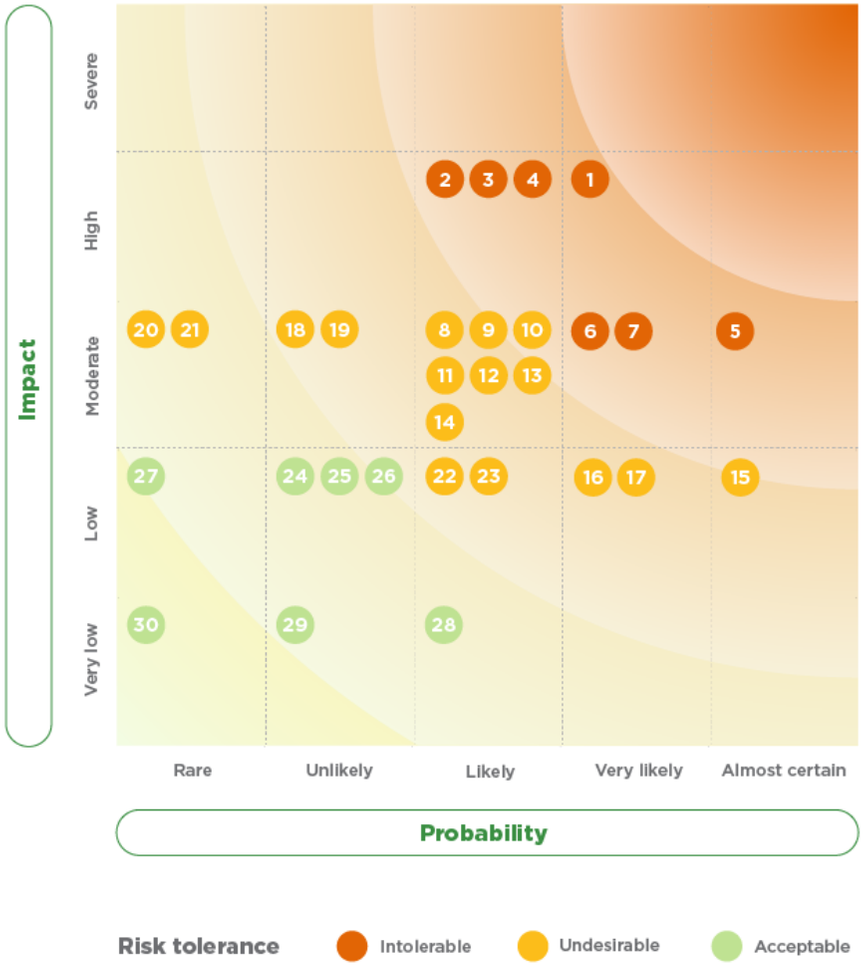
This risk management Governance Model is aligned with the **IIA** (Institute of Internal Auditors) **Three Lines Model**, which involves: (1) in the first line, all business units responsible for conducting everyday risk management activities; (2) the second line consists of the CEO, the Risk Management Division, the Compliance Unit and Empremédia (insurance brokers) and the Sustainability Division, who are responsible for providing support in the implementation and monitoring of risk management and the Risk Management Committee, in order to ensure that risks are identified and correctly managed on an ongoing basis; (3) the supervisory line consists of the Internal Audit Office, the Audit Board and the Risk Management Board, who ensure that the first and second lines comply with the policies and standards adopted.


3RD LINE
OVERSIGHT
General Meeting
Board of Directors
Audit Board
Risk Management Board
DGR
Internal Audit
Risk Management
2ND LINE
MONITORING
Executive Board
DLC / Compliance
Empremédia
Other Corporate Areas (e.g. DSU)
Risk Management Committee
1ST LINE
OPERATIONAL
Sub-Committees:
→ Commercial
→ Production
→ Skills
→ Resilient
→ Reputational
Industrial Area
Commercial Area
Forestry Area
Tissue Area
Research Area
Corporate Area

The whole risk management cycle must be accompanied by a process of continuous improvement, in order to ensure the risk management process is as efficient as possible. So whenever opportunities for improvement are identified, irrespective of where in the cycle they arise, they must be assessed and implemented accordingly.

The process of identifying the main risks entailed various stages, including: (1) analysis of internal and external context and structuring of Group strategy and goals; (2) interviews with first line managers in order to identify risks; (3) analysis of connections between risks; (4) Sub-Committee risk surveys; (5) attribution of Risk Owners; (6) assessment of inherent risk; (7) definition of existing mitigation measures; (8) residual risk assessment; (9) risk matrix.

This resulted in the following risk matrix:



Main risks – summary description

1 Cybersecurity, information systems and artificial intelligence

Risk of loss of security, confidentiality, transparency, integrity and availability of data and systems due to exposure to improper access or new forms of cyber-attacks or information theft, which exploit vulnerabilities in information, corporate and industrial control technologies, or the improper use of artificial intelligence technologies.

2 Access to wood

Risk of actual unavailability of wood due to regulatory or legislative restrictions (e.g. restrictions on planting eucalyptus) and failures to promote the productivity, resilience and sustainability of national forests.

3 Talent management

Risk of inability to attract, retain and develop talent to cope with the departure of resources in critical or difficult-to-replace business areas or to respond to additional resource needs.

4 Evolution of the regulatory environment

The risk of regulatory changes arising from political choices, particularly at tax, environmental or economic level, significantly affecting, directly or indirectly, the Group's operations and/or results.

5 Adverse weather events

Risk associated with adverse climatic events, whether chronic (e.g. water stress) and/or acute (e.g. cyclones or floods).

6 Logistics chain

Risk of lack or unavailability of sufficient logistical resources to operate, as a result of natural constraints (e.g. bad weather) or market constraints (e.g. relocation of suppliers).

7 Access to utilities

Risk of effective unavailability of utilities (e.g. water and energy) in industrial activity.

8 Price volatility

Risk of price or margin fluctuations due to changes in market conditions.

9 Competitive environment

Risk of increased competitive pressures due essentially to the competitive positioning of producers with significantly lower production costs.

10 Fraud

Risk of fraudulent acts, corruption (e.g. conflicts of interest) and/or unethical behaviour on the part of the Group or third parties.

11 Access to finance

Risk of unavailability of internal or external financing due to endogenous causes (e.g. over-indebtedness) or exogenous causes (e.g. contraction and negative outlook for business development, decrease in market liquidity).

12 External context

Risk of significant or disruptive changes in the Group's external context caused, for example, by the occurrence of pandemics (e.g. Covid-19) and/or serious economic recession in the main markets or at European/global level.

13 Health and safety at work

Risk of accidents at work and/or failure to protect the health of employees as a result of non-compliance with safety procedures and rules or the occurrence of unexpected public health events (e.g. Covid-19).

14 Public perception

Risk of degradation, inability to monetise or increase the value of existing reputational capital in the medium to long term, due to reputationally damaging events or inaction in the management of existing reputational capital.

15 Financial markets

Risk of exposure to unfavourable variations in the exchange rate and/or interest rate and applicable ratings, which have a significant negative impact on the Group's financial results.

Main risks – summary description (cont.)

16 Changes in consumption

Risk of significant irreversible decline or discontinuity in the consumption of the Group's products or markets as a result of the emergence of alternative products and technologies.

17 Valuation of assets

Risk of loss in the valuation of assets that significantly impacts the value of the Group's balance sheet.

18 Knowledge management

Risk of loss of accumulated knowledge in the Group (intellectual capital) due to the departure of employees in key positions with specific knowledge and/or experience and the lack of effective policies for sharing and transmitting knowledge.

19 Business diversification

Risk of failure to identify opportunities for new businesses, products or processes.

20 Access to raw materials

Risk of unavailability of raw materials (e.g. chemicals) due to disruptions in supply chains.

21 Non-natural environmental disasters

Risk of occurrence of a serious environmental accident due to incidents of unnatural causes occurring in the assets under the Group's responsibility, of internal or external origin, corresponding, for example, to the explosion of industrial equipment or spillages of toxic liquids and environmental contaminants.

22 ESG performance

Risk of poor strategic orientation in the management of ESG components with a significant impact on the Group's reputation and financial performance.

23 Climate transition

Risk arising from the process of adapting to a low-carbon economy, namely the Group's inability to adapt to structural and long-term changes in technology, regulation and the market (e.g. changes in consumer preferences).

24 Productive efficiency

Risk of production inefficiency caused by errors and/or failures in the production process.

25 Governance

Risk of incapacity or existence of unintentional flaws in the Group's governance model.

26 Innovation management

Risk of reduced innovation activity with a transformative impact on the business, essentially due to the lack of focus on the effectiveness of R&D&I processes, from the perspective of orientation and impact on the business.

27 Adverse labour situations

Risk of adverse labour situations arising due to non-compliance with current labour legislation and/or inadequate management of labour relations with workers, workers' representative organisations and trade unions.

28 Customer satisfaction

Risk of reduced customer satisfaction as a result of product and/or service degradation.

29 Investment decision-making

Risk of difficulty in executing investments considered strategic and necessary for business development and operational efficiency.

30 Loans to customers

Risk of difficulty or inability to collect all the amounts granted as loans to customers within the agreed timings.

A detailed analysis of climate-related risks can be found in the annex to this report, in chapter 10.6 Alignment with TCFD (Task Force on Climate-related Financial Disclosures) recommendations.

The risk management associated with ESG Performance, under the responsibility of the Sustainability Division, is based on identifying and mitigating risk factors related to external demands and internal capacity, through measures at different levels (including allocation of responsibilities, incorporation of ESG considerations into business management decision-making, Stakeholder engagement in the sustainability governance structure, alignment and conformity of reporting with global and regulatory frameworks, and continuous monitoring, analysis and continuous improvement of ESG factors, among others).

In view of the importance of the topic, it was decided in 2023 to include in our 2030 Roadmap (Chapter 6.2.4) the **commitment** to integrate ESG concerns into Navigator's risk management. The work done in 2023 has enabled us to make progress towards the following goals:

- Update risks and opportunities analysis in line with the sustainability reporting directive, integrating them into internal risk control processes, by the end of 2024;
- Monitor ESG-related risk mitigation measures in 2024.

As our main next steps (2024/2025), we intend to include other Company businesses (e.g. tissue, packaging) in ERM and to quantify in financial terms the risks identified.

4. Performance in businesses

MAIN INDICATORS

€502m EBITDA	**€275m** Net Income	**€1,953m** Turnover
0.98 x Net Debt / EBITDA	**€200m** Dividends Paid	

At the start of 2023, the global economic outlook was far from promising, with the expectation that growth in the main developed economies would be modest, or even negative. On the geopolitical stage, the war in Ukraine and the tensions between China and Taiwan were joined in the final quarter of the year by conflict in the Middle East, making for periods of significant risk aversion over the course of the year.

In this context, 2023 was also a challenging year for the Pulp and Paper sector. The 1st half was marked by a sharp **drop in benchmark prices for pulp**, down from record high levels in 2022, with a downturn in demand, especially in Europe. Over the course of the first half, we also saw a slow reduction in stocks of printing and packaging paper which had accumulated along the distribution chain over the course of 2022. New orders were consequently at a historically low level in these segments, but started to improve as from the 3rd quarter, rising more clearly in the final quarter, as stocks normalised. In the Tissue paper segment, with shorter supply chains and so less tendency to accumulate stocks, performance remained considerably stronger, benefiting also from the increased market share and positive synergies brought by integration of the new Tissue mill in Zaragoza.

Navigator's **operational flexibility** enabled it to produce more pulp, in response to scaling down paper output, and to place this additional output in geographical regions where demand was more robust in 2023. In the writing and packaging paper business, careful planning of production also made it possible to manage output and stocks at better adjusted levels. Combined with responsible management of prices and margins, this enabled Navigator to protect its operating results.

We nonetheless remained **committed to investment and innovation** in all the sectors in which we operate, and have continued to exploit opportunities for growth with distinctive value in tissue, packaging and energy. Navigator's product range, the quality of our brands and different products, our sustainable business approach, the scale of our operations and our sound finances have all supported a resilient business model, enabling us to present consistent results, even in hostile market conditions.

4.1. Bleached eucalyptus pulp (BEKP)

Pulp Market

The 1st half of 2023 saw prices **drop sharply** from historically high levels. The benchmark index for short fibre (hardwood) (PIX BHKP in dollars) had climbed to an all-time record level in 2022 of 1,380 USD/t. In the 2nd quarter, we saw prices rally in China and in Europe – prices in China bottomed out in May (475 USD/t) and ended 2023 at 653 USD/t, whilst in Europe they fell to their lowest level in August (800 USD/t), recovering by December to 1008 USD/t.

Falling pulp prices in the first half of the year could be traced to (i) the YoY reduction in demand globally, and in particular in Europe; (ii) rising stocks along the supply chain in late 2022 and early 2023; (iii) easing of the logistical constraints experienced during 2022; and (iv) growth in supply, due to new capacity coming online, especially in Latin America, where one venture started up in December 2022 (1.6 Mt) and another during the second half of 2023 (2.1 Mt).

The second half of the year brought a reversal of fortunes for the pulp market, with global **demand for eucalyptus (EUCA) pulp** performing more strongly than in the first half of the year (when growth was practically nil). China was the driving force behind this recovery, with restocking after prices bottomed out in May.

Chinese demand for hardwood pulp (HW) performed well in the second half, culminating in growth of 29% HW and 24% for short eucalyptus fibre (EUCA) in 2023, comparing favourably with the first half (up 21% HW, up 14% EUCA).

As a result, global demand for hardwood pulp (HW) kept pace with this positive tendency in the second half, culminating in growth of 8.0% HW and 6.5% for short eucalyptus fibre (EUCA) in 2023, comparing favourably with the first half (up 3.1% HW, up 0.6% EUCA).

Stocks at manufacturers and ports were also high in the first half of the year, and then normalised in the second half. Comparing 2nd half stock levels with those in the first half of the year, we may observe that stocks at manufacturers of chemical and hardwood fibre pulp fell by 7% and 6% respectively and stocks at ports fell by 11% in China and in Europe recorded a significant downwards adjustment (-35%).

Over the course of the year, Navigator has had a larger quantity of **pulp available for sale**, as a result of less being incorporated into paper. Pulp sales for the period stood at 462 tons, representing an increase of 81% YoY, whilst the value of sales was constrained by the current level of prices, showing growth of 26%.

4.2. Paper

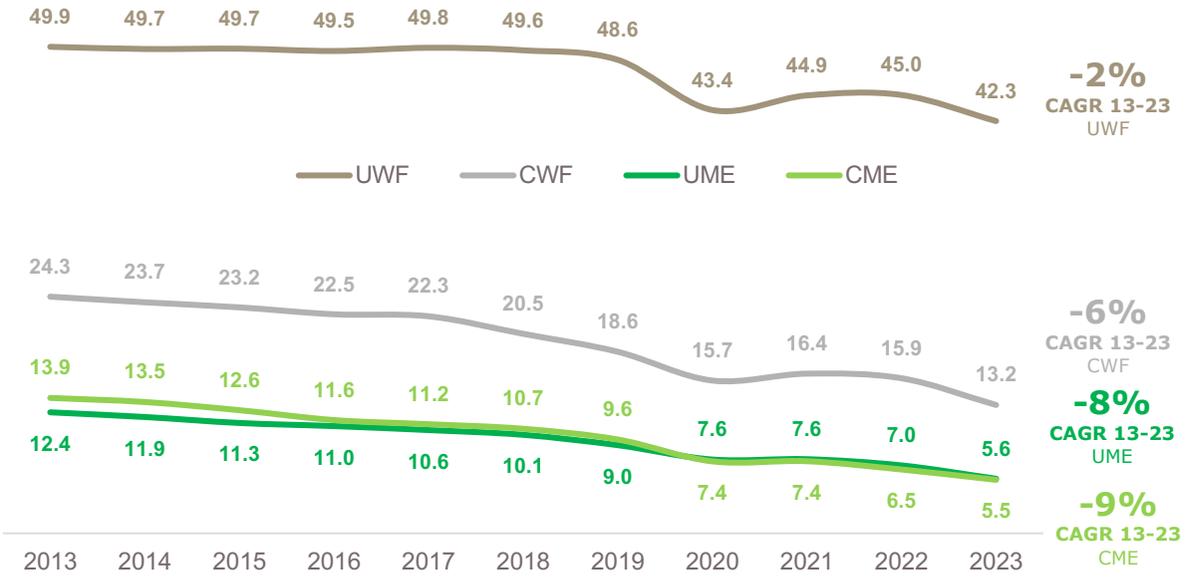
The printing and writing papers industry

The financial year of 2023, and above all the first half, saw a slow process of **destocking** along the supply chain. This imbalance significantly affected the demand experienced by manufacturers in all paper segments, except tissue. The improvement in market conditions in the 3rd quarter continued to be felt in the final quarter. Although initially slow, the destocking process along the supply chain appears to have dissipated, bringing a consistent upturn in the level of new orders to European manufacturers, significantly offsetting the seasonal factors normally faced by the industry.

In the 4th quarter, the level of new orders recorded by Navigator from all markets increased by 18% over the previous quarter, and orders from Europe rose by 25%.

The industry recorded a significant adjustment in **capacity utilisation rates (output/capacity)** in 2023, and Navigator likewise steadied the pace of production. The capacity utilization rate for year eventually stood at 78%, comparing with an average figure of 71% for the industry in Europe, boosted by the increase in the 4th quarter, when Navigator recorded a rate of 85% (vs. an industry rate of 80%).

Demand for printing and writing papers
in million tons



Source: PPPC

In a global context of sharply falling apparent demand (down 11%), **UWF paper** remains the most resilient, as usual, in view of its versatile uses, with a reduction of 6%, as compared to CWF papers, for which demand dropped by 17%. Demand for paper produced from mechanical pulp dropped by 18%.

In Europe in particular, apparent demand for UWF was down by 20%, although it also remained the most resilient grade, with the cut size segment, in principle more vulnerable to the tendency for digitisation, presenting better performance than other grades. It should also be noted that, in Europe, between 2013 and 2023, apparent demand for UWF fell by an average of 4.7% a year (CAGR). A trend which is clearly better than any of the other segments in the family of printing and writing papers.

In the United States, demand declined more slowly than in Europe, down by 14% YTD November. Apparent UWF consumption in other world regions dropped by 2%, with China presenting growth of 6% (November) in UWF consumption in relation to 2022.

The benchmark index for the price of office paper in Europe (PIX A4 B-copy) averaged 1,206€/t (vs. 1,216€/t) in 2023, a variation of only 0.8% in relation to 2022, although the benchmark index closed the year at 1,092€/t, down by 18% on the start of the year (1,334€/t).

Navigator's **paper and packaging sales** totalled 1,131 thousand tons in 2023, down by 25% on the previous year. It is important to note that mill brands represented close to 80% of the year's sales (vs. an average of 65% over the period 2012-

2021), highlighting the resilience of the company's branding strategy. The proportion of premium products, whilst lower than in the previous year, remains high, at 57% (compared to an average of 53% in the period 2012-2021).

4.3. Packaging

Packaging - From Fossil to Forest – investment in sustainability, innovation and transformation

In the packaging business, where a consolidated presence on the international market is still being built up, Navigator likewise felt the adverse conditions of a year marked by **overstocking** throughout the **supply chain**, which was reflected in the slower and irregular behaviour of demand. In particular, **consumption of bags** (one of Navigator's main segments) fell by 40% after the introduction by law of mandatory in-store charges for consumers.

Nonetheless, the development of our packaging business continues to show considerable promise, with a growing customer base, recognition of the quality of our products, based on eucalyptus globulus fibre, and consequently of the gKraft™ brand. Our products are being used by high profile brands in sectors ranging from fashion to food retail, e-commerce, manufacturing and farming.

This success is confirmed by **growth in the client base**, which today boasts more than 230 active clients, in 30 countries, since starting up in 2021. gKRAFT has won recognition not only in the marketplace: Navigator's work in the field of sustainable packaging solutions was rewarded in June this year by winning the **National Innovation Prize**.
In addition, the Mobilising Agenda entitled "From Fossil to Forest - Sustainable Packaging Products to Substitute 'fossil' Plastic", led by Navigator, was selected by the Deloitte Portugal **IRGAwards** (Investor Relations and Governance Award) for its Transformation Award, distinguishing transformation and innovation projects with an impact on markets.

Navigator has based its offering of packaging papers on three **GKraft™ macro-segments**: BAG, FLEX and BOX, which subdivide into 12 segments for different applications, aimed respectively at the markets for Bags (retail, consumer and industrial bags), Flexible Packaging (serving a wide variety of flexible packaging solutions), and boxes (corrugated cardboard boxes for value-added products and food packaging, including cardboards for producing paper cups and food trays). The innovative introduction of the properties of eucalyptus fibre has been crucial in securing the wide acceptance these products already enjoy in the market.

Navigator worked over the course of 2023 on developing **new product ranges**, aimed at the food industry, and also at a variety of consumer products. These are currently still being trialled and launched on the market, in a large-scale operation aimed at new customers (220 market trials conducted in 2023). The trials were conducted with more than 100 clients, two thirds of which are new clients. Developments included the creation of new product ranges, most significantly for innovative 100% Eucalyptus products, with a total of 31 new grades.

As part of the **diversification of packaging business**, progress has continued as planned in the project for integrated production of eucalyptus-based moulded cellulose components, designed to substitute single-use plastic packaging in the food service and food packaging market, and production is planned to start up in the 2nd half of 2024, under the gKraft™ Bioshield brand. The facility will have production capacity for approximately 100 million units a year, making it one of the largest in Europe and the first such integrated facility in southern Europe, moving into a fast growing, high-potential market.
Operations will start with four products for the food sector, and the facility offers production flexibility and scalability in order to exploit the various opportunities opening up for substituting plastics.

4.4. Tissue

Growth and strong performance in Tissue business

Tissue business took a front seat in 2023, with the **acquisition of a production unit in Zaragoza**, taking effect from the start of the 2nd quarter. The takeover of this new mill is part of Navigator's ambitious plan for growth and diversification and has bolstered its strategic position in the Tissue market, where in just eight years it has established itself as the 2nd largest player in Iberia, with total annual production capacity of 165 thousand tons and annual converting capacity of 180 thousand tons.

In 2023, **tissue sales** proved significantly resilient, and there was sustained growth in demand for Navigator's finished products, despite the contraction of demand in Western Europe (down 2.9%, first eleven months), especially in the second half.

The volume of tissue sales (finished product and reels) totalled 142 thousand tons in 2023, representing an increase in volume of 40% in relation to 2022, whilst the value of sales grew by 49%. This success was boosted by the integration of the new mill in the second quarter, changing its name to Navigator Tissue Ejea. As well as contributing to growth in sales, the new mill has also expanded our customer base and generated significant gains by unlocking synergies.

Sales of Navigator brands in 2023 were up by 25% in comparison with 2022.
Similarly, sales of more distinctive and innovative products continued to set new records in 2023, and were up by 64% in relation to 2022.

The **focus on innovation and differentiation** continues to allow Navigator to enjoy recognition from consumers, winning the "5 Star Award" for the third year running. This has further raised its profile with customers, especially in terms of mill brands which in 2023 accounted for 24% of the total volume of finished product sales.

4.5. Energy

Power Output of 1,436 GWh in 2023, of which 76% was from renewable energy sources

Power sales totalled € 169 million in 2023, down by around 35% on the previous year.

This result is explained essentially by; (i) reduction in the market price (OMIE), which meant that it became advantageous to switch the renewable cogeneration facilities to the special pricing system (when in 2022 they sold their output under the market price system, benefiting from a better OMIE price), (ii) lower sales by the Setúbal Combined Cycle Natural Gas Power Station, as a result of it changing in 2023 to operation of only one generator set (the operating margin for this unit was brought down by the difference between the market power price and the natural gas price), making it possible to cut consumption of fossil fuels, and (iii) reduced operation of paper machines (meaning that less heat was needed to dry paper, causing the cogeneration plants to be operated less, in turn reducing output of electricity).

The Group's industrial units continued 2023 to participate in the **Regulation Reserve Band Market**, a system service provided to the operator of the power grid by qualified major power consumers, designed to contribute to the fundamental aim of safeguarding the security of supply in the National Electrical System. This market mechanism resulted in significant earnings in 2023 for the group’s energy business of approximately 19.6 million euros.

In another important development in 2023, work started on building the **new solar power facilities** for the group's own consumption at the industrial sites in Figueira da Foz, Aveiro and Vila Velha de Ródão. This will triple the capacity installed on our sites, from 12 MWp at present to close to 38 MWp.

In phase three, in 2024-25, installation will proceed of between 8 and 15 MWp of new photovoltaic solar capacity, which will bring Navigator's total capacity up to between 46 and 53 MWp, making Navigator the no. 1 player in solar PV rated capacity for in-house consumption in Portugal.

Along similar lines, the Navigator Group is also looking into the possibility of investing in batteries (electrical storage), above all for providing regulation reserve system services. There is the possibility of investing in up to three batteries, 10 MW/2 hours each. If this investment proves attractive, it may amount to a capex project of 7 to 21 million euros.

With more of a medium-long term view, Navigator is still looking into the attractiveness of investing in **green fuels**, both biofuels (medium term) and e-fuels or synthetic fuels (medium-long term).

In terms of biofuels, possible capex projects are being assessed in the production of second-generation bioethanol (using eucalyptus bark as raw material) and in producing kraft biomethanol (through the recovery and purification of by-product biomethanol produced at pulp mills) for use as fuel or in the chemicals industry.

Lastly, in terms of e-fuels, capex projects are still being assessed for production of e-methanol and e-jet fuel. These are two distinct projects, with different technologies and potential partners. In both cases, an essential component is biogenic CO_2, which is a by-product in our pulp production processes. In brief, these are processes for synthesising (biogenic) CO2 and green H_2 (obtained from water electrolysis) with a view to producing sustainable hydrocarbons (e-methanol, e-kerosene), neutral in carbon emissions, for the shipping and/or aviation sectors, where electrical engines are not an option.

In the meantime, the European regulations on e-Sustainable Aviation Fuels (e-SAFs) have changed, and incorporation of e-SAFs into traditional fuels will only be mandatory in 2030, meaning that priorities need to be reconsidered. As a result, the project previously announced with P2X Europe (for production of e-fuels/e-SAFs), which was provisionally scheduled to start operation in 2023, will not be able to proceed as initially envisaged. The two companies have nonetheless reaffirmed their interest in continuing to look into any new opportunities in the power-to-liquids sector, in line with the new adoption dates set by the EU.

4.6. Financial performance

Cost management and price levels together offset falling demand, resulting in EBITDA of € 502 million

Variable costs were brought down significantly over the year, with a reduction in unit cash costs in all segments. Careful **management of paper prices**, especially in segments with higher value added, has offered additional protection to profits, in a context where volumes of paper sales have dwindled. These factors, combined with a sales strategy of prioritising mill brands and product and market diversification, made it possible to achieve **EBITDA** of € 502 million and an EBITDA/Sales margin of 26%.

Unit cash costs improved over the year, and most significantly in the 2nd half. Comparing the 2nd half in 2023 with the same period in 2022, we can point to a sharp drop in costs, with a reduction of between 16% and 20% in all pulp and paper segments (printing and writing, tissue and packaging).

Navigator remains focused not just on managing its variable costs, boosting efficiency in consumption of raw and subsidiary materials, by reducing specific consumption levels, in particular in pulp, paper and Tissue production, but also on making continued efforts to contain fixed costs.

Control of **total fixed costs** resulted in a reduction of 5% in 2023 in relation to 2022, despite the inclusion of the Tissue Ejea unit in the 2nd quarter. Considerable efforts have been made to contain costs, with maintenance and running costs rising by less than 1% in 2023, well below the rate of inflation for the year (4.3%) and the rate of pay rises, in particular at Navigator, where the average pay rise implemented in 2023 was 5.3%.

Financial Results benefit from interest rate hedging policy

Financial results showed a loss of € 19 million (as compared to 57 million in 2022). It should be noted that in 2022 financial results were penalised by non-recurrent (non-cash) impacts, resulting from recognition, in income for the period, of accumulated exchange rate losses, essentially relating to repayment of shareholder loans provided to the subsidiary Portucel Moçambique (€ -34 million).

If these non-recurrent items are excluded, we can point to an improvement YoY of € 4.6 million. This was partly due to rising **interest rates**, which enabled Navigator to optimise cash management, with a positive impact of € 3.7 million. At the same time, the interest rate risk hedging policy - with 95% of total borrowing currently contracted on a fixed rate basis (directly or through derivatives) - made it possible for the average borrowing rate to be kept stable despite the steep hike in reference rates. Combined with the reduction in gross debt, this also made for an improvement of € 1.1 million in financing costs.

Pre-tax profits totalled € 347 million (€ 516 million in 2022) and corporation tax payable stood at € 72 million (€ 124 million in 2022), with a taxation rate for the period of 20.8% (24% in 2022). **Net income** stood at € 275 million (€ 393 in 2022).

Free cash flow generation impacted by acquisition operation and by accelerated capex

Free cash flow generation in 2023 stood at approximately € 92 million (vs. approx. € 463 million in 2022), reflecting the impact of the disbursement for acquisition of the Tissue unit in the 1st quarter, the demanding schedule for the capex plan under the Recovery and Resilience Plan (RRP) and the additional payment of € 108 million in corporation tax (IRC), as a result of the exceptional level of profits in the previous year, as well as the distribution of employee bonuses. These payments are closely related to the excellent performance the Company achieved in 2022.

The figures were also due in part to a significant reduction in the **value of inventories and client receivables**, more than offsetting the reduction in balances payable to Suppliers, which reflect the policy of supporting our partners' liquidity.

4.7. Sustainable finance

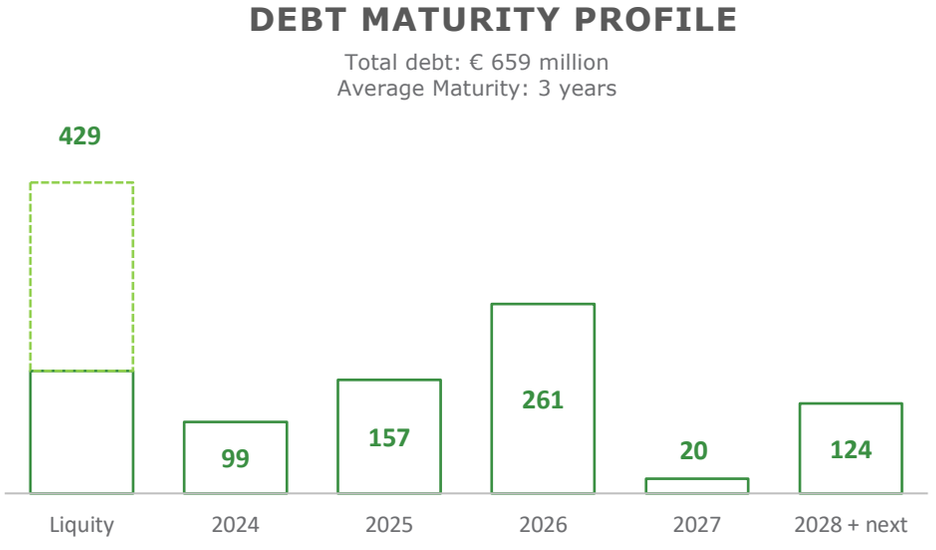
New long term green finance from EIB, worth € 115 million, consolidates Sustainable Financial Management

Net debt stood at € 490 million at year-end 2023, reflecting the impact, among other things, of the disbursement for acquisition of the new tissue mill in the first quarter and the distribution of € 200 million in dividends in the second quarter. The Interest Bearing Net Debt/EBITDA ratio stood at 0.98, further consolidating the financial strength displayed by the Group in recent years.

Debt repayments totalling € 82 million were made over the year, in the 4th quarter, Navigator **contracted long term finance** from the European Investment Bank (EIB) with a value of € 115 million, which can be drawn in 3 tranches over a period of 18 months after signing, with maturities of up to 12 years. The loan is intended to support the project to build and operate the high-efficiency recovery boiler at the Setúbal Industrial Complex, a fundamental step forward under the roadmap for decarbonisation

(Chapter 6.3.2). This green finance is provided as part of the REPowerEU Plan, designed to boost finance for green energy and to support the European Union's autonomy and ability to compete.

As a result, **average debt maturity** remains appropriate, with rationally staggered repayments, 46% of total debt tied to sustainability (42% of total issued) and 95% of total debt issued on a fixed rate basis, enabling us to maintain low financing costs in a scenario of sharply rising interest rates.



Liquidity = Cash €169m + Long-term facilities available €260m

Average borrowing rate (Dec-23)	Interest rates
1.9%	**Fixed: 95%** **Floating: 5%**

4.8. Share performance

At the start of 2023, the **global economic outlook** was far from promising, with the expectation that growth in the main developed economies would be modest, or even negative in some cases. On the geopolitical stage, the war in Ukraine was joined by conflict in the Middle East, making for periods of significant risk aversion over the course of the year.

However, **overall**, the year proved clearly more favourable than initially expected: 2023 ended with growth of approximately 2.5 (USA) and 0.5% (Europe). In the case of the Portuguese economy, the (expected) GDP growth in 2023 is 2.3%, when a year ago it was expected to stand at around 1.5%.

Stock market indexes performed in line with evolving expectations: despite the high levels of volatility recorded, the year ended up being positive for most financial markets. 2023 ended with the main indexes recording their peak levels for the year, such as in the case of Euro Stoxx 600, and with some indexes (such as Nasdaq 100 and S&P 500) at all-time high levels.
On the foreign exchanges, the EUR/USD rate closed the year largely unchanged from the previous year.

Despite significant volatility at the start of the year, the **share price performance** of most companies in the pulp and paper sector eventually rallied, and most shares closed the year with positive performance. It should be recalled that, over the first half of 2023, the sector experienced a particularly difficult situation, with a slow process of destocking in printing and packaging paper throughout the supply chain.

In this context, **total shareholder returns (TSR)** for Navigator in 2023 stood at 11.85%, reflecting the strong performance by the shares and distribution of dividends.

Navigator Share Prices



Source: Bloomberg

Navigator shares grew in value by 2.7% over 2023, closing the year at € 3.55 per share. The **share price** held steady over the year, falling to a low of €3.012 after payment of dividends on 31 may and rising to a high of €3.8128 on 12 October. **Average daily trading** stood at 937,339 shares, with an average daily turnover of 3.1 million euros.

Navigator's annual general meeting was held on 17 May 2023, and approved the **distribution of dividends**, payment of which was concluded on 31 May, with a total pay-out of 200 million euros, equivalent to a gross dividend per share of €0.2812.

Navigator's rating and excellent ranking are important facts that reflect its ongoing efforts to integrate sustainability as a priority in its business model its capacity to anticipate and manage ESG risks in the conduct of its operations. (Chapters 1.5 and 5).

Navigator closed the year with an average target price consensus of €4 from eight analysts, with one Buy recommendation, five Hold recommendations and two Sell recommendations (Part I of the Corporate Governance Report).

4.9. Contribution to State tax revenues

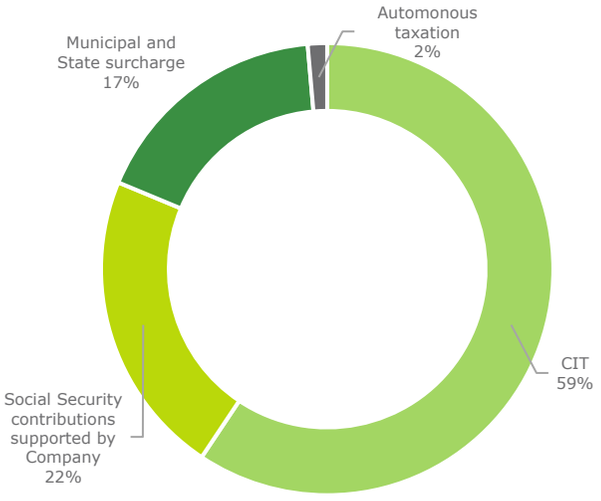
As part of the business carried on by the Navigator Group companies, they incur a multitude of taxes, charges and contributions, making the Group a major contributor to government revenue in Portugal, helping the country to achieve its welfare and development objectives. Tax Policy therefore has a significant impact on the business community, affecting the Group's entire value chain.

For this reason, the Navigator Group has a **Tax Policy** aligned with the Group's business development strategy, defined in accordance with the economic substance of its activity, aimed to ensure full compliance, by Group entities, with their tax obligations, in all the jurisdictions in which they carry operate , seeking to maintain full compliance with the spirit and letter of the applicable legislation.

Aware of the role it plays in the Portuguese industrial and business community, and as required from a transparency perspective by its stakeholders, the Navigator Group has, in recent years, sought to determine its **Tax Footprint**, identifying the volume of tax revenues obtained from its business operations and the taxes it collects and administers on behalf of the State and other parties, thereby contributing on this dual basis to the State's tax revenues.

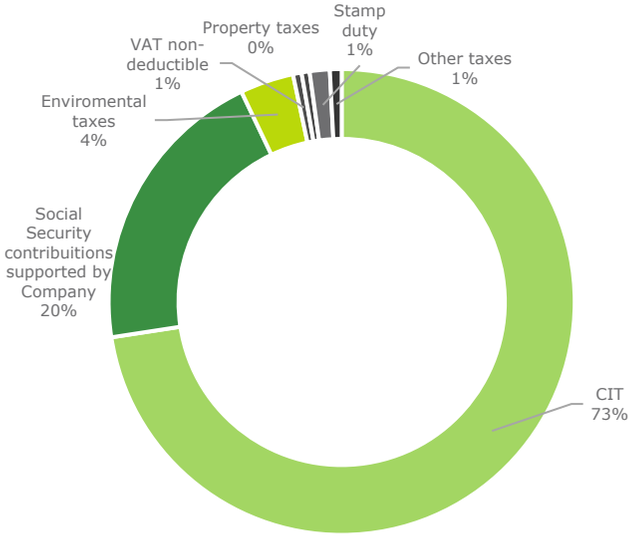
As shown in the "**Taxes borne**" graph, the Group footed a total tax bill in 2023 (including more than 20 different taxes, contributions, and charges) of €109 million (2022: 166 million), equivalent to an effective tax burden of 31.42% in 2023 (2022: 32.12%) on pre-tax profits. This tax burden consisted primarily of Corporate Income Tax (CIT), including surcharges (Municipal and State), Autonomous (flat-rate) Taxation (TA) and Social Security contributions, the last two of which totalled €79 million (2022: €135 million) and €22 million (2022: 21 million), respectively.

Main taxes borne



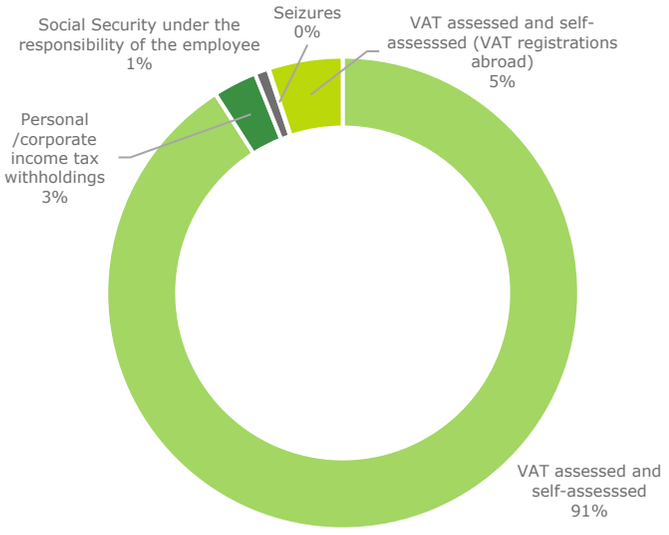
The Taxes borne include environmental taxes of a very significant size, totalling 4 million euros. These include the Petroleum Products Tax, Water Resources Charge, Public Maritime Domain Charge, Waste Management Charge, Special Consumption Tax (IEC) on electricity, Extraordinary Contribution on the Energy Sector (CESE), Single Road Tax (IUC) and CO_2 licenses, with a decrease compared to the previous year (2022: 6.5 million), due to less licenses being needed. This reduction also demonstrates the fiscal contribution to the pursuit of sustainability goals, in line with the Group's policy. Even so, the amount paid by the Group continue to demonstrate its high sectoral contribution, meaning that the creation of new rates or financial contributions in future will certainly imply double taxation and a heavy tax burden for the Group, the consequence of which will be to limit Navigator's ability to invest in new, more sustainable projects, as it has been doing.

Total tax borne



In **taxes levied by the State**, Navigator accounted for 1,119 million euros in 2023 (2022: €1,465 million), with VAT once again contributing the most to this amount (2023: 1,017 million vs. 2022: 1,345 million), which highlights the Group´s contribution towards collecting tax revenues for the Portuguese State. It should be noted that Navigator is not remunerated by the State for collecting these taxes, unlike what happens in other jurisdictions, and even among us, other economic operators, are remunerated by the Tax Authority (e.g. seizures made on the tax authority's request), which means that Navigator internalizes and fully bears the costs of levying these taxes on the State's behalf.

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 €57 million in VAT (2022: €82 million) for the respective local tax authorities.

VAT collected for other States

Country	2023
Figures in Euros	
Germany	15,144,100 €
Poland	14,299,873 €
Netherlands	11,947,886 €
United Kingdom	8,250,287 €
France	3,602,915 €
Spain	2,417,292 €
Switzerland	694,581 €
Italy	329,550 €
Total	**56,686,485 €**

The Group also collects €10.4 million in **Social Security contributions** supported by the employees (2022: €9.8 million) and €34 million in income tax (IRS) deducted at source (2022: €28 million), essentially on salaries paid to its Employees. The **labour tax rate** for 2023 stood at 18.90% (2022: 11.4%), and the increase was essentially due to the reduction in the Group's consolidated profits. This indicator is calculated as the ratio between taxes levied on labour factor (Social Security contributions payable by the company and the employee, and IRS deducted from employment income and pre-tax profits.

In terms of the geographical distribution within Portugal of **taxes charged on a territorial basis** (municipal surcharge, Municipal Property Tax, Municipal real estate transfer tax and municipal charges), the Group has the largest tax bill in the regions of Setúbal, Figueira da Foz, Aveiro and Vila Velha de Ródão, where it pays local taxes of €3.5 million, €1.6 million, €0.8 million and €0.6 million, respectively.

On the other hand, with regards to the worldwide geographical distributions, the Group paid out a total of € 66 million in **Corporate Income Tax (CIT)** in 2022, determined on a cash flow basis. The following table provides a geographical breakdown of corporate income tax paid by jurisdiction/country:

Jurisdiction	Accounting result in 2021	Corporation Tax paid in 2022	Share of Corporation Tax paid in 2022	Accounting result in 2020	Corporation Tax paid in 2021	Share of Corporation Tax paid in 2021
Figures in Euros						
Spain	946,641	311,989	0.47%	1,414,600	1,172,971	4.75%
Netherlands	58,620	8,182	0.01%	54,521	7,332	0.03%
Portugal	496,215,202	64,445,158	97.00%	255,307,716	19,461,688	78.87%
France	94,340	26,322	0.04%	103,027	32,620	0.13%
Germany	204,280	237,331	0.36%	538,513	20,836	0.08%
Austria	338,780	4,268	0.01%	29,551	11,279	0.05%
United Arab Emirates	9,213	0	0.00%	10,708	0	0.00%
United States	3,242,467	1,137,557	1.71%	4,697,171	306,846	1.24%
Italy	64,145	17,087	0.03%	135,810	17,380	0.07%
Morocco	13,152	1,621	0.00%	14,337	1,592	0.01%
Mexico	11,379	8,737	0.01%	10,311	6,692	0.03%
Poland	-3,651,881	1,964	0.00%	5,939,204	2,945,849	11.94%
United Kingdom	273,674	0	0.00%	1,572,739	306,101	1.24%
Russia	0.00	0		24,218	975	0.02%
Turkey	5,654	12,310	0.02%	7,062	4,353	0.02%
Egypt	14,775	2,000	0.00%	0	2,176	0.01%
Ireland	566,730	220,107	0.33%	1,506,747	375,032	1.52%
Mozambique	1,984,682	1,488	0.00%	15,513,296	1,016	0.00%
Total	**500,391,851**	**66,436,122**	**100%**	**286,879,532**	**24,674,738**	**100%**

In the context of compliance with its country-by-country tax reporting obligations, it should be noted that, in 2022, the Group paid 97% of its global corporate income tax borne in Portugal (2021: 78.87%; 2020: 80.92%; 2019: 95.95%; 2018: 92.93%; 2017: 93.78%) within the 17 jurisdictions (2021:18; 2020 and 2019: 16; 2018: 18; 2017:17) where the Group is established and its tax payments represented the following percentages of global corporation tax: 1.25% in Europe, 0.03% in Africa & Middle East and 1.73% in America.

Lastly, the **Tax footprint** report is particularly important to the Group in its efforts to digitalise its tax function, with a view to the reliability of tax information for compliance with tax reporting obligations, and insofar as it brings together and analyses the main indicators for the many different taxes paid and collected on behalf of the State, and the Group's decisive contribution to public revenues in Portugal.

4.10. The Navigator Group's tax policy

The Navigator Group fulfils the duties of corporate citizenship by complying with its obligation to create value and finance the general functions of the states in which it operates through the payment of taxes, contributions, charges and other levies payable under the law, helping to promote the sustainable economic and social development development of these countries.

The Navigator Group's **Tax Policy** aims to ensure full compliance by the Group´s companies with their tax obligations in all the jurisdictions in which they operate, seeking to maintain full compliance with the spirit and letter of the applicable legislation.

For this purpose, the Navigator Group makes use of its in-house specialists and external consultants (if necessary) to ensure a proper and prudent interpretations of the tax law applicable to its business and transactions, as well as requesting binding information from the tax authorities, when admissible and opportune, in order to ensure compliance with its tax obligations, in a collaboratives spirit and to proactively minimize risks and possible tax contingencies.

The Navigator Group's Tax Policy is aligned with the group's business development strategy, meaning that the policy reflects the economic substance of its activities. For this reason, the Group's transactions is carried out in response to its economic activity, and the tax implications of these transactions are just one of many economic factors to be considered in management decisions at the Navigator Group.

Obviously, like any other business cost, the Navigator Group has an obligation to manage its **tax expenditure** in a financially responsible manner for the Company and for its Shareholders. For this reason, under its tax policy, the Navigator Group makes use of the **tax benefits and incentives** which are applicable and provided for in the tax legislation of the states where it carries on its business and which are appropriate to that business, in view of its economic substance.

In addition, in **transactions with related entities**, the rules, OECD guidelines and international best practices applicable to transfer pricing are taken into account to define the terms and conditions of these intra-group transactions.

The Navigator Group also takes active steps to establish a relationship based on **cooperation with the tax authorities** of the of the countries where it carries on its business, to ensure it complies with tax legislation. This also entails providing the information and mandatory documents required by these tax authorities, to ensure that it complies with its own obligations and also, that the economic operators interacting with the Navigator Group likewise comply with their respective tax obligations.

Importance is also attached to appropriate and effective **disclosure** of the Navigator Group's Tax Policy, as well as of **its tax footprint**, identifying and annually disclosing the volume of taxes it economically bears and those it collects and administers on behalf of the State or other parties, thereby contributing on two fronts to the State’s fiscal revenues and the payments made to public authorities.

Lastly, the Navigator Group creates and follows internal procedures for appropriate and regular **oversight** of its tax practices and review of its Tax Policy, with the involvement of its corporate boards, in order to minimise the potential financial and reputational risks involved in decision-making on taxation matters.

5. Creating sustainable value

GRI 3-3, 201-1
ESRS MDR-A, MDR-T, MDR-M

Creating long term value and sharing it with our Stakeholders is part of our Corporate Purpose and defines our responsible business strategy. As a leading force in wealth creation in Portugal, we have an impact on the lives of thousands of people up and down our value chain.

OUR IMPACTS

1%
of **Portuguese GDP**[17]

€2,034m
Direct economic value generated

30,000
Direct, indirect and induced **employment**[18]

3%
of **Portuguese exports of goods**

€1,848m
Direct economic value distributed

7,490
Suppliers — 73% Portuguese

€106m
ESG CAPEX (57% of total NVG CAPEX in 2023)

46%
ESG finance[19]

€185m
Accumulated economic value

€269m
in projects aimed at the **Climate Transition** and the **Digital Transition**, under the **RRP** up to 2026

[17] Source: Figures published by INE (Statistics Portugal) for 2021.

[18] Source: KPMG study - 2016.

[19] The percentage refers to the value of the finance contracted..

As a top player in wealth generation in Portugal, and in its contribution to the country's economy, we have a direct impact on the lives of thousands of people all along the value chain - including Shareholders, Employees, Customers, Suppliers, local Communities and society in general.

We base our growth on a **production structure** which sets international standards for size and sophisticated technology, spread over four large scale modern industrial complexes in Portugal, as well as forestry operations in mainland Portugal, Galicia (Spain) and Mozambique. In 2023 we acquired a new consumer tissue business in Spain, expanding our manufacturing and commercial capacity. Integration of the new mill will make it possible to optimise management of the Iberian customer portfolio, while positioning us better for new business in Spain and France, thanks to the strategic location in Zaragoza, and bringing operational synergies.

Our business strategy and results position us as **one of Portugal's largest industrial concerns** – we account for approximately 1% of **GDP**[20] and rank as the third largest[20] **exporter of goods** in Portugal. More than 92% of our output is sold outside Portugal, with products shipped to 134 countries.

Because our value chain incorporates home-grown natural resources from planted forests and because we create **earnings and employment** in Portugal, where we source most of our raw materials and services, we are the top exporting company in terms of contribution to **National Value Added**[20].

In addition, we have been ranked first in a list of the 2,000 companies operating in Setúbal (Portugal) which create the most value for the district, and second in terms of turnover in the region, moving closer to first place in the "Ranking of the 2000 Top Companies in the Setúbal District 2022"[21].

Through our business operations we generate jobs for 30,000 people, in direct, indirect and induced employment[22], and we work with more than 7,400 Suppliers, 73% of which are Portuguese.

1%
GDP

3rd
place in the list of the largest exporters of goods in Portugal

1st
place in the ranking of exporters contributing most to National Value Added

1st
place in a ranking of 2,000 companies operating in Setúbal (Portugal) creating the most value for the district

92%
of Products exported, to more than 130 countries

[20] Source: Figures published by INE for 2021.

[21] Source: Iberinform Portugal report, with reference to 2022.

[22] Source: KPMG study - 2016

Direct economic value (revenues) in 2023 was down by 24.7% on 2022, and exceptional year for sales and prices. This was due principally to the first quarter of the year, which saw sharp contraction in international demand in the main segments in which we operate, which together with the slow process of destocking, resulted in a slower pace of production and sales (Chapter 4.).

Generated and distributed value



€2,034 m
Direct economic value generated (revenues)
down 24.7% on 2022

€1.848 m
Direct economic value distributed
down 14.9% on 2022

€185 m
Economic value accumulated
down 122.6% on 2022

€1,294.5 m
Operating Costs
down 17% on 2022

€171.1 m
Employee Pay and Benefits
down 8.2% on 2022

€219.3 m
Payments to Capital Providers
down 62.8% on 2022

€161.7 m
Payments to the State
up 60.0% on 2022

€1.5 m
Investment in the Community
down 20% on 2022

Navigator's forest business strategy has strong roots in Portugal, due to the location of its industrial complexes and the quality of its management of planted eucalyptus forests. In 2023, the Company implemented capex projects in several Portuguese districts, investing more than 226 million euros.

Investment by district

	Biomass Purchases	Wood Purchases	Installation	Maintenance	Felling	Logging	Transport	Trails	Rentals	Total
Aveiro	4,699,282	28,704,137	186,750	143,948	211,396	119,145	250,752	11,713	1,152,749	35,479,871
Beja	308,462	6,332,426	927,468	1,394,784	634,184	368,881	968,845	59,039	784,413	11,778,503
Braga	53,710	17,039,144	60,918	70,143	95,816	48,835	162,098	0	114,162	17,644,825
Bragança	1,860	0	0	3,182	52,023	16,049	80,127	0	10,514	163,757
Castelo Branco	4,034	1,141,541	1,172,709	911,924	808,729	278,965	1,374,228	8,000	586,567	6,286,697
Coimbra	2,125,948	17,951,471	487,243	555,690	510,379	259,518	666,734	1,700	1,358,875	23,917,557
Évora	507,046	1,131,866	161,983	420,106	588,637	325,727	749,128	11,495	217,891	4,113,878
Faro	165,330	3,486,093	564,013	640,961	240,306	141,732	620,108	39,475	404,618	6,302,638
Guarda	6,927	7,334	0	88,113	0	0	0	0	47,408	149,781
Leiria	2,200,195	21,121,761	81,797	94,004	23,565	18,636	38,806	0	186,947	23,765,711
Lisbon	948,860	13,243,525	58,753	36,489	149,543	89,521	212,875	1,085	196,181	14,936,831
Portalegre	786,066	2,605,942	364,286	369,580	177,912	70,395	240,273	0	260,475	4,874,930
Porto	780,607	12,660,309	322,451	388,296	470,004	225,762	657,139	1,390	698,154	16,204,113
Santarém	1,301,850	20,371,507	300,529	627,232	925,660	474,208	1,521,959	13,694	1,257,846	26,794,484
Setúbal	6,401,097	5,877,856	625,266	603,507	420,800	226,303	442,745	4,100	700,532	15,302,206
Viana do Castelo	26,703	3,206,028	51,873	106,952	54,328	28,497	110,194	0	148,055	3,732,631
Vila Real	5,135	100,445	8,712	0	10,328	4,426	16,540	0	12,033	157,619
Viseu	142,170	11,130,437	179,799	162,536	94,377	51,909	164,335	0	272,877	12,198,440
Subtotal	**20,465,282**	**166,111,821**	**5,554,549**	**6,617,448**	**5,467,988**	**2,748,507**	**8,276,887**	**151,690**	**8,410,299**	**223,804,471**
Funchal	0	2,231,726	0	0	0	0	0	0	0	2,231,726
Ponta Delgada	0	3,639	0	0	0	0	0	0	0	3,639
Total	**20,465,282**	**168,347,186**	**5,554,549**	**6,617,448**	**5,467,988**	**2,748,507**	**8,276,887**	**151,690**	**8,410,299**	**226,039,836**

Creating long-term value

Creating long-term value and **sharing it with our various Stakeholders** is built into our identity (Chapter 6.2.6) and we are mindful of the various impacts of our business on society and that our economic and financial performance cannot be dissociated from how we manage our Community relations, nor from judicious management of the resources we use, our ability to mitigate the risks entailed in our business nor, moreover, from transparent open-access communication.

As set out in our **purpose**, we want to share with society not only our results, but also our know-how, our experience and our resources, with a commitment to leaving a better planet for future generations - through **natural products that are sustainable, recyclable and biodegradable**, that help to sequester carbon and produce oxygen, that protect biodiversity, soil formation and combat climate change.

Pursuit of a responsible business, promoting sustainable development and in alignment with the United Nations Sustainable Development Goals **(SDGs)** is therefore set out in our 2030 Agenda – Creating Value Responsibly (Chapter 6.2.4). We have an especially important potential role to play in mitigating and adapting to the effects of climate change, especially through decarbonisation, as shown by our commitment to achieve carbon neutrality at all our manufacturing units in Portugal by 2035 (Chapter 6.3.2).

Customers are a strategic Stakeholder for The Navigator Company's success, and we therefore invest in building a close commercial relationship and meeting their needs (Chapter 6.5.3). Strong brands and sustainable products (Chapters 2.2, 6.5.3) remain essential factors, which are combined with a firm commitment to innovation.

We have invested in promoting a new generation of **bioproducts** that offer an alternative to fossil-based materials. This entails creating innovative and distinctive products, as well as developing potential new businesses, aligned with sustainable development (Chapter 6.5.2).

We have made major strides in our product **diversification** strategy, in line with market trends and sustainability challenges (Chapter 6.5.3), an example of which is our move into the packaging business area, with a new line of packaging paper (gKRAFT), working to reduce the use of plastics, by providing substitute materials from renewable sources.

In this way we add value to the entire **forestry value chain**, bringing out the potential of Portuguese forests to produce a diversified range of products.

We also contribute to the rural economy, through development of the regions where we operate and improving the woodlands we manage, with an impact on local Communities (Chapters 6.3.3, 6.4.3).

We are responsible for generating opportunities for professional growth in an array of different sectors, from forestry to manufacturing, and from research to end products. This benefits and empowers our eucalyptus growers, Suppliers and local Communities. We have a positive impact on **employability** and **skill** levels, especially among young people (Chapter 6.4.1) and forestry producers (Chapter 6.3.3), by working to share our knowledge through educational initiatives promoting sustainable forestry management and certification, with the aim of contributing to improved and better protected forests.

As the foundation of all our operations, we invest in our human capital - in skills, recognition, motivation, health and welfare (Chapters 6.4.1, 6.4.2). We support our Employees' families and, as part of our efforts to recognise the dedication and commitment of our people to achieving positive results for the Company, we have responded to this success by awarding and increasing performance and productivity bonuses.

Portucel Moçambique: wood harvest and exports

In the operations of Portucel Moçambique, the process of **harvesting and exporting eucalyptus wood** from the country is geared to creating sustainable value, supporting the Company's operations in the country in the long term. Over the length of the **value chain**, the **returns** from the project include:

- Skilled employment and professional advancement. The company employs a permanent workforce of 250 (95% Mozambican, and 30% women), as well as providing a further 1,000 full time equivalent (FTE) jobs on a casual and seasonal basis, mostly for local Communities.

- Wealth generation and added value in the country, as well as environmental protection and investment in Communities.

A forest-based industrial cluster is being created, with a focus on exports, thanks to the favourable soil, climate and geographical conditions, positioning Mozambique and the Company in the international market for exporters of sustainable wood.

In the period from 2021 to 2023, a total of 8 shiploads were dispatched from the port of Beira, corresponding to the export of 250 thousand m^3 of wood, of which 218 thousand m^3 was harvested from Portucel Moçambique's plantations.

In addition, Portucel Moçambique contributes to the development of local communities in the areas where it operates through the different elements of its **Social Programme** (Chapter 6.4.3), representing investment of 7.6 million dollars.

250 thousand m^3
Wood exports, of which 218 thousand m^3 harvested from Portucel Moçambique's plantations (2021-2023)

250
Permanent jobs

>1,000
FTE jobs

Finance and investment for sustainable development

In our 2030 Roadmap (Chap. 6.2.4) we set out a commitment to ensuring that Navigator's sustainable financing and investment policies incorporate ESG criteria. In particular, we set the following objectives:

- To achieve an ESG (Environmental, Social and Governance) finance ratio of 70% or more by 2030;
- Ensure that the Net Debt/EBITDA stays below 2.0x;
- To continue with the policy of ESG investment in the management of Pension Fund assets, seeking to ensure that investments take a sustainable and responsible approach, in addition to applying the traditional financial criteria. Seeking to secure ESG classification of those assets under Regulation (EU) 2019/2088 of the European Parliament.

We have made significant strides toward sustainable finance, through financing operations where pricing is pegged to attainment of sustainable development goals or ESG performance indicators, included in our 2030 Roadmap. These financing arrangements enable us to make a judicious selection of maturities and risk conditions, and the pricing mechanisms are a clear demonstration of our commitment to the established sustainability goals.

46%
ESG finance contracted

ESG indicators associated with Sustainability-Linked Bonds

Financial operation	Year contracted		2021	2022	2023	2024	2025	2026
Navigator ESG Bonds 2021-2026	**2021**		SDG's					
Reduction in CO_2 emissions (Scope 1 – EU ETS)		Goal	649,318	644,318	600,818	595,818	565,476	-
		Performance	**539,332**	**552,587**	**456,689***	-	-	-
Increased percentage of certified wood purchased on Portuguese market		Goal	62%	63%	64%	65%	66%	-
		Performance	**63%**	**65%**	**68%**	-	-	-
Navigator SLBonds 2022-2028	**2022**		SDG's					
Reduction in CO_2 emissions (Scope 1 – EU ETS)		Goal	-	554,613	537,815	535,895	533,975	532,054
		Performance	-	**552,587**	**456,689***	-	-	-
Increased percentage of certified wood purchased on Portuguese market		Goal	-	63%	64%	65%	66%	67%
		Performance	-	**65%**	**68%**	-	-	-
Increased energy consumption from renewable sources		Goal	-	77.0%	77.7%	78.0%	78.3%	78.7%
		Performance	-	**76%**	**81%**	-	-	-

* estimated value, still subject to EU ETS verification

In structural terms, our financing policy provides us with sound and consistent foundations for gradual implementation of projects, enabling us to act systematically in advance of programmed events. Our financing policy has consolidated our adoption of sustainable development principles – at year-end 2023, 46% of our borrowing was on an ESG basis[23] - and this is expected to increase, with further ESG finance being taken out in the near future, and repayment of older facilities. A further finance facility for capex with a significant ESG component was crucial to the results achieved in 2023 (see highlight).

EIB loan for accelerating decarbonisation






Targets 7.3, 9.2, 12.4, 13.1

Navigator made another stride forward in its investment in decarbonised and sustainable energy by contracting finance of 115 million euros from the European Investment Bank (EIB), for construction and operation of a high efficiency recovery boiler at the Setúbal Industrial Complex.

When the new boiler is operational, it will enable the complex to reduce direct emissions of fossil carbon dioxide by around 136 tons a year, equivalent to a quarter of the Group's emissions in 2022.

This facility and the respective terms reflect EIB's recognition of the role this Navigator project has to play in the transition to a circular economy, contributing to the EU's Green Deal. In 2019, the EIB established a series of goals for promoting environmental sustainability and it is currently one of the world's largest providers of funds for climate action ventures.

The EIB loan is provided under the REPowerEU Plan set up by the European Union to reduce its dependence on Russian fossil fuels, to save energy, diversify sources of supply and to speed up the transition to clean energy.

Navigator's finance has been increasingly sustainability-oriented, and at year-end 2023 more than 40% of the finance contracted was tied to development of ESG practices.

We have also been willing to work in partnerships, submitting **funding applications** to leverage the transition to a low-carbon economy and to the bioeconomy, thereby boosting our contribution in this area (see following section).

It is important to note that we have adopted a **Responsible Investment Policy for Navigator's Pension Fund**.
The aim that all our assets should be tied to environmental, social and corporate governance (ESG) criteria was boosted by the changes we made in 2022 to the management contract for the Navigator Pension Fund. The Fund pursues a responsible investment policy, seeking to contribute to sustainability of the market as a whole in the long term.

The selection process for managers included assessing how far they incorporate ESG factors into investment decision-making, and evidence that they play an active role in promoting sustainable investment. The Fund will have the goal of achieving neutrality in greenhouse gas emissions by 2050 throughout its portfolio and will now use climate change metrics in its reporting.

[23] The percentage refers to the value of the finance contracted..

ESG Investment allocation

In 2023, **capital expenditure** totalled € 187 million (compared to 113 million in 2022). Capital expenditure consisted mostly of projects aimed at maintaining production capacity, modernising plant and achieving efficiency gains, as well as structural and safety projects.

Of these investments, approximately 57% of total capex, amounting to more than €106 million, related to projects and initiatives with ESG aims, including structural, environmental and decarbonisation projects, such as the new recovery boiler in Setúbal (Chapter 6.3.2), the new biomass lime kiln in Figueira da Foz, the conversion of the fuel oil burners to H_2 in the recovery boilers in Figueira da Foz and Aveiro and the Biomass boiler in Setúbal, the conversion of the lime kilns to work with biomass in Setúbal and Aveiro, which are under way, or the new tower and washing presses in Aveiro, already concluded, and which will contribute to accelerating the Group's decarbonisation plan, as well as investment in waste water treatment (WWTP in Setúbal) (Chapter 6.3.4), the new wood yard in Figueira da Foz (Chapter 6.3.5) and the treatment of fly ash from the recovery boiler in Aveiro.

€269m
Invested in projects aimed at the Climate Transition and the Digital Transition (RRP) up to 2026

8
RRP Agendas

The Group is currently involved in four components (C5, C11, C12 and C16) of the Business Innovation Agendas, under the **RRP (Recovery and Resilience Plan)**, corresponding to eligible investment of €269 million up to 2026.

In the next two years, Navigator will continue to invest heavily, in particular under the RRP. For **eligible investments** under the RRP, an incentive rate of around 38.8% is anticipated, corresponding to close to € 100 million, and the Company received approximately 21 million in 2023.

Component	Agenda	Eligible investment
C5 Capitalisation and Business Innovation	From Fossil to Forest Agenda TransForm Agenda Nexus Agenda Produtech R3 Agenda	€91.8 m
C11 Decarbonisation of Industry	Decarbonisation Agenda	€75.8 m
C12 Sustainable Bio-economy	be@t - Bioeconomy in the textile industry Agenda	€1.7 m
C16 Enterprises 4.0	National Test Beds Network	€2.2 m
	Total investment →	€268.7 m

Especially important is the **From Fossil to Forest Agenda** - Sustainable Packaging Products to replace Fossil Plastic" (Chapter 6.5.2), which includes, among other things, the projects already in progress: i) projects to develop high yield chemical pulp and brown papers; ii) projects to develop moulded cellulose for hard packaging; iii) bio composites and iv) papers with barrier properties.

The **Decarbonisation Agenda** (Chapter 6.3.2) has also been launched, including the projects already under way: i) new cogeneration turbine in Figueira da Foz, ii) new lime and biomass kiln in Figueira da Foz, iii) new recovery boiler in Setúbal, iv) incineration of non-condensable gases (NCG) in the new recovery boiler in Setúbal, v) new cogeneration plant at Tissue Aveiro, vi) new solar facility at Tissue Aveiro, vii) new bleaching tower and pulp washing presses in Aveiro; viii) new cogeneration plant in Vila Velha de Ródão.

The **TransForm Agenda** (Chapter 6.3.3, 6.3.5, 6.5.2) features in particular the following projects already under way: i) genetic improvement and see orchards at Viveiros Aliança and RAIZ; ii) remote data detection for sustainable and resilient forestry management; iii) boosting adopting of electrical engines in Portugal's forestry sector and iv) recovery of industrial waste for producing fertilisers.

The **Produtech R3 Agenda** includes projects for the robotised boxing machine for napkins in Aveiro, artificial vision for Wood reception and automatic truck loading.

External recognition of our commitment to sustainability

Our ongoing commitment to and investment in better ESG performance was reflected by external assessments by independent bodies, such as **Sustainalytics**, which again rated Navigator as a "Low ESG Risk Company" for investors, and in 2022 classed Navigator as an ESG Industry Top Rated Company.



In 2023, we secured an **MSCI ESG Rating** of "A". This rating is designed to measure the resilience of a Company to long term ESG risks. Companies are scored on a scale of AAA-CCC, for the industrial sector in which they operate (Paper and Forestry Products), on the most relevant key topics and on the basis of their business model.



We were also recognised in 2023 as a climate action leader with a rating of "A-" from **CDP Climate Change** and **CDP Forest** (Chapter 6.3.2).

It is important to note that our targets for cutting greenhouse gas emissions have been approved by the **Science Based Targets Initiative (SBTi)** (Chapter 6.3.2), in recognition of our ambition to find science-based solutions for the climate challenge.



Navigator was also a prize winner in the **Investor Relations & Governance Awards (IRGA)**, organised by Deloitte to reward the organisations and individuals who have done the most to make the Portuguese market more efficient, transparent, socially responsible and useful to the economic and to Portuguese society. The mobilising Agenda "From Fossil to Forest - Sustainable Packaging Products to replace Fossil Plastic" (Chapter 6.5.2), led by Navigator, was the winner of the Transformation Award in the category for transformation and innovation projects with market impact. The award recognises the importance of the project in creating disruptive products and cellulose-based packaging as a response to the challenges posed by growing consumption of single use plastics.

Our commitment to sustainability also entails the highest standards in reporting practices, as made clear by the improvement in Navigator's score from **Reporting Matters 2023**, a WBCSD and Radley Yeldar (RY) initiative, where we are ranked third in the group of Basic Resources companies.

WHAT NEXT?

- Assessment of new ESG finance facilities (2024 and thereafter)
- Drafting of an overall ESG framework document, as the basis for future facilities (2024)

6. Sustainability declaration

6.1. Technical disclosures

GRI 2-2
ESRS BP-1, BP-2

This report seeks to consolidate and reflect our approach and commitment to sustainability issues, and also to demonstrate our performance, in particular in connection with our Responsible Management Agenda ("2030 Agenda"), responding to the legal requirements introduced by Decree-Law 89/2017, of 28 July, on the disclosure, by large companies and groups, of non-financial information and diversity information. It has been drawn up in accordance with the Global Reporting Initiative (GRI) Standards, 2021 version.

The sustainability report is mostly presented in the "Sustainability Statement", in a first exercise in alignment with the requirements of the European Sustainability Reporting Standards (ESRS). As a starting point, a gap analysis was carried out in 2023 to identify any gaps in relation to the non-financial reporting requirements which will apply to us in future.

The structure adopted follows the order defined in ESRS 1 - General principles, organising the content into four parts (sub-chapters): General Information; Environmental Information (including the mandatory content responding to the EU Taxonomy); Social Information; Governance Information. However, the content of each sub-chapter has followed a more flexible rationale than defined by the ESRS, considering that this is still a transitional year. It was therefore decided to align the sub-chapters with the names of Navigator's material topics, used to structure the 2030 Responsible Management Agenda.

This report maintains the 15 material topics, resulting from the double materiality analysis in 2022 (Chapter 6.2.3) and the respective review of our 2030 Agenda (Chapter 6.2.4), around two strategic action areas: "For Society" and "For Climate and Nature". Our aim in this is to respond to the topics deemed most relevant by our leading Stakeholders.

In each chapter and sub-chapter, we have identified the GRI and ESRS disclosure requirements to which we respond (complemented by the GRI Table and ESRS Table of Correspondence, attached). In the case of the ESRS, recognising the fact that we may not yet be responding in full to the requirements identified, we have sought to demonstrate our current degree of alignment, aware of the journey we still need to travel to fill the gaps identified.

As regards the comprehensiveness of the disclosures, an exercise was conducted in 2023 to align our sustainability reporting with the consolidation perimeter of our financial reporting, and we now include two other geographical regions - Mozambique and Spain, resulting from the acquisition of a new tissue plant, Navigator Tissue Ejea. Cases where the perimeters are not identical are duly identified in our methodological notes over the course of the chapters and systematised in the GRI Table (Chapter 10.2.3). It should be noted that, in relation to social indicators, the data from the Ejea unit has not been included, as the plant is still in the process of integration into the Group's internal system.

In addition, in line with our established practices in the reporting of sustainability information, we include, in an annex to this document, a detailed statement of progress in our performance, in relation to the commitments we have made in the 2030 Roadmap. In another annex, we present the GRI Index, showing how the content of this report corresponds to the reporting model for disclosure of non-financial information defined by the Portuguese Securities Exchange Commission (Comissão do Mercado de Valores Mobiliários. CMVM), the ESRS and also the World Economic Forum's (WEF) framework in Measuring Stakeholder Capitalism Towards Common Metrics and Consistent Reporting of Sustainable Value Creation, published in 2020, taking the core option, which we have adopted voluntarily.

Due to the extent of the content of this document, we opted not to use gender-neutral language in the Portuguese version. Because we are committed to promoting gender equality (Chapter 6.5.1), it is considered that this option in no way undermines our position on this matter, or our policies and practices.

6.2. General disclosures

6.2.1. Sustainability governance

GRI 2-12, 2-13, 2-14, 2-16, 2-19
ESRS GOV-1, GOV-2, GOV-3, MDR-P

We believe that only with strong governance will we be able to address the main environmental, social and economic risks and opportunities we face - both those which have an impact on The Navigator Company, and those we generate for our Stakeholders. We base our action on a series of policies, codes and rules of ethics and conducts, along with management systems that support our approach to sustainability governance.

Sustainability governance structure and composition

The governance structure is supported by a number of different bodies and corporate committees, each with clearly defined functions with regard to sustainability management. Powers to decide on Navigator's mission, strategy, policies and targets (including as regards sustainable development) lie with the **Board of Directors**.

The process of designing the 2030 Responsible Management Agenda (Chap. 6.2.4), published in 2021, involved strategic reflection by the Executive Board and the commitments and priority plans established in the 2030 Agenda and the Roadmap are aligned with international trends and the social and environmental challenges facing Navigator's business (Chapter 6.2.2).

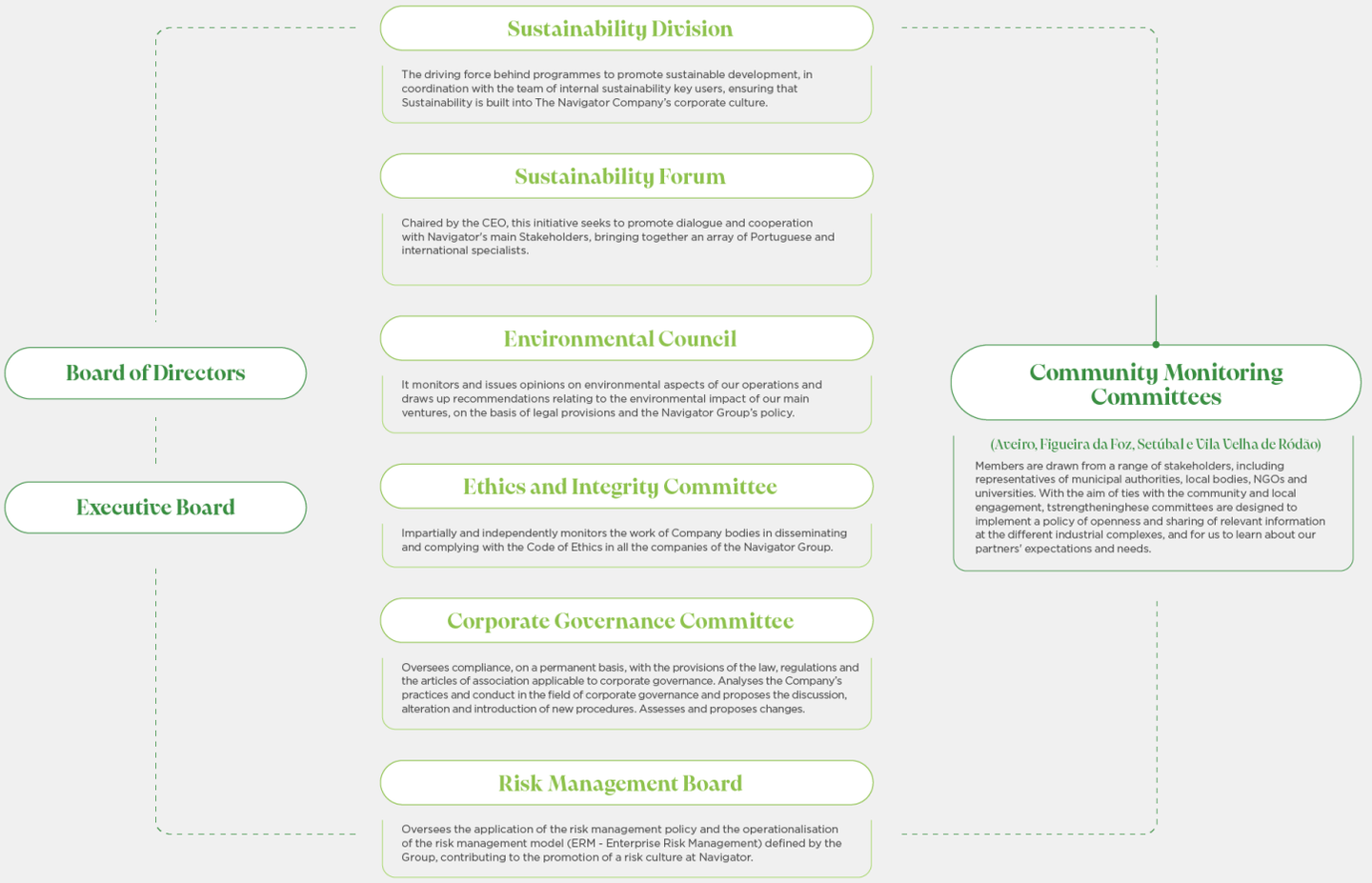
The **Executive Board** has delegated management of the 2030 Roadmap to the heads of the different Company divisions and there is a team of **sustainability key users** who oversee the action plan established for the areas where intervention is required under the Roadmap. This team works with management staff, and with support from the **Sustainability Division**, to assess Navigator's performance in relation to the objectives set. Any changes to the original plans are reported to the Executive Board for approval, and then made public in the Sustainability Report.

The **Sustainability Forum** is one of the main committees providing support to the Board of Directors. Headed by the CEO, the forum is based on a tried and tested model that involves Navigator's various Stakeholders. Significantly, the Forum has internal and external members, including leading figures linked to major Stakeholder groups, such as members of academe, NGOs, industrial associations and forestry producers' organizations.

The Sustainability Forum is an arena for dialogue and meets twice a year. One of the annual sessions is internal, attended by the Forums Permanent Members (internal and external) and the second session adopts an open model, with participation by a wide-ranging group of Stakeholders (Chapter 6.4.3). These sessions have taken on a regional flavour, seeking to reach out to local Communities, and to benefit from the cooperation between Navigator and the various municipalities where we have operations, as well as to foster collaboration with leading figures in our sphere of activity.

Structure

Corporate Boards and Committees



Sustainability Forum

Chair: António Redondo (CEO)

Secretary-General: Teresa Presas (member of the Board of Directors)

Internal members: Ana Miranda; António Quirino Soares; Dorival Almeida; João Paulo Cabete Gonçalves Lé; José Fernando Morais Carreira de Araújo; Nuno Miguel Moreira de Araújo dos Santos (Executive Directors); Joaquim Poças Martins; Margarida Tomé; Maria da Conceição Cunha (Members of Environmental Board); Vítor Paranhos Pereira (Non-executive Director)

External members: Cristina Tomé, Filipe Duarte Santos, Francisco Ferreira, Francisco Gomes da Silva, Helena Freitas, José Júlio Norte, Luís Neves da Silva e Rosário Alves

Environmental Council

Chair: Maria da Conceição Cunha

Members: Ana Miranda, Margarida Tomé e Joaquim Poças Martins

Corporate Governance Committee

Chair: Ricardo Miguel dos Santos Pacheco Pires

Members: António José Pereira Redondo, António Pedro Gomes Paula Neto Alves, Rui Tiago Trindade Ramos Gouveia

Ethics and Integrity Committee

Chair: Henrique Reynaud Campos Trocado

Members: Jaime Alberto Marques Sennfelt Fernandes Falcão, Rui Tiago Trindade Ramos Gouveia

Risk Management Board

Chair: António Redondo (CEO)

Members: Fernando Araújo (CFO); Gonçalo Duarte (Risk Management Division); Paula Guimarães (Sustainability Division); António Neto Alves (Legal, Compliance and Public Affairs Division); Alexandra Fernandes (Empremédia).

Participation by external Stakeholders is also a feature of the **Environmental Council**, which consists of four members, all of them leading academics and independent figures, of respected technical and scientific expertise, especially in the environmental areas relevant to Navigator's business. Our **Ethics and Integrity Committee** also comprises three prestigious independent figures, appointed by the Board of Directors, who select their own chairman and charged with monitoring the rules established in the **Code of Ethics and Conduct**.

Mention should also be made of the **Community Monitoring Committees** (Chapter 6.4.3) – in Aveiro, Figueira da Foz, Setúbal and Vila Velha de Ródão – which include representatives of municipal authorities, local bodies, NGOs and universities, among others. These committees are part of a policy of openness and sharing information about the activities of the various industrial complexes, as well as seeking to learn about our partners' expectations and needs.

This governance model enables various structures across the Group to engage with sustainability issues, to incorporate an external perspective from significant Stakeholders into efforts to honour our commitment to create value sustainably (understood as a simultaneous quest for economic prosperity, environmental responsibility and a fair society) and to actively encourage all our partners and stakeholders to join us in pursuing these goals.

The **Sustainability Division** is overseen by the executive director responsible for sustainability issues, enabling coordination across all other Navigator divisions and with the Sustainability Forum in order to address specific issues.

For details of our directors, management and audit boards, we refer to the chapter on the governance model (Chapter 3.2).

Decision-making powers on sustainability issues

At board level, executive and non-executive directors are responsible for decision-making processes relating to all sustainability issues. Internal divisions report all matters relating to sustainability to the EB. The Environmental Council and the Sustainability Forum discuss issues included within this topic and report to the Executive Board and the Board of Directors. It may also be noted that, in connection with ESG (Environmental, Social and Governance) requirements, a training programme was designed and implemented in 2022 and 2023, by a specialist external firm, aimed at the executive directors and a number of other senior managers, in order to strengthen internal expertise in the organisation of these fields. The topics addressed included the dynamics of the international agenda and the response of institutions to climate and social challenges (2030 Agenda, the Paris Agreement and the European Union Green Deal), Sustainable Finance, Environmental Taxonomy, the Sustainable Finance Disclosure Regulation (SFDR), the Corporate Sustainability Reporting Directive (CSRD), Double materiality, TCFD and the Sustainability Due Diligence Directive.

The main sustainability issues submitted in 2023 to the directors, management and audit bodies, or to the relevant committees, were:

- Updating Navigator's 2030 Roadmap;
- Drafting of the Annual Report and the start of the transition to the European Sustainability Reporting Standards (ESRS).
- Monitoring of ESG performance in sustainability reporting;
- Appointment of new Directors for the Sustainability and Public Affairs divisions;
- New legal and regulatory developments;
- Drafting of the Environmental Policy and updating of the Forestry Policy;
- Review and implementation of several fundamental documents in the field of Compliance, notably:
    - Approval of the Corruption Prevention and Related Offences Policy, the Risk Prevention Plan for Corruption and Related Infractions, appointment of the Compliance Officer and the Officer with general responsibility for Execution, Control and Review of the Risk Prevention Plan for Corruption and Related Infractions;
    - Approval of the Third-Party Integrity Verification Policy, the Policy for the Prevention of Money Laundering and Financing Terrorism and the Policy for Compliance with International Sanctions and Restrictive Measures;
    - Review of the Personal Data Protection Policy and appointment of the new Data Protection Officer;
- Creation of the Risk Management Committee;

- Cross-Group Climate Risk Assessment and identification of opportunities for adaptation to and mitigation of these risks;
- Presentation of the work on the topic of Water Management;
- Methodology for calculating carbon footprint and analysis of life cycle of pulp, paper, tissue and energy products;
- Implementation of the Green Taxonomy rules on Navigator's eligible activities;
- Implementation of the recommendations from the TCFD (Task Force on Climate-related Financial Disclosures);
- Updating of Navigator's Act4Nature commitments;
- Constitution of Steering Committee for the "CRESCER" (Growing) Project;
- Approval of the Equality Plan and the governance model for diversity, fairness and inclusion;
- Signing up to the United Nations Global Compact (UNGC) participation in the Business & Human Rights Accelerator Program.

Incentives schemes

The Board of Directors conducts an annual self-evaluation and is also evaluated by the **Remuneration Committee**, which verifies whether and to what extent the members of the Board of Directors (and the Executive Board) have attained their specific targets.

The performance assessment for each executive director follows an internal process structured under the leadership of the respective manager (i.e. the person heading the team, in the case of members of Executive Board, and led by the Chairman of the Board of Directors, in the case of the Chief Executive Officer), with the participation of the non-executive directors as the manager responsible sees fit.

The basic criteria for assessing the performance of executive directors (in force 2023-2025) are those defined in item 2.2 of chapter 2 of the Remuneration Policy for setting the **variable remuneration component**. These criteria are applied by using a system of qualitative and quantitative KPIs, related to the performance of the Company and the director in question. The most important of these general business indicators are EBITDA (with a 35% weighting), net income (10% weighting), cash flow (10% weighting) and Total Shareholder Return vs. Peers (10% weighting). In terms of behavioural skills, importance it attached to each Director's alignment with the Company's long-term interests and sustainability.

In addition to these criteria, in line with the commitments made by the Company in its sustainability strategy, and in recognition of the importance of efficient use of energy and the need to reduce emissions of fossil CO_2 from business operations, the weighting also takes into account implementation of the corporate programme for energy efficiency, approved in 2016. This means that the specific aims always include ESG indicators, such as the results of the organisational climate survey in the Company, reduction of CO_2 emissions, certified wood and consumption of water, energy and wood.

Assessments of Executive directors and also the self-assessment of the Board of Directors and its committees were undertaken in 2023, in relation to performance in 2022, and will take place in 2024 in relation to performance in 2023.

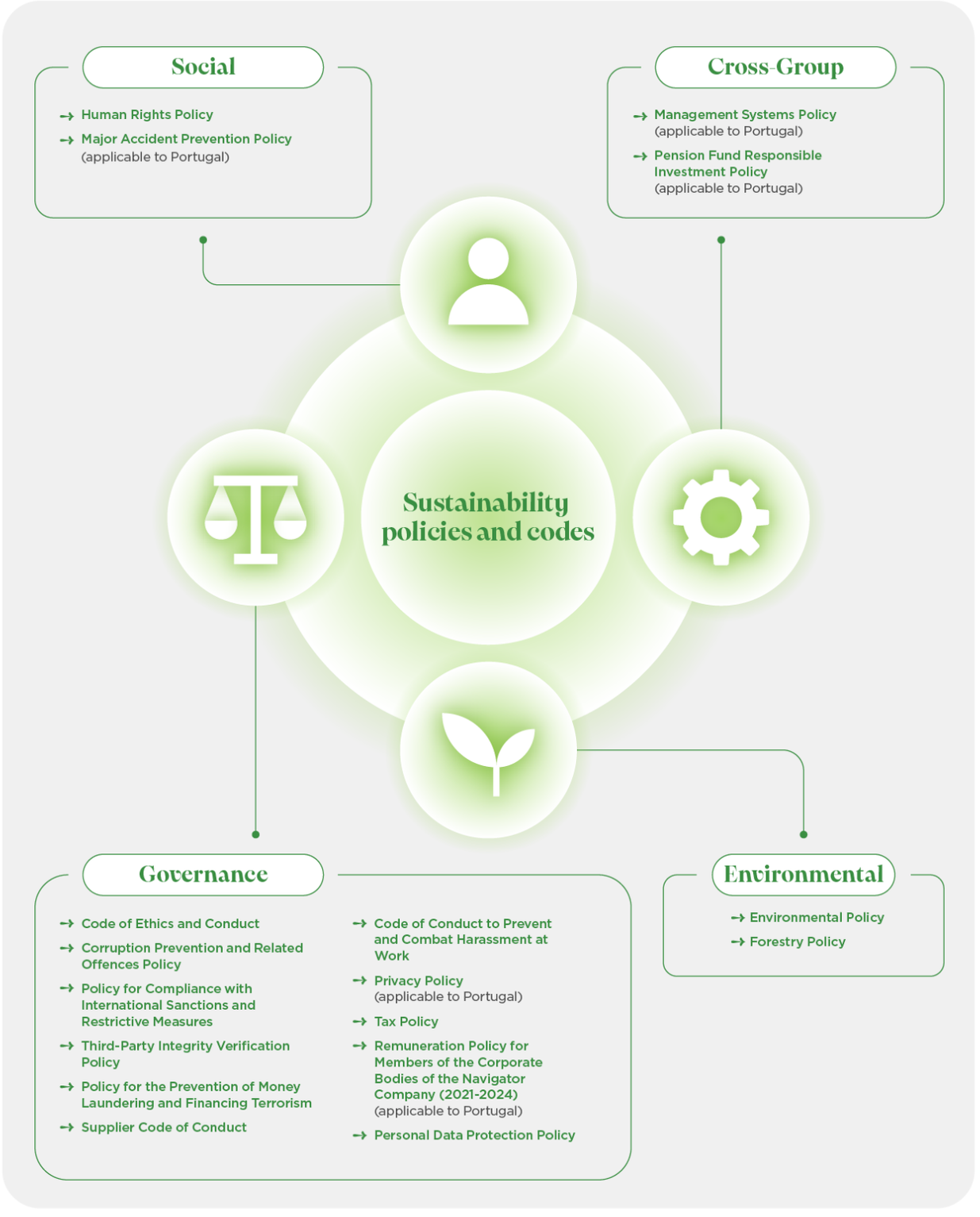
It is stressed that the remuneration system in place at Navigator guarantees its business strategy and also the long-term alignment of directors' interests with those of the company and its sustainability, in particular because this remuneration is designed to be fair and equitable under the principles stated and because it creates a link between directors and results through a variable remuneration component in which profits are the primary factor, whilst also taking into account the behavioural skills of each director, and their alignment with the company's long term interests and sustainability.

Sustainability policies and codes

In order to set out its commitments on the material topics (Chapter 6.2.3) and to help put them into practice, Navigator has instituted a diversified range of **policies and codes** - see table. Most significantly in 2023, the Company developed the text of its Environmental Policy and approved its Compliance Policies, as well as reviewing other policies (e.g. the Forestry Policy).

Attention is also drawn to the existence of local policies (e.g. Portucel Moçambique's Code of Conduct for Suppliers and Forestry Policy).

Sustainability policies and codes



6.2.2. Global trends and challenges for Navigator

ESRS SBM-3, IRO-1

At The Navigator Company, we keep careful track of the global situation and what it may mean, in order to bolster our strategy and enable us to operate and navigate successfully and sustainably through an uncertain future. As we move towards a population of more than 9 billion people in 2050, the world faces unprecedented challenges - the climate emergency, nature in crisis, growing inequality and social unrest.

At Navigator we are aware our role in promoting a forward-looking vision, as a prime mover in the Portuguese economy and a bioindustry on the right side of the future. With a value chain that stretches around the world, the Company's success relies on its monitoring of these challenges.

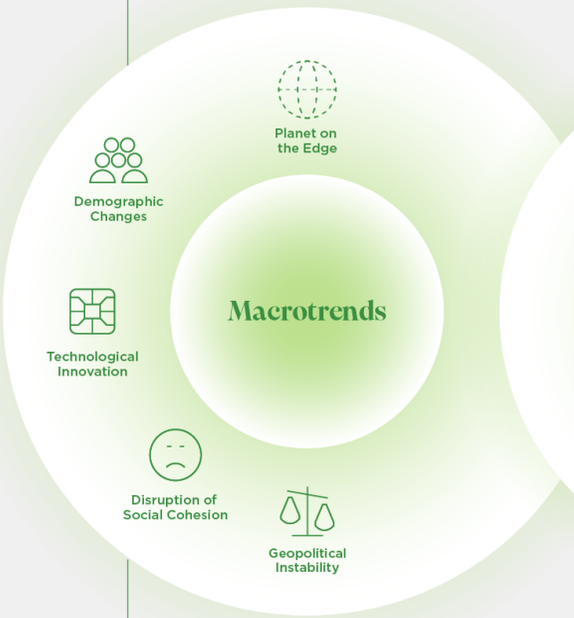
We are aware that the global situation may bring risks, as well as opportunities, impacting out ability to create value in the short, medium and long term. For this reason, the starting point for the design of our 2030 Agenda was an analysis of the main macrotrends and challenges that could potentially influence the Company's business, directly or indirectly. In order to ensure that our Responsible Business Agenda remains up-to-date in this context of constant change, we conducted a double materiality analysis in 2022 (Chapter 6.2.3). Below we present the **macrotrends** identified during the period, together with the sustainability **challenges** identified for Navigator, as well as their relationship with the material topics and our 2030 Agenda (Chapter 6.2.4).

A review of the main macrotrends and challenges identified in 2022 was conducted in early 2024, considering the global sustainability trends for 2024. It was concluded that in general the macrotrends and challenges previously identified remain the same. However, work was done to update each of the macrotrends and challenges in line with the current context, and new risks and opportunities were identified.

5
Macrotrends

11
Sustainability challenges for Navigator

Macrotrends



Global Trends

Challenges for Navigator

- → Protecting and valuing biodiversity
- → Climate mitigation and low-carbon economy

- → Sustainable consumption
- → Circular economy
- → Tech for Good
- → Future of work
- → Investing in human capital
- → Protection of fundamental rights
- → Sustainable and resilient supply chains
- → Participation in adaptation of regulatory framework
- → Stakeholder Capitalism

A Responsible Business

For Society



For the Climate and Nature



Material Topics

- → Creating Sustainable Value
- → Responsible Governance
- → Talent Management and Developing Human Capital
- → Community Relations
- → Health, Safety and Well-being
- → Bioproducts
- → Innovation, Technology and R&D
- → Supply Chain Management
- → Customer Management

- → Climate Change and CO_2 Sequestration
- → Sustainable Forest Management
- → Biodiversity Conservation
- → Water Management
- → Energy and Raw Material Management
- → Circular Economy

Macrotrends identified as relevant

 PLANET AT THE LIMIT:	 DEMOGRAPHIC CHANGE	 TECHNOLOGICAL INNOVATION	 DISRUPTION OF SOCIAL COHESION	 GEOPOLITICAL AND ECONOMIC INSTABILITY
Existential threats to the Earth and human life, biodiversity loss and climate change all point to the planet's limits. These are joined by the scarcity of resources, deforestation and pollution, which accelerate degradation of the environment and the emergence of zoonotic diseases (epidemics and pandemics), of which Covid-19 is the most recent example. Increasing temperatures and the imbalance in the terrestrial system leading to more frequent and more severe climate phenomena will bring suffering and migration, resulting in costs and economic losses. Increasingly severe water stress may affect two thirds of the world population by 20252, and generate geopolitical conflicts over access to water. Soil and land degradation will have a material impact on farming in many regions. Air quality will remain a concern in many cities, with severe consequences for public health. Critical changes in terrestrial systems have been identified by the World Economic Forum (WEF) as the second most severe global risk within a horizon of 10 years.	The world's population is growing, ageing and increasingly urbanised. Demographic changes, increased involuntary migratory flows and the growth of megacities puts additional pressure on natural resources. Demographic factors are impacting economic development, due to both the ageing of the population, and intergenerational differences. The inversion of demographic pyramids in some parts of the world may lead to the failure of social security systems and the need for older generations to stay in work. As power shifts from baby boomers to millennials and Generation Z, reflecting different experiences and perspectives, companies will be challenged to stay relevant in their purpose, and to invest more and take greater care of their human capital, on which their ability to compete depends.	New technologies, such as digitisation, automation, Artificial Intelligence (AI), Blockchain and Bigdata will allow companies to accelerate and expand their positive impact on sustainable development of the economy and society. Key technologies in different areas - from biotech to renewable energy - will undergo exponential development. New technology has implications for the future of work. New jobs will be gained, but old jobs will be lost, which entails learning new skills, and refreshing the old. Greater dependence on cybernetics and data systems. Added vulnerability to cyber attacks. The risk of new levels of data snooping and manipulation in the service of profits and power. The risk of growing digital inequality in access to networks and critical technologies. According to the WEF, the risk of disinformation and misinformation is the most severe global risk in a time horizon of 2 years. Within a timeframe of 10 years, the adverse effects of artificial intelligence technologies is one of the most severe global risks.	Increasing social divisions, uncertainty and anxiety. Increased inequality within and between countries, together with the erosion of trust in institutions, is fuelling a wide range of protest movements, and could potentially lead to polarisation of domestic politics, populist and nationalist sentiment and authoritarian regimes. Feelings of anxiety, depress, loneliness and stress, in response to the pandemic and an uncertain future, can undermine social cohesion. Rising inflation, loss of purchasing power and structural deterioration of job prospects and/or living standards for people of working age could lead to crises in employment or livelihoods, and to the erosion of employment rights. Differences in access to technology and digital skills increases the risk of the gap between "rich" and "poor", challenging social cohesion.	Geopolitical instability, economic downturn, shifts in power and consequent move away from multilateralism. Increased global tensions, through geo-economic and military conflicts. Trade tensions will probably remain a feature of the geopolitical scene for the rest of the decade. The centre of gravity in the global economy is shifting to Asia, but also to Africa and Latin America. Nationalisation of resources and competition between states for control of vital raw materials will potentially become an increasingly important factor in international relations, with a consequent impact on supply chains, which will tend to shorten. Higher interest rates, together with a drop in earnings in real terms, are leading to economic recession. Economic recession, inflation, erosion of social cohesion, public debt and scarce manpower are the main risks identified by Portuguese business leaders in WEF's 2023 Executive Opinion Survey.

Challenges for Navigator

CHALLENGE	MAIN RISKS	MAIN OPPORTUNITIES	ASSOCIATED MATERIAL TOPICS	OUR RESPONSE
Protect and value biodiversity Biodiversity loss is one of the pressing global crises of our age, and is regarded by the World Economic Forum (WEF) as one of the most severe global risks for the next ten years. Wildlife and ecosystem protection, conservation and restoration have a crucial role to play in securing benefits in terms of climate regulation, availability of resources and other environmental and social services. Alongside this growing recognition of the importance of Nature to business, of its dependence and impacts, new solutions and partnerships have emerged to halt biodiversity loss (looking at the value chain), to integrate financial valuation of ecosystem services and to promote nature-based solutions.	• Restrictions on forestry production / unavailability of land to increase forested area / loss of area available for eucalyptus production (e.g. new uses) • Forest fire risk (with impact on loss of productive area and biodiversity) • Changes to regulatory framework on land use (e.g. European Strategy for Biodiversity)	• Strengthen the sector's credibility and reputation in order to increase acceptance by society • Encourage suppliers to adopt best practices • Contribute to reduction in number/intensity of forest fires • Complementary agro-forestry projects, conciliating production forests with other forms of land use	• Bioproducts • Supply chain management • Responsible governance • Innovation, technology and R&D • Climate change and CO_2 sequestration • Biodiversity conservation • Circular economy • Water management • Sustainable forest management • Energy and raw material management	• Sustainable management of Navigator's forests through certification under FSC® and PEFC schemes • Programmes supporting forestry producers and improvement of eucalyptus forests • Dissemination of good forestry practices through our own channels and sector events • Action and resources for fire prevention and to support fire-fighting • RDI activities and investment in bioproducts • Forest renewal activities • Projects for forest literacy and biodiversity conservation • Establishing partnerships • Conservation and monitoring activities to which we are committed in connection with Act4nature Portugal

CHALLENGE	MAIN RISKS	MAIN OPPORTUNITIES	ASSOCIATED MATERIAL TOPICS	OUR RESPONSE
Climate mitigation and low carbon economy Failure to take climate action (mitigation and adaptation) points again to the need for greater commitment and action in this area. Climate events will become more frequent and more severe (a "new normal"), affecting where and how people live and work, which requires a greater focus on adaptation strategies. Political action is starting to be taken on climate issues around the world, along with a stricter regulatory framework in the European Union. The low-carbon economy is at the heart of post-pandemic recovery plans. The development of new technologies (e.g. carbon capture solutions) will be accelerated, new jobs will be created and new energy sources (e.g. hydrogen) and new opportunities will be explored The COP28 agreement establishes a transition to gradually moving away from fossil fuels in energy systems by 2050. How to put this commitment into action on the ground will be one of the main topics for debate.	• Reduction of emission limits (EU ETS – EU Emissions Trading System) • Biomass ceasing to be considered a sustainable alternative to fossil fuels • Shortfalls in availability of raw materials and energy as a result of price variations and also disruptions to supply chains • Restrictions resulting from the regulatory framework on raw materials used to produce pulp and paper • Forest fire risk with impact on increased GHG emissions, and loss of productive area and biodiversity • Restrictions on forestry production / unavailability of land to increase forested area / loss of area available for eucalyptus production (e.g. new uses)	• Substitution of fossil fuels by renewable fuels (e.g. biomass and hydrogen) • Investment in and/or development of business models recognised as more sustainable (in line with European Taxonomy) • Process optimisation and financial savings from specific strategies for each resource • Investment in R&D • Greater credibility and improved reputation of the sector, increasing acceptance by society • Encourage suppliers to adopt best practices • Increase in revenues due to greater demand for products and services with low GHG emissions	• Bioproducts • Supply chain management • Responsible governance • Innovation, technology and R&D • Climate change and CO_2 sequestration • Biodiversity conservation • Circular economy • Water management • Sustainable forest management • Energy and raw material management	• Company's Roadmap for Carbon Neutrality and decarbonisation targets approved by SBTi (Science Based Targets Initiative) • Sustainable forest management • Investment in systems and technologies that minimise environmental impacts and promote improved energy efficiency • Gradual elimination of consumption of fossil-based energy and investment in alternative and renewable energy sources (e.g. photovoltaic solar, biomass, green hydrogen) • Production of renewable energy • RDI activities and investment in bioproducts • Analysis of positive contribution of our agroforestry assets as a carbon sink • Alignment with the TCFD initiative and European Taxonomy

CHALLENGE	MAIN RISKS	MAIN OPPORTUNITIES	ASSOCIATED MATERIAL TOPICS	OUR RESPONSE
Circular economy Regulatory developments and consumer pressure relating to sustainable production and consumption, scarcity of resources, supplier chain volatility and the imminent threat of climate change are leading companies to develop more circular business models that generate business value as well as environmental benefits. There is also a growing need to measure circularity, using new tools, standards and frameworks.	• Changes to regulatory context for waste management • Impossibility of reclassifying certain wastes as by-products (costs associated with processing of waste) • Changes in patterns of consumption and purchasing power of users • Restrictions resulting from legal and regulatory framework in Portugal • Lack of standardised methods for quantifying environmental footprint of products (for example, metrics for measuring circularity of raw materials) • Management of social conflict over rival claims to water • Changes to regulatory context on use of water	• Increase rate of circularity • Strengthen competitive position in response to customer and consumer preferences • Establishing new RDI partnerships and projects • More efficient use of water resources in industrial and forestry production processes, using innovative solutions • Process optimisation and financial savings from specific strategies for each resource	• Bioproducts • Supply chain management • Creating sustainable value • Responsible governance • Customer Management • Community relations • Innovation, technology and R&D • Climate change and CO_2 sequestration • Circular economy • Water management • Sustainable forest management • Energy and raw material management	• Optimisation and improvement of industrial processes - efficiency in use of resources, processes and treatment systems • Reclamation of waste and reincorporation of by-products in Navigator processes • Promoting industrial symbiosis • RDI activities and investment in bioproducts • Establishing partnerships • Participation in Circular Bioeconomy Alliance platform • Improving scientific and technological expertise in forest-based circular and digital bioeconomy

CHALLENGE	MAIN RISKS	MAIN OPPORTUNITIES	ASSOCIATED MATERIAL TOPICS	OUR RESPONSE

Sustainable consumption
Growing consumer awareness, activism and demands, especially among younger generations. Demand for healthier and more sustainable products, openness to new consumption models - digital, shift from ownership to sharing.
 	
Consumers who are more aware and demand information that is clearer, more transparent and traceable.
 	
Increased production of packaging as alternative to plastics (in particular, single use plastics).
 	
Emphasis on the role of companies in raising consumer awareness and designing solutions which are more sustainable and competitive in terms of costs.
	• Changes in patterns of consumption and purchasing power of users
	• Reputational damage and loss of Customer loyalty
		• Development and/or expansion of goods and services featuring low carbon and bioproducts
		• Strengthen the sector's credibility and reputation in order to increase acceptance by society
		• Changing patterns of consumption due to growing demand for sustainable solutions, with a smaller carbon footprint, rewarding companies with a strong sustainability profile
		• Build stronger and closer ties, through direct communication channels
			• Bioproducts
			• Supply chain management
			• Creating sustainable value
			• Responsible governance
			• Customer Management
			• Community relations
			• Innovation, technology and R&D
			• Climate change and CO_2 sequestration
			• Biodiversity conservation
			• Circular economy
			• Water management
			• Sustainable forest management
			• Energy and raw material management
				• Products with forestry certification label and/or EU Ecolabel
				• RDI activities and investment in bioproducts
				• gKRAFT range packaging products furthering the transition to more sustainable solutions
				• Innovative tissue products:
				  ○ Amoos Naturally Soft™ (unbleached eucalyptus kraft pulp)
				  ○ Amoos Aquactive™ (produces soap bubbles when wetted)
				  ○ Amoos Air Sense™ (with floral fragrance capsules)
				  ○ Amoos Calorie Control™ (improved capacity to absorb food oils and grease)
				• Forest literacy projects

CHALLENGE	MAIN RISKS	MAIN OPPORTUNITIES	ASSOCIATED MATERIAL TOPICS	OUR RESPONSE
Tech for Good Covid-19 has once again highlighted the importance of technology and of accelerating digitisation, bringing about new ways of working, socialising and selling. This development raises issues relating to digital fairness and access and other problems associated with technological advances. Faster digital transformation in order to improve business resilience and sustainability performance, creating solutions for a number of social and environmental problems. Financing opportunities for companies to leverage the technological revolution, enabling them to invest in decarbonisation, in the bioeconomy, in mobility and in digitising their processes and ways of working.	• Risks resulting from the use of artificial intelligence technologies, robotics and IoT in industrial processes (cybersecurity) • Lack of financial support for R&D and investment in innovation • Bioproducts less economically competitive than fossil-based products • Disinformation and misinformation	• Development of new technologies and opportunities for improving, expanding and diversifying business • Investment in new technologies for improved environmental, social and governance performance • Increase in revenues due to greater demand for products and services with low GHG emissions • Improvements in analysis, processing and interpretation of ESG data and information	• Bioproducts • Innovation, technology and R&D • Responsible governance • Climate change and CO_2 sequestration • Circular economy • Water management • Sustainable forest management • Energy and raw material management	• New Digital Technology Division taking a broad approach to topics related to Industry 4.0 and digital transformation in all operational areas • Investment in systems and technologies that minimise environmental impacts and promote improved resource efficiency • RDI activities and investment in bioproducts • gKRAFT range packaging products • Innovative tissue products

CHALLENGE	MAIN RISKS	MAIN OPPORTUNITIES	ASSOCIATED MATERIAL TOPICS	OUR RESPONSE
Investment in human capital People as one of industry's most valuable assets. The pandemic underlined the S in ESG, with a particular emphasis on Employee well-being, health and safety. It also accelerated new ways of working and of handling the relationship between businesses and their Employees (e.g. more flexible, remote, integration with working, personal and family life). In order to retain and engage with Employees, companies will have to promote a better connection between work and their purpose, promote opportunities for growth and development and create more diverse and inclusive working models and environments, in particular to motivate younger generations. Sustainability is increasingly more important for Employees and applicants, and for this reason it is important to communicate ESG strategy and impact Greater attention paid by companies, but also by investors and financial institutions, to detailed information on human capital.	• Waning capacity to attract and retain young talent • Misalignment between Employee and company expectations • Lack of clear policies and goals in the field of Diversity, Fairness and Inclusion • Increase in accidents and occupational diseases • Reputational damage	• Improved work-life balance • Increased capacity to attract and retain talent • Optimisation of employer branding processes, internally and externally • Increased investment by leaders in integrating and developing their teams	• Responsible governance • Talent management and development of human capital • Health, safety and well-being	• Providing opportunities for Employees to develop their professional lives and careers • Creation of customised development plans • Investment in training and the options offered by the Learning Centre • Promotion and empowerment of new leaders • Nurturing the spirit of enterprise • Improved conditions in terms of pay and bonuses • Benefits plans and pension fund • Mobilising Employees around Company's Purpose • Promoting employability and attracting young talent • Resources for providing safe working conditions • Occupational health and preventive medicine programmes • Industrial Forum

CHALLENGE	MAIN RISKS	MAIN OPPORTUNITIES	ASSOCIATED MATERIAL TOPICS	OUR RESPONSE
Future of work Ongoing advances in robotics, artificial intelligence and machine learning are launching a new era of automation, as machines start to rival or surpass human performance in various working activities. Debate about adapting people and jobs to this new era, and the skills of the future The pandemic speeded up the shift to digital, and this has created a need to upskill and prepare human capital for new functions and work processes.	• Waning capacity to attract and retain young talent • Misalignment between Employee and company expectations • Lack of clear policies and goals in the field of diversity, fairness and Inclusion • Risks resulting from the use of artificial intelligence technologies, robotics and IoT in industrial processes (cybersecurity)	• Improved work-life balance • Increased capacity to attract and retain talent • Optimisation of employer branding processes, internally and externally • More investment by leaders in integrating and developing their teams • Development of new technologies and opportunities for improving, expanding and diversifying business	• Talent management and development of human capital • Responsible governance • Creating sustainable value • Health, safety and well-being	• Internal succession mapping to ensure sustainability at different functional levels in future • Employee development plans • More flexible remote working (part-time) • Investment in training and the options offered by the Learning Center • Commitment to creating digital skills • Mobilising Employees around Company's Purpose • Promoting employability and attracting young talent

CHALLENGE	MAIN RISKS	MAIN OPPORTUNITIES	ASSOCIATED MATERIAL TOPICS	OUR RESPONSE
Resilient and sustainable value chains The Covid-19 pandemic and the imperative need for economic recovery have put the resilience of value chains to the test and added to the urgency of examining their sustainability. Difficulties have been experienced in importing raw materials and exporting products, as a result of successive disruptions to supply chains (including strikes, shortages, protectionist policies and other factors). Stakeholders continue to put pressure on companies to improve management of their supply chains, paying special attention to respect for human rights and the environment. Expectations of greater maturity in programmes and initiatives implemented by companies, and of greater transparency and improved assessment of supply chain performance in terms of sustainability. Transition from soft law to hard law, with increasingly strict regulatory frameworks holding companies liable for their impacts on the value chain.	• Shortfalls in availability of raw materials and energy as a result of price variations and also disruptions to supply chains • Restrictions resulting from regulatory framework on raw materials used in producing pulp and paper • Process optimisation and financial savings from specific strategies for each resource • Human rights violation in supply chain (e.g. child labour) undermining company's reputation and image • Shortcomings in due diligence processes for environmental and social assessment of suppliers • Forest fire risk (with impact on loss of productive area) • Restrictions on forestry production / unavailability of land to increase forested area / loss of area available for eucalyptus production (e.g. new uses)	• Shorter supply chains and industrial clusters • Diversification of Suppliers and raw materials • Strengthen the sector's credibility and reputation in order to increase acceptance by society • Stronger ethics and compliance practices in the Company, including adoption of polices, training, knowledge sharing, and internal and external audits (due diligence) of Suppliers on socio-economic and environmental matters • Encourage suppliers to adopt best practices • Establishing new R&D partnerships and projects	• Supply chain management • Responsible governance • Community relations • Health, safety and well-being • Climate change and CO_2 sequestration • Biodiversity conservation • Circular economy • Water management • Sustainable forest management • Energy and raw material management	• Code of Conduct for Suppliers • Strategy of partnership with Suppliers (e.g. increasing energy, resource and transport efficiency, looking for alternatives to fossil-based energy and contributing to decarbonisation goals) • Sustainable management of forests through certification under FSC® and PEFC schemes • Promoting chain-of-custody certification of all our wood suppliers • Programmes supporting Forestry Producers and improvement of eucalyptus forests (e.g. "Clube Produtores Florestais" (Forestry Producers Club)) • Dissemination of good forestry practices through our own channels and sector events • Eligibility criteria for supply of raw materials • Optimisation of inbound wood flows • Partnership with raw material Suppliers to encourage production of energy from biomass • Commitment to alternatives to road transport (e.g. rail and maritime) • Payment of Suppliers by confirming (applicable only to certain categories of Suppliers)

CHALLENGE	MAIN RISKS	MAIN OPPORTUNITIES	ASSOCIATED MATERIAL TOPICS	OUR RESPONSE
Protection of fundamental rights The response of businesses to Covid-19 and movements such as #BlackLivesMatter, #MeToo, has increased the attention paid to human capital. Companies have come under scrutiny, from a wide range of Stakeholders, in relation to topics such as unfairness, racism, harassment or other types of discriminatory practices. Expectations concerning respect for human and employment rights are broadened to include value chains, on the light of recent regulatory developments (transition from soft law to hard law). More than just securing a social license to operate, companies will have to work actively to build relationships of trust and create social value with Employees and Communities, and also speak out and take action against injustice. Diversity as a competitive factor - diversity, fairness and inclusion programmes and practices are being reassessed and expanded. Funds take greater interest in social and governance issues for ESG investments.	• Violation of human rights envisaged in Employee Code of Conduct, undermining the Company's credibility, reputation and image • Human rights violation in supply chain (e.g. child labour) undermining company's reputation and image • Lack of clear policies and goals in the field of diversity, fairness and Inclusion • Increase in accidents and occupational diseases • Reputational damage • Limitation of social license to operate	• Increased capacity to attract and retain talent • Improved work-life balance • Establishing partnerships with local associations in collaborative projects to improve quality of life for communities • Increased engagement with Local Communities (industrial and forestry sectors) • Improved well-being for Employees and local Communities • Ensure implementation of responsible business practices • Stronger ethics and compliance practices in the Company, • including adoption of polices, training, knowledge sharing, and internal and external audits (due diligence) of Suppliers on socio-economic and environmental matters	• Supply chain management • Responsible governance • Talent management and development of human capital • Community relations • Health, safety and well-being	• Responsible business conduct, based on ethics, responsibility and transparency • Codes of Ethics and Conduct for Employees and for Suppliers • Human Rights Policy • Gender Equality Plan • Whistleblowing channel • Working conditions which are fair, safe and promote Employees' health, well-being and development • Collective bargaining instruments • Investment in training • Industrial Forum • Signing up to UN Global Compact

CHALLENGE	MAIN RISKS	MAIN OPPORTUNITIES	ASSOCIATED MATERIAL TOPICS	OUR RESPONSE
Participation in adaptation of regulatory framework Regulation creates the stable, predictable and fair conditions on which business depends in order to invest, compete and prosper. Companies must support the design of policies that provide incentives for sustainable transformation. Business must adjust to new European regulations and new ways of dealing with global changes. Challenges such as climate action, diversity, fairness and inclusion, humans rights, the fight against greenwashing, among other things, will be subject to more consistent rules, and companies, by working in partnership, will be key to this process. In view of evolving and increasingly strict regulatory frameworks, companies must be more transparent, using their advantage to shape policies, regulations and standards in order to address the challenges of sustainability in the long term.	• Risk that regulatory changes in Portugal, as a result of political decisions, relating to tax, environmental or economic matters, will have a significant impact, directly or indirectly, on Navigator's operations and/or results • Uncertainty about the impact of policies under the EU Green Deal, such as the European strategies for forests, biodiversity, emission transition system, sustainable products and European Taxonomy • Uncertainty about the impact of regulations associated with European Taxonomy on the perceptions of capital providers	• Market opportunities generated by the policies under the EU Green Deal may create competitive advantages for companies that manufacture and market demonstrably sustainable products	• Supply chain management • Creating sustainable value • Responsible governance • Climate change and CO_2 sequestration • Biodiversity conservation • Circular economy • Sustainable forest management	• Monitoring of the most pressing topics on the political agenda in Europe, Portugal and Mozambique • Advocacy initiatives by the Public Affairs Division in relation to regulatory, environmental and social matters • Collaboration on research and issuing technical reports • Participation in sector associations and events, in Portugal and internationally • Organisation of events, visits and debates around topics of structural interest to the Company and the sector • Business Round Table

CHALLENGE	MAIN RISKS	MAIN OPPORTUNITIES	ASSOCIATED MATERIAL TOPICS	OUR RESPONSE
Stakeholder Capitalism Importance of responding to the needs of Companies' different Stakeholders. In contrast to the prevailing model of maximising short-term profits for Shareholders, Stakeholder Capitalism is based on creating long term shared value, considering not only Shareholders, but also Customers, Employees, Communities and Suppliers, among others. Business model will be redesigned to respond to pressure from society and markets and there will be a growing need to apply new metrics to assess impacts. Companies must lead the way in reinventing capitalism to ensure that the power of private enterprise and competitive markets can be harnessed to support social, environmental and business prosperity in the long term.	• Reputational risks from miscellaneous sources (e.g. corruption, human rights, environmental disasters, ...) • Shortcomings in procedures to assess corruption risk in operations • Limitation of social license to operate (local communities and Portuguese society) • Uncertainty about the impact of policies under the EU Green Deal, such as the European strategies for forests, biodiversity, emission transition system, sustainable products and European Taxonomy • Uncertainty about the impact of regulations associated with European Taxonomy on the perceptions of capital providers	• Build stronger and closer ties, through direct communication channels • Stronger ethics and compliance practices, including policy-making, empowerment, sharing of knowledge, and internal and external audits • Strengthening corporate credibility and reputation by focusing on ethical issues, and not merely on compliance with laws and regulations • Ensure implementation of responsible business practices • A more robust investment policy, including climate risks, costs associated with carbon emissions, analysis of social and environmental impacts of projects, and post-implementation monitoring • Establishing partnerships with local associations in collaborative projects to improve quality of life for communities • Increased engagement with local Communities • Increase in revenues due to greater demand for products and services with low GHG emissions • Market opportunities generated by the policies under the EU Green Deal may create competitive advantages for companies that manufacture and market demonstrably sustainable products	• Supply chain management • Creating sustainable value • Responsible governance • Talent management and human development • Customer Management • Community relations • Health, safety and well-being	• Navigator's Purpose • 2030 Responsible Business Agenda • Sustainability governance structure with involvement of external Stakeholders (Sustainability Forum, Environmental Council and Community Monitoring Committees) • Stakeholder communication and engagement mechanisms • Finance for sustainable development • Sharing value with Stakeholders • Responsible business conduct, based on ethics, responsibility and transparency • Reporting of information and internal reflection on WEF Stakeholder Capitalism metrics • Signing up to UN Global Compact

6.2.3. Double Materiality

GRI 3-1, 3-2
ESRS IRO-1

We have updated Navigator's material topics in order to align our approach with the current global situation. We therefore conducted a double materiality exercise in 2022, anticipating the transposition into Portuguese law of the Corporate Sustainability Reporting Directive of the European Commission, and also taking into account the requirements of the new GRI Universal Standards (Global Reporting Initiative), the transition to which had already started in The Navigator Company's report of the previous year.

The methodology used was based on the guidelines published by EFRAG (European Financial Reporting Advisory Group), available at the date the process started. This involved two distinct analyses, one of the external impacts of Navigator's activities (inside out perspective - **materiality of impact**), and the other of the risks and opportunities resulting from the external context, which affect or may affect Navigator's generation of value (outside in perspective - **financial materiality**).

The starting point for this exercise was the detailed analysis conducted from 2019 to 2020, involving at that time more than 540 Stakeholders, both internal and external, with a process of strategic reflection and with an analysis of macrotrends and business challenges.

Review of the topics entailed a process in four stages, involving more than 50 people, internal and external, specialists in their occupations and businesses, as well as the Executive Board and an external team of experts on sustainability issues.

Impacts, risks and opportunities were identified over the course of the listening process, and then assessed, using a specific methodology, in order to establish their relevance/significance.

The findings of these two analyses (materiality of impact and financial materiality) were cross-referenced in a matrix format, giving rise to a list of topics which was calibrated by the Executive Board in the light of Navigator's strategic ESG priorities.

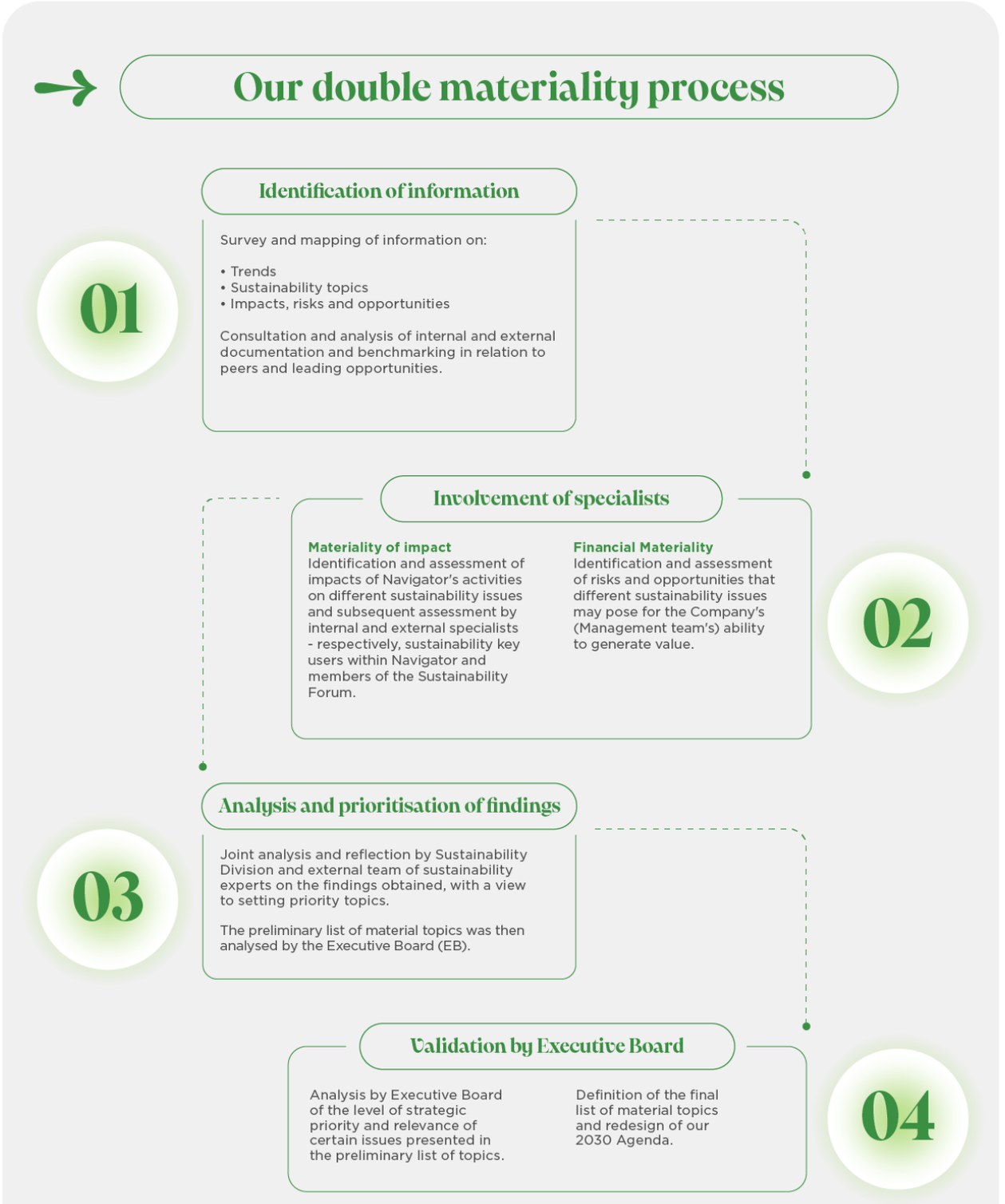
Navigator's 2030 Agenda (Chap. 6.2.4) has been adjusted to reflect this strategic review and to provide a framework for managing, monitoring and reporting the Company's performance on the current material issues.

15
Material topics

6
Strategic Issues

9
Relevant aspects

Our double materiality process



As a result of the double materiality process, 15 material topics were identified, of which 6 topics are considered strategic for Navigator and 9 topics are considered relevant.



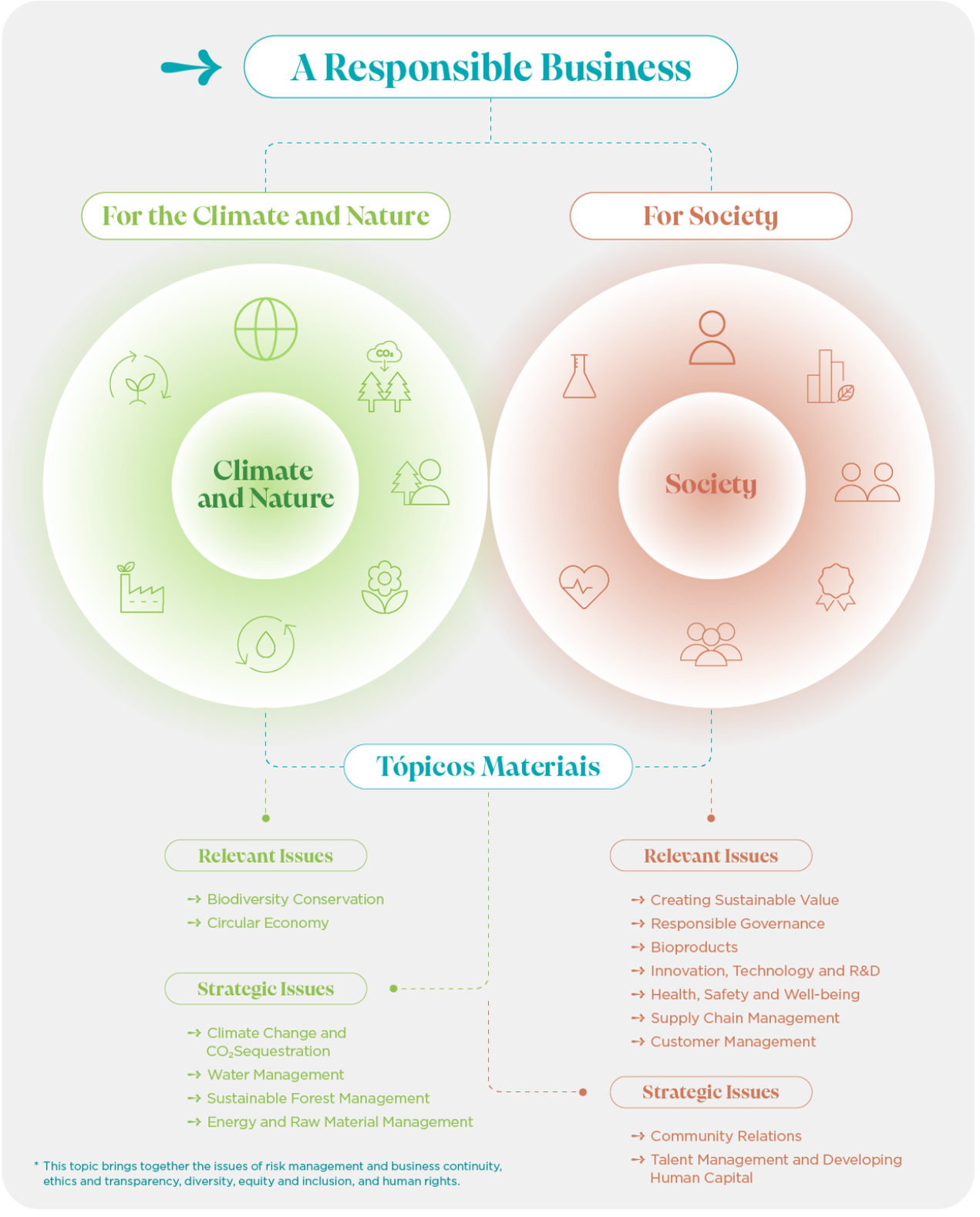
Strategic Issues

- Includes the materials topics which represent a strategic priority for the Company.
- These topics are closely connected to our business model and are fundamental for our development.
- They are the issues that require the most attention and focus on action.



Relevant aspects

- Includes topics relevant to creating value in the medium and long term.
- Most of them were already included in our 2030 Agenda and were being addressed through the development of policies, setting of targets, management of specific projects and other measures.
- They correspond to the issues to monitor and manage in connection with our activities and 2030 Agenda.


A Responsible Business
For the Climate and Nature
For Society
Climate and Nature
Society
Tópicos Materiais
Relevant Issues
→ Biodiversity Conservation
→ Circular Economy
Strategic Issues
→ Climate Change and CO_2 Sequestration
→ Water Management
→ Sustainable Forest Management
→ Energy and Raw Material Management
Relevant Issues
→ Creating Sustainable Value
→ Responsible Governance
→ Bioproducts
→ Innovation, Technology and R&D
→ Health, Safety and Well-being
→ Supply Chain Management
→ Customer Management
Strategic Issues
→ Community Relations
→ Talent Management and Developing Human Capital
* This topic brings together the issues of risk management and business continuity, ethics and transparency, diversity, equity and inclusion, and human rights.

6.2.4. Our 2030 Agenda and Roadmap

GRI 2-22, 2-23, 2-24
ESRS SBM-1, SBM-3, MDR-M, MDR-T

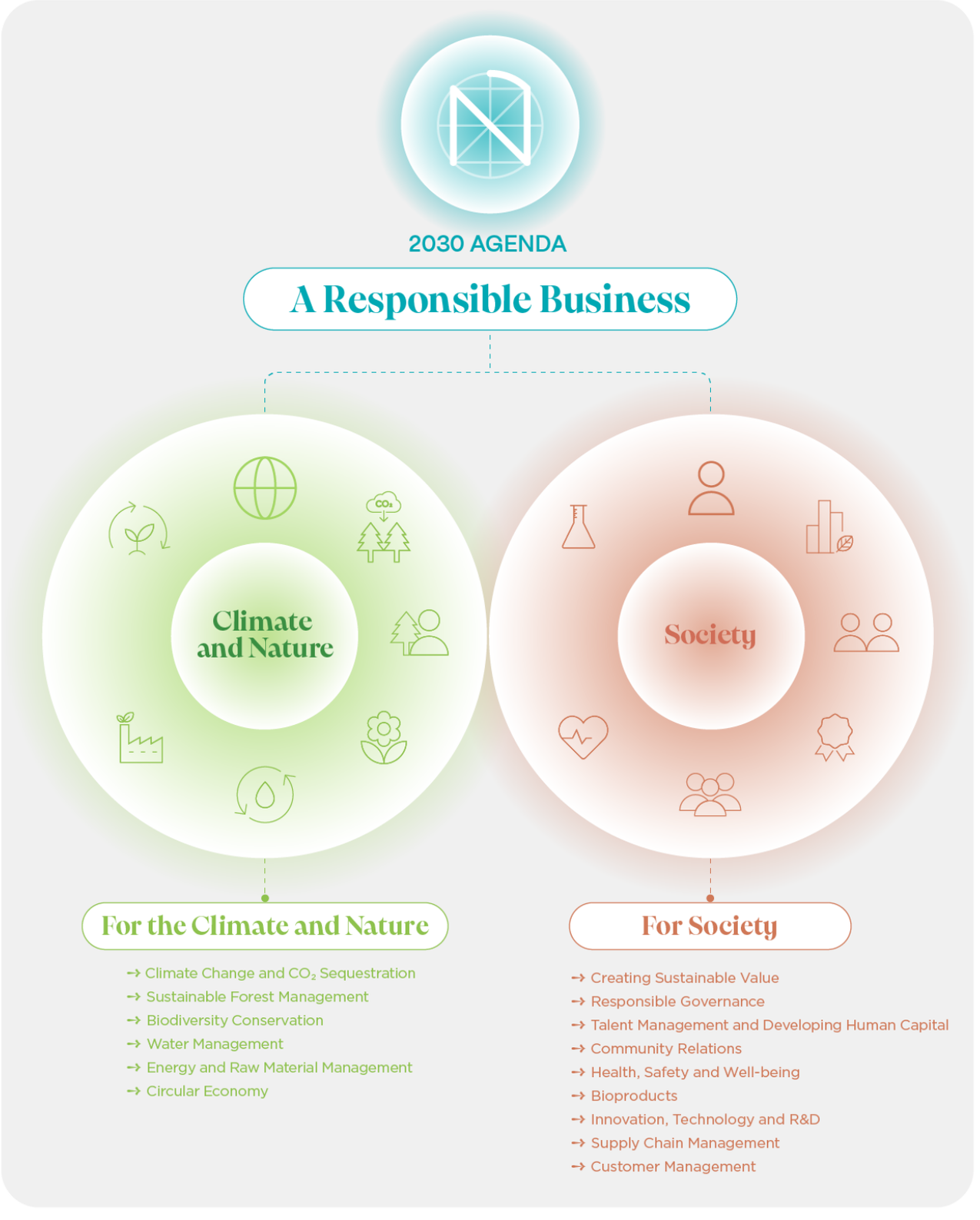
Our **2030 Responsible Management Agenda**, anchored in the concept of **"Creating Value Responsibly",** was designed with the aim of increasing The Navigator Company's positive contribution, in the long term, creating value and sustainable growth in a changing world.

At The Navigator Company we have embraced management based on Ethics, Responsibility and Transparency. In fulfilment of our purpose - centred on people, their quality of life and the future of the planet - we are responsible for forest-based products that contribute to sustainable development and to the well-being of society, in alignment with the **United Nations 2030 Agenda** (Chapter 6.2.5).

In view of the challenges and opportunities facing the whole world, in the years up to 2030, our strategy is based on a governance structure which seeks to achieve economic success, in a fair and balanced way, responding to the interests of our Shareholders and encouraging them to cooperate (Chapters 3.2, 6.2.1, 6.2.6).

We have accordingly mapped out a position that seeks to boost **value creation** - maximising our performance, contributing to the resilience of our business and our corporate reputation and image, and paving the way for sustainability to feature as a strategic competitive advantage (Chapters 3.1, 5).

To ensure that the Company's efforts remain focused on areas where it can have the greatest impact, we have conducted a double materiality analysis (Chapter 6.2.3) and in the light of the findings we last year updated our 2030 Agenda. It is now organised around two strategic action areas, reflecting the **two dimensions of our purpose**, People and the Planet.


2030 AGENDA
A Responsible Business
Climate and Nature
Society
For the Climate and Nature
→ Climate Change and CO_2 Sequestration
→ Sustainable Forest Management
→ Biodiversity Conservation
→ Water Management
→ Energy and Raw Material Management
→ Circular Economy
For Society
→ Creating Sustainable Value
→ Responsible Governance
→ Talent Management and Developing Human Capital
→ Community Relations
→ Health, Safety and Well-being
→ Bioproducts
→ Innovation, Technology and R&D
→ Supply Chain Management
→ Customer Management

At Navigator we believe it is essential to have a **long-term plan of action** that points us towards honouring the commitments set out in our 2030 Agenda. To achieve this, we have given our aspirations material form in the 2030 Roadmap - a tool that enables the Company to steer and monitor the course it takes over time, guiding the creation of sustainable value.

Following on from the double materiality analysis, important **changes** were made to the **Roadmap**. Our 2030 Roadmap now consists of **21 commitments**, defined through consensus with several sustainability key users in The Navigator Company's different business areas. These 15 commitments are joined by a series of goals that that we believe have the potential to generate a significant impact in the priority areas of our 2030 Agenda.

It is stressed that, as a corporate management tool, the Roadmap is not static, and so an annual review is usually conducted which also results in fine tuning of some of the goals established, in line with possible new capital projects undertaken by the Navigator Group.

At present, in keeping with previous reporting exercises, the commitments and goals of the 2030 Agenda and Roadmap still refer this year to the group's activities in Portugal. This will be reviewed in the years ahead, with a view to integrating the other geographical regions.

2030 ROADMAP

Below we present our 2030 Roadmap, indicating Navigator's progress in Portugal on each goal (Status 2023) and also where it links up with the content of this report. In addition, we announce the new goals and interim targets for the new annual cycle.

For more detail about performance in 2023, please consult Annex 10.1.
The following key should be considered:

In progress, can be brought forward

In progress, as planned

In progress, with downward tendency, reflecting performance of the past two years

FOR SOCIETY: GROW

Commitments	Goals	Status in 2023	Location
Develop sustainable bioproducts, reducing dependence on fossil resources and working towards a decarbonised economy.	Develop new cellulose materials and composites, which are recyclable and biodegradable.		Chap. 6.2.2 Research and innovation in the forest-based bioeconomy
	Develop biofuels, bioplastics and biochemicals from waste forestry biomass.		
Promote scientific and technological co-creation in the field of the bioeconomy and bioproducts.	Strengthen partnerships with Universities and Technology Centres in Portugal and abroad.		
	Promote advanced training, in collaboration with universities: 30 doctorates by 2030		
	Promote registration of intellectual property: 50 patents by 2030.		

	Promote projects on a co-creation basis with external organisations - with a view to tapping the economic value of knowledge generated through R&D: 15 projects completed by 2030.		
Develop adaptive forestry practices, from a climate change perspective.	Develop genetically improved clones and seeds, with gains of 30-50% in yields and resilient to climate change.		
	Propose biological solutions for combating the main diseases and pests in Portugal's eucalyptus forests.		
 **NEW COMMITMENT** **Develop packaging papers with greater mechanical strength.**	**NEW GOALS** Develop products for the packaging sector, alternatives to single use plastics, with barrier properties, using sustainable solutions. Develop functional and distinctive tissue products for the area of hygiene and health.		
Promote development and upskilling of human capital in line with the Company's present and future needs.	Reach 80% of Employees with development plans customised to their needs and professional plans, in alignment with Navigator's succession needs.		Chap. 6.5.1. Talent management and development of human capital
	 **NEW GOAL:** Create awareness in teach concerning good ESG practices and the commitment to sustainability by 2026. **NEW INTERIM TARGET:** Conduct periodic awareness raising and provide training to 80% of Employees by 2026.		
Contribute to the skills and employability of young people in the regions where we operate.	Have active partnerships with educational institutions in all regions where we operate in Portugal, including curricular and vocational internships, as well as participation in teaching activities, events and fairs.		
Promote an inclusive organisational culture able to integrate internal and external challenges.	Monitor on a continuous basis the main motivational stimuli for Employees to arrive at more appropriate management practices, policies and processes implemented.		
Provide a safe and healthy environment for Employees, ensuring their well-being.	Achieve the Zero Accidents Target through continuous improvement in safety, with the 2021-2025 OHS Strategy: • Frequency index < 2 in 2030 (internal and external Employees).		Chap. 6.5.2 Health, safety and well-being
	 **REFORMULATED INTERIM TARGET:** Achieve Frequency index of = 4 in 2024.		

	Develop the Occupational Health programme up to 2030: • Work Ability Index (WAI): 45% in 2030; • Assessment of Employee satisfaction with programme > 95%. Develop the Ergonomics Action Area: 100 workstations redesigned by 2030. **NEW GOAL** Provide training courses on a continuous basis in OHS in forestry operators for service providers, suppliers and operators, aiming to provide more than 600 hours each year.		
Engage with national, international and local Community institutional Stakeholders, listening to their expectations and aligning them with Navigator's strategy and needs.	Hold 10 events each year for interaction with representatives of relevant Stakeholder groups around the country or internationally, or five meetings of the Community Monitoring Committees in the areas around the Aveiro, Figueira da Foz, Setúbal and Vila Velha de Ródão industrial units.		Chap. 6.2.1 Sustainability Governance
REFORMULATED COMMITMENT **Develop Community relations, promoting knowledge transfer and public awareness of the economic, social and environmental importance of forests.**	Run Forest Literacy initiatives for primary school children, adolescents and adults, in order to contribute to better knowledge of Portugal's forests, and their environmental, social and economic importance, through the "Dá a Mão à Floresta" (Give the Forest a Hand), My Planet and Florestas.pt projects. • No. initiatives/year (digital and in-person): 10. • No. children reached/ year: 20 thousand. • No. teenagers and adults reached/year: 40 thousand. **REFORMULATED GOAL** Consolidated Forestry Producers project, promoting and disseminating technical information about forestry production, helping to share best practices, by 2030. • No. initiatives/year (digital and in-person): 10. • No. forestry producers reached/year: 10 thousand.		Chap. 6.5.3 Community relations

		NEW INTERIM TARGETS • Hold 4 Forestry Producers Meetings by 2025. • Secure 100 new club members by 2025.	
		Implement "Floresta do Saber" (Forest of Knowledge) project, in partnership with Calouste Gulbenkian Foundation Develop the Florestas.pt platform.	
		REFORMULATED GOAL Ensure the e-globulus platform reaches more Portuguese forestry producers and provides effective support.	
		Consolidate the Biodiversity By The Navigator Company project.	
		NEW GOAL Launch the Navigator "Clube Produtores Florestais" (Forestry Producers Club). Interim targets: • Establish 4 partnerships by 2025. • Raise the profile of Navigator's biodiversity conservation strategy by 2025 with urban adults and Portuguese NGOs.	
	NEW COMMITMENT **Integrate ESG concerns into Navigator's risk management.**	**NEW GOALS** Update risks and opportunities analysis in line with the sustainability reporting directive, integrating them into internal risk control processes, by the end of 2024. Monitor ESG-related risk mitigation measures in 2024.	Chap. 3.3 Risk management
	NEW COMMITMENT **Ensure that investment and sustainable finance policies incorporate ESG criteria.**	**NEW GOALS** Achieve an ESG finance ratio of 70% or more by 2030. Ensure that the Net Debt/EBITDA stays below 2.0x (ongoing); Continue with the policy of ESG investment in the management of Pension Fund assets, seeking to ensure that investments take a sustainable and responsible approach, in addition to applying traditional financial criteria (ongoing).	Chap. 5. Creating sustainable value
	NEW COMMITMENT **Expand the range of suppliers with assessments on ESG criteria.**	**NEW GOALS** Assessment of ESG performance (decarbonisation, water management and respect for human rights) by materially relevant Suppliers[24] by 2025. • 100% for suppliers of chemicals and packaging. • 80% for providers of logistics and transportation.	Chap. 6.6.4 Supply chain management

[24] Materially relevant suppliers – accounting for around 80% of total spend on chemicals and packaging. Materially relevant suppliers – accounting for around 80% of the transport volume (in numbers).

			Promote financial assessment of materially relevant Suppliers, on an annual basis, in order to ensure the sustainability of Navigator's supplies.	
	NEW COMMITMENT **Promote sustainability practices along the Suppliers Chain.**		**NEW GOALS** 100% of new materially relevant contracts covered by Navigator's Code of Conduct for Suppliers by 2026 Establish a programme to support our Suppliers in developing plans for decarbonisation, water management and respect for human rights, by 2026. Promote partnerships for use of more sustainable means of transport (own and Suppliers') by 2026.	
	NEW COMMITMENT **Cultivate lasting relations with Customers through active listening and through joint initiatives to respond effectively to their needs.**		**NEW GOAL** Maintain or increase Customer Satisfaction (CSI). • UWF: CSI> 90% by 2030. • Packaging: CSI target to be set after first questionnaire in 2025. • Tissue: CSI> 70% by 2030. • Pulp: CSI> 63% by 2030.	Chap. 6.5.3 Customer Management
	NEW COMMITMENT **Increase number of products with forestry certification label or EU Ecolabel**		**NEW GOAL** Maintain or increase sales of products with environmental seal (Ecolabel or FSC or PEFC) • UWF: > 70% by 2030. • Packaging: > 60% by 2030. • Tissue: > 99% by 2030. • Pulp: > 80% by 2030.	

FOR THE CLIMATE AND NATURE: ACT

Commitments	Goals	Status in 2023	Location
Promote efficient use of resources, minimising our ecological footprint.	Cut specific use of water (m^3/t and product) in industrial operations by at least 33% by 2030 (baseline: 2019). Specific use in baseline year: 22.4 m^3/t	✓	Chap. 6.4.4 Water consumption
	Propose solutions that make it possible to improve efficiency in use of water in the industrial process.	✓	
	NEW GOALS Reduce by 10% the organic load in Navigator's industrial effluents by 2030, in relation to 2022 (measured in kgCQO/t output) Study the potential for reducing water consumption in the Nurseries. Monitor impact of production forests on water management.		
	Optimise energy intensity, year after year.	✓	Chap. 6.4.2 Climate change
	Propose solutions that make it possible to improve efficiency in use of wood in the industrial process.	✓	Chap. 6.45 Use of resources and circular economy
REFORMULATED COMMITMENT **Ensure that all wood is obtained from credible sources (FSC® or PEFC certification schemes, or controlled origin).**	**REFORMULATED GOAL** Ensure that the Company's wood consumption include no less than 80% certified wood by 2030.	✓	Chap. 6.4.3 Sustainable forestry management and conserving biodiversity
	Promote certification of the chain of custody of all our wood Suppliers by 2030.	+	
Ensure sustainable use of soil and forestry resources, including biodiversity.	Help reduce rural fires, seeking to ensure that the burned area under Navigator's management stays below 1% each year.	✓	
	Create positive impact on (or net gain in) biodiversity by taking action in keeping with commitments made by Navigator through act4nature Portugal.	✓	

	NEW GOAL Ensure that the stock of CO_2 sequestered in the forest holdings under Navigator's management does not fall by more than 10% in relation to 2022 (baseline year), by 2030.		Chap. 6.4.2 Climate change
Promote circular bioeconomy, prioritising R&D solutions.	Achieve by 2030 a rate of waste disposal in industrial landfill of less than 10%.		Chap. 6.45 Use of resources and circular economy
	Develop sustainable applications and added value for by-products from industrial process (sludges, ash and other inorganic waste).		
Invest in low carbon solutions leading to carbon neutrality.	Cut direct EU ETS CO_2 emissions from industrial complexes by 86% by 2035 (baseline: 2018)[25]. Emissions baseline year: 774,464 t CO_2		Chap. 6.4.2 Climate change
	Cut scope 1 and 2 GHG emissions by 63% by 2035 (baseline: 2020). Emissions baseline year: 937,710 t CO_2e [26]		
	Cut scope 3 GHG emissions by 37.5% by 2035 (baseline: 2020). Emissions baseline year: 958,266 tCO_2e [27]		
	Use 80% renewable energy in total consumption of primary energy by 2030 (baseline: 2018).		

[25] Emissions reported under EU ETS (European Emissions Trading Scheme).

[26] The emissions value for the baseline year is in accordance with the figures submitted to and approved by SBTi in 2022. In order to calculate performance on the target to reduced Scope 1+2 emissions, in keeping with the baseline defined for SBTi, we have excluded emissions associated with fluorinated gases, own fleet, CH_4 and N_20 and fertilisers, which represent approximately 7% of the inventory.

[27] Calculation of performance on the target for reduction of scope 3 emissions, in keeping with the baseline defined for SBTi, Category 1 is considered, excluding emissions associated with the acquisition of PCC, pulp, services, wood and waste forestry biomass. We also consider categories 3, 4, 9, emissions relating to processing of pulp into UWF and tissue (Category 10) and 50% of the emissions associated with landfill disposal (category 12).

6.2.5. Contribution to SDGs

GRI 2-22, 2-23, 2-24
ESRS SBM-1

At The Navigator Company we are committed to taking an active part in the United Nations 2030 Agenda and to making the Sustainable Development Goals (SDGs) a reality.

In 2023 we conducted a review of the 2030 Agenda and Roadmap, in the light of progress on implementation during the first three years (Chapter 6.2.4), and on the basis of the findings of the double materiality analysis (Chapter 6.2.3), involving reassessment/identification of SDGs, the respective targets and contributions.

This process enabled us to identify **three levels of contribution**, depending on the degree of influence that the Company has over the success of these global goals. The SDGs to which we contribute have been organised into the following categories:

a. ***Core***: strategically relevant for the Group - they demonstrate the strong connection between its business activities and the areas where it can generate a positive impact.

b. ***Supportive***: direct or indirect contributions resulting from the Group's sustainability approach, in particular actions/programmes under way internally and/or arising from programmes to support the Group's core activities.

c. ***Local***: direct or indirect contributions resulting from the sustainability approach taken by individual Group companies, which are aligned with the local context of the geographical regions where they operate, and which add to the contributions mapped out for the core and supportive SDGs. In connection with this, attention is drawn to the contributions of the Social Development Programme being pursued by Portucel Moçambique.

In total we identified five Core SDGs, which are strategically relevant to the Company and present a strong connection between our activities and the areas where we can generate a positive impact.

Navigator held up as an example of good business practice



Target 12.6

In recognition of our 2030 Agenda and contributions to SDGs, Navigator was again singled out as an example of good business practice, in the published findings of the Sustainable Development Goals Observatory (Portuguese Catholic University), in which The Navigator Company is featured for the second year running.

The processes for integrating the SDGs into business strategies refer to cases which illustrate procedures designed to incorporate and coordinate the SDGs and the business strategy. A clearly defined business strategy is based on sound strategic considerations, measurable commitments and objectives, defined timeframes and continuous monitoring of progress. This entails integrating sustainable practices into our core business through structured processes that take in operations, culture, innovation and communication. Below we highlight the following examples of Navigator Good Practices in the categories: structuring of case studies relating to SDGs and communication of core case studies to the business.

CORE SDGs

				
Promote inclusive and sustainable economic growth, full and productive employment and decent work for all.	**Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.**	**Ensure sustainable consumption and production patterns.**	**Take urgent steps to combat climate change and its impacts.**	**Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss.**
Targets 8.1, 8.2, 8.3, 8.4, 8.5, 8.6, 8.7, 8.8	**Targets 9.2, 9.4 and 9.5**	**Targets 12.2, 12.4, 12.5, 12.6 and 12.8**	**Targets 13.1 and 13.3**	**Targets 15.1, 15.2, 15.3, 15.5 and 15.8**

OUR CONTRIBUTION

Navigator is working to be a top employer, seeking to create a fairer, healthier and safer workplace for all its Employees.

The Company's relationship with local Suppliers and producers contributes to a stronger local economy and more resilient Communities.

We are committed to technological modernisation and innovation.

We invest in efficient use of resources, as well as in innovation and technology, striving to uncouple economic growth from degradation of the environment.

Navigator seeks to contribute to sustainable development by boosting scientific research and improving its technological capabilities.

Investment in development and implementation of innovative forest-based solutions and products, and in improving forestry practices, helping to promote a circular and low-carbon bioeconomy. Navigator's ambition is based on the collaborative spirit it shares with its partners.

We develop sustainable bioproducts, reducing dependence on fossil resources and working towards a decarbonised economy.

We invest in improving the available technologies and solutions for minimising Navigator's environmental impacts, such as renewable energy, efficient and circular use of resources, reduction of water use and waste recovery.

We work towards circularity through efficient use of resources.

We respond to the expectations of increasingly well-informed and demanding consumers, ensuring not only sustainable production of their existing products, but also new products, products of distinctive quality, produced from renewable raw materials.

We assess the real and potential impacts of climate-related risks and opportunities on our businesses, strategy, and financial planning.

We strengthen the resilience of forests, the source of raw material, so that they can perform the vital function of carbon sequestration. We are also aware of the impact that developments in forestry assets may have on business, in particular on the availability of resources.

The Company's role in the transition to a low-carbon economy entails a commitment to a 63% reduction in scope 1 and 2 GHG emissions by 2035, in relation to 2020, and a 37.5% cut in scope 3 GHG 3 emissions over the same period; these targets have been approved by SBTi. We are also involved in investing in renewable sources, such as biomass and solar.

We develop specific educational programmes, such as:

- "Floresta do Saber" (Forest of Knowledge)
- "Dá a Mão à Floresta" (Give the Forest a Hand)
- My Planet
- Florestas.pt

Navigator is responsible for management of vast forest holdings in mainland Portugal (1.2% of the area of mainland Portugal), 100% certified under the FSC® and PEFC schemes.

Practices promoting long term yields and resilience are built into the management model, ensuring at the same time that ecosystem services and natural capital are conserved.

We work on ecological restoration and soil conservation, promotion of protected agro-forestry habitats, and conversion of inappropriate production forests and reforestation with native species (e.g. Zambujo reCover Project).

We follow a forestry management model that entails efforts to eradicate invasive species.

We implement steps to combat desertification and reduce erosion, for example by disseminating good practices in conservation farming, and by raising community awareness of environmental issues.

SUPPORTIVE SDGs

			
Ensure healthy lives and promote well-being for all, at all ages.	**Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.**	**Achieve gender equality and empower all women and girls.**	**Ensure availability and sustainable management of drinking water and sanitation for all.**
Targets 3.3, 3.4 e 3.8	**Targets 4.4 and 4.7**	**Targets 5.1, 5.4, 5.5**	**Targets 6.1, 6.3, 6.4, 6.5 and 6.6 and 6.8**

OUR CONTRIBUTION

Preventive measures and monitoring of Employee health, as part of the Occupational Health Programme in Portugal and the Preventive Medicine Programme in Mozambique.

The Occupational Health Programme, which seeks to contribute not only to physical well-being, but also to mental health and social welfare, with personalised help from psychologists, social welfare officers and other specialities.

The Preventive Medicine Programme permits early identification of health issues, leading to advice on treatment and recommendations for a better state of health.

One of the main priorities of the Social Development Programme in Mozambique is to improve the health and well-being of the Communities in areas where the Company operates. Steps are taken to improve the quality of water for human consumption and to invest in improving healthcare facilities, which has included investment in the new surgical block at the Ile Hospital.

We consistently contribute to and invest in the skills and employability of young people, especially in the regions where the Navigator Group operates.

Attracting and developing young people through vocational internships.

Family welfare support for employees, through award of study grants.

Specific educational programmes, such as "Floresta do Saber" (Forest of Knowledge) and "Dá a Mão à Floresta" (Give the Forest a Hand).

We have established the Equality Plan and the governance model for diversity, fairness and inclusion.

We support GirlMove Academy, a project that seeks to empower young women and train them for leadership.

In Mozambique, with the involvement of the International Labour Organisation, we have started a gender study in the country's wood processing sector, in order to identify opportunities for employment and decent work for women in companies in the sector.

We have developed the Water Use Reduction Programme (WURP).

We invest in technologies that can reduce water consumption, such as systems for reusing water and treating effluents. We carry on R&D activities relating to forestry practices, aiming to conserve water in the soil, and we search for solutions (genetic materials and practices) that can bring greater resilience to water shortages.

Portucel Moçambique has a Water Quality Monitoring Protocol, designed in partnership with RAIZ (with an operational approach). As part of the Social Development Programme in Mozambique, we have worked on a plan for drilling and repairing water boreholes, bringing access to drinking water to a large number of people in the different Communities in our operational areas. We conduct tests of the quality of water for human consumption, ensuring access to drinking water for a large number of families.

			
Ensure access to affordable, reliable, sustainable and modern energy sources for all.	**Making cities and communities inclusive, safe, resilient and sustainable.**	**Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.**	**Strengthen the means of implementation and revitalize the global partnership for sustainable development.**
Targets 7.2 and 7.3	**Targets 11.4, 11.A, 11.B**	**Targets 16.5, 16.6 e 16.7**	**Targets 17.16 and 17.17**

OUR CONTRIBUTION

In Portugal, Navigator has positioned itself as the leading producer of renewable power from biomass, producing approximately 37% of all electricity generated in Portugal from this source (figures for 2023).

We invest in producing renewable energy, in particular using photovoltaic solar technology and installing panels in our industrial complexes.

Approximately 80% of the primary energy used in our production processes is from renewable sources.

We are running a Corporate Programme for Energy Efficiency at Navigator's industrial units.

Navigator contributes to creating employment in the rural areas where it operates and to a stronger local economy.

We pursue dialogue and collaboration with Communities, seeking to respond to their needs and concerns. The Community Monitoring Committees are one of the procedures for direct interaction that Navigator uses for this purposes. This initiative enables us to address topics such as the environmental and social impacts of the Company's operations, and we implement projects with the potential to improve the well-being and quality of life of local Communities. A prime example of this, in 2023, was the collaboration at the Aveiro Industrial Complex in the process of clearing obstructions from the River Vouga.

In addition to this forum for interaction, we also have special programmes designed to foster lasting commercial relations, aimed at industries located essentially in rural areas. Examples of these are the Forestry Producers Project and the "Clube Produtores Florestais" (Forestry Producers Club).

We also contribute to protecting and safeguarding cultural heritage in the areas under our management, as part of our sustainable and holistic management of forest holdings.

As part of its compliance system, Navigator has an array of policies and instruments designed to prevent corruption.

We have a sustainability governance structure which entails engagement with internal and external Stakeholders and sets out to promote effective, responsible and transparent management. Our Sustainability Forum and the Environmental Council are important components of this approach. In our dealings with local Communities, the Community Monitoring Committees play an important role, whilst in Mozambique, we deploy Community Liaison Officers.

We work in partnership with a number of organisations, and regard this as essential for attaining our goals and for our approach of creating and sharing knowledge, training, innovation and generating value. Our partnerships are pursued through a number of structures, projects and programmes, most notably the Sustainability Forum and the "Clube Produtores Florestais" (Forestry Producers Club).

LOCAL SDGs

		
End poverty in all its forms, everywhere.	**End hunger, achieve food security, improve nutrition and promote sustainable agriculture.**	**Reduce inequalities within and between countries.**
Target 1.5	**Targets 2.3 and 2.4**	**Targets 10.1,10.2**
Portucel Moçambique operates in rural areas characterised by a degree of social vulnerability, and so investment in forestry operations has brought extra income to Communities and provided technical training that has contributed to skill levels in the employment market. In addition, the Programme seeks to combat poverty in Communities through a variety of projects relating to local procurement/hiring and promoting agriculture as a source of income.	A central priority of Portucel Moçambique's Social Development Programme is food security, and one of the main ways it has sought to promote this is through support for conservation (more sustainable) farming. A number of activities have contributed not only to improving food security and diversity, but also to sustainable farming output and practices: agricultural extension projects (improved seeds, conservation farming techniques), barns (minimising post-harvest losses), school vegetable gardens scheme, community environmental awareness raising, addressing topics such as uncontrolled burns, combating erosion, and improving conservation farming techniques. All this has led to improved yields and made farming more resilient to climate phenomena.	Portucel Moçambique contributes to growth in income and improved welfare for the more disadvantaged, through its Social Development Programme, and also through the employment generated by its operations. These jobs are available in rural areas, where the population is more vulnerable and has poorer access to basic infrastructures.

6.2.6. Stakeholder engagement

GRI 2-29
ESRS SBM-2, S1-2, S2-2, S2-5, S3-2, S4-2

The Navigator Company's responsible management strategy is designed to generate economic, social and environmental impact along the value chain, listening to and aligning the expectations of our Stakeholders with Navigator's strategy and needs.

Our aim is to create long term value for the 10 relevant Stakeholder groups with which we have dealings. The Stakeholder groups were identified at an internal workshop, with members of the Executive Committee, as part of the materiality analysis process in 2015. This mapping has been undergoing review, to keep it up to date and to ensure integration of the expectations identified in relation to the issues considered most relevant to the Company's future, and there was no change in 2023 to the Stakeholder groups identified in relation to the previous report.

We use various **forms of communication and engagement**, and the channels and frequency vary depending on the Stakeholder group and the needs identified. In this way we seek to consolidate trusting relationships and our social license to operate, increasing transparency and identifying possible risks and opportunities.

Communication channels used for all groups include email and the Company's website and social media, as well as the whistleblowing channel (Chap. 6.5.1).

The formal mechanisms for direct interaction with different Stakeholder groups include the bilateral communication channels established, such as the Industrial Forum, and interactions with workers' representatives (Chapter 6.4.1); the **Community Monitoring Committees** (Chapter 6.4.3) and the **Community Liaison Officers** who help to build a close relationship between

the Company and local Communities in Mozambique (Chapter 6.4.3) - initiatives which are crucial for understanding the concerns of Communities and seeking to respond to their needs.

Navigator's **Sustainability Forum (**Chapters 6.2.1, 6.4.3)*,* an internal sustainability governance body, also provides an important arena for dialogue. Significantly, its members took part in the double materiality process (Chapter 6.2.3) and annual sessions are organised with the participation of national and international experts, to discuss subjects of relevance to the Company's business and to our Stakeholders.

Navigator also has an **Environmental Council**, with members drawn from academe, which is responsible for monitoring the Company's environmental performance (Chapter 6.2.1), and holds regular meetings over the year.

Mindful of the need for continuous improvement and of our purpose of sharing our knowledge and resources with society, we have made several information channels available to local Communities (Chapter 6.4.3) and forestry producers (Chapters 6.3.3, 6.4.3).

Our Public Affairs Division (DPA) also does important work in promoting a close relationship with institutional stakeholders and in advocacy initiatives on regulatory, environmental and social issues (Chapter 6.5.1).

Relationship with our Stakeholders

STAKEHOLDER GROUP	HOW WE ENGAGE	HOW WE CREATE VALUE
SHAREHOLDERS	• General Meetings • Dedicated events • Roadshows • Conferences for presentation of results • Annual and Quarterly Reports • Environmental Council • Sustainability Forum • ESG performance information • ESG ratings • Investor relations • Regular reporting of financial and non-financial information	• Risk reduction • Optimisation of operations • Optimisation of assets • Increased revenues and distribution of dividends
EMPLOYEES	• Pension Fund Supervisory Board • Managers' Forum • Intranet • My Planet • Navigator Forests Conference • Navigator Commercial Conference • Straight to the Top Programme • Periodic meetings between Executive Board and Workers' Committee • Collective bargaining instruments • Navigator Tour - Visits to our mills and nurseries • Family Day • Future Leaders Forum • "CRESCER" (Growing) Project • Industrial Forum	• Stable employment • Payment of wages, performance and productivity bonuses • Benefits and support for families • Vocational training and development • Provision of safe working conditions that promote well-being • Raising awareness of healthcare • and preventive medicine • Management of pension fund • Promoting a sense of purpose

STAKEHOLDER GROUP	HOW WE ENGAGE	HOW WE CREATE VALUE
BUSINESS ASSOCIATIONS	• Sustainability Forum • Participation in events and management bodies of industry associations in areas such as energy, forestry and sustainable development • Meetings and visits to our mills and nurseries	• Contribution to the design of shared solutions for economic, environmental and social challenges in the sector, regions and the country. • Active participation in development projects and support for forestry producers through Biond – Forest Fibers from Portugal
FOREST LANDOWNERS AND ASSOCIATIONS	• Sustainability Forum • Technical support and training • "Clube Produtores Florestais" (Forestry Producers Club) • Annual Forestry Producers Meeting • Trade Fairs • e-globulus platform • Florestas.pt platform • Collaboration agreements • Forestry Producers Magazine • Navigator Tour – Visits to our mills and nurseries	• Technical training • Tools for promoting responsible and sustainable forestry management • Large scale production of clones, making for healthier and more productive forests • Genetic improvement of plantations • Support for fire prevention and fire-fighting • Solutions for controlling pests and other biotic risks to plantations • Adding value to ecosystem services, through sustainable forestry management and biodiversity conservation • Increased efficiency in forestry production
SCIENCE AND TECHNOLOGY SYSTEM	• Environmental Council • RAIZ Scientific Board • Sustainability Forum • Study grants and Master's degrees • Research partnerships (RAIZ) • Cooperation agreements with universities • "Floresta do Saber" (Forest of Knowledge) • Navigator Tour – Visits to our mills and nurseries	• Investment in R&D • Generating and disseminating knowledge • Partnerships with Universities and Institutes to produce knowledge on a co-creation basis • Creating employment in science • Development of bioproducts
CUSTOMERS	• Business activities • Periodic listening exercises • Advertising campaigns • Satisfaction surveys • Complaints • Meetings and visits to our mills and nurseries • Specialist webinars	• Quality products, mostly bearing certification seals • Response to market needs • New products and services • Close relationships and trust, generating value for Consumers
GOVERNMENT AND REGULATORY ENTITIES	• Advocacy activities– Public Affairs sector • Community Monitoring Committees • Sustainability Forum • Formal response to legal requirements • Meetings and response to various enquiries • Navigator Tour – Visits to our mills and nurseries	• Responsible tax policy • Helping to power Portugal's business fabric and promoting exports • Contributing to better rural development policies and to attainment of Portugal's carbon neutrality targets, with concrete proposals/action plans • Participation in Taxpayers' Forum
NGOs	• Sustainability Forum • Community Monitoring Committees • Collaboration agreements • Navigator Tour - Visits to our mills and nurseries	• Participation in leading NGOs in the field of sustainable forests and biodiversity conservation For example: the World Wide Fund for Nature's Forests Forward programme • Dialogue with ONG' s in Sustainability Forum Navigator

STAKEHOLDER GROUP	HOW WE ENGAGE	HOW WE CREATE VALUE
 SUPPLIERS	• Sustainability Forum • Declarations of conformity • Technical visits to facilities of chemical raw materials suppliers • Annual Forestry Producers Meeting • Forestry Producers Magazine • Navigator Tour - Visits to our mills and nurseries • Navigator Hub • Suppliers' Day	• Supplies and Services • Generating employment and powering development of Portugal's business fabric • Sharing values and good practice • Support for reducing carbon footprint
 COMMUNITY	• Community Monitoring Committees • Community liaison officers (Mozambique) • "Dá a Mão à Floresta" (Give the Forest a Hand) • "Floresta do Saber" (Forest of Knowledge) • Biodiversidade.com.pt • Florestas.pt platform • Sustainability Forum • My Planet • Navigator Tour – Visits to our mills and nurseries • "Clube Produtores Florestais" (Forestry Producers Club)	• Promotion of the rural economy and bioeconomy • Generating employment • Training up young talent • Investment in the Community • Promotion of forest literacy • Adding value to ecosystem services, through sustainable forestry management and biodiversity conservation • Helping to mitigate climate change risks, through carbon sequestration and investment in renewable energy sources • Reducing the impacts from atmospheric emissions, noise and odours, and from waste generation • Reducing the impacts of liquid emissions on water availability

6.3. Environmental information

6.3.1. European Union Taxonomy

Background to the European Environmental Taxonomy

In 2019, the European Commission announced the European Green Deal, a new strategy for growth with the aim of achieving climate neutrality by 2050 and to support economic growth through more efficient means and sustainable use of natural resources. To facilitate this, a practical framework for sustainable investment has been provided by Regulation (EU) 2020/852 of the European Parliament and the Council of 18 June 2020, on the European Taxonomy. The Taxonomy works as a standardised and mandatory classification system, i.e. a common language, to be used to determine which economic activities are considered "environmentally sustainable" in the European Union. The idea is for companies to direct their investment flow to activities regarded as sustainable, whilst at the same time maintaining transparency in reporting and reducing the possibility of greenwashing.

According to the Taxonomy Regulation (Regulation 852/2020), in order for an economic activity to be environmentally sustainable it must:

1. Contribute to at least one of the six environmental objectives identified in the Regulation (climate change mitigation; climate change adaptation; the sustainable use and protection of water and marine resources; transition to a circular economy; pollution prevention and control; protection and restoration of biodiversity and ecosystems);

2. Do no significant harm to any of the five remaining objectives; and

3. Comply with the minimum social safeguards relating to Human Rights, Corruption, Taxation and Fair Competition.

In 2021, non-financial undertakings reported their taxonomy-eligible activities listed in the Climate Delegated Act (contribution to the objectives of climate change mitigation and adaptation). The eligibility of these economic activities was reported, in terms of turnover, capital expenditure (Capex) and operating expenditure (Opex). For the financial year of 2022, in addition to the eligible activities, non-financial undertakings had to assess and disclose the alignment of these activities with application of the technical screening criteria and the minimum social safeguards.

In February 2022, the European Commission presented the Supplementary Delegated Act that includes, under strict conditions, specific nuclear energy and gas activities in the list of economic activities covered by the Taxonomy. Under the Supplementary Delegated Act, the companies covered must disclose additional information on their activities in these two sectors (nuclear energy and natural gas). This Supplementary Delegated Act was formally adopted on 9 March 2022 and published in the Official Journal on 15 July 2022.

In 2023, the Climate Delegated Act was updated, revising the activities listed and introducing new activities in the climate change mitigation and adaptation objectives. Also in 2023, the Environmental Delegated Act was published, specifying the activities (and the respective criteria) contributing to the other four environmental objectives.

Accordingly, in its 2023 report, the Group discloses the results of the eligibility and alignment analysis of its economic activities, under the Climate and Environmental Delegated Acts.

Eligibility analysis

In 2023, the Navigator Group analysed which of its economic activities are eligible under the Climate Delegated Act, the Supplementary Delegated Act and the Environmental Delegated Act. The following economic activities were identified:

Activity	Code*	Description
1.3 Forest management	CCM 1.3	Navigator carries on a vertically integrated forestry business, promoting efficient and responsible management of approximately 108 thousand hectares of forest in mainland Portugal. This area is 100% certified under the FSC and PEFC systems. The forestry business in Mozambique is not included in the EU Taxonomy report.
4.1 Electricity generation using solar photovoltaic technology	CCM 4.1	Navigator has 5 photovoltaic solar facilities in Portugal, for in-house consumption, with rated capacity of approximately 7MWp. In addition, the Group has a 5MW plant in Spain, owned by Navigator Tissue Ejea. In 2023, the construction of 4 new facilities began which will increase the installed capacity at the Group's sites by approximately 26 MWp.
4.8 Electricity generation from bioenergy	CCM 4.8	The Group has two biomass power plants, the electricity from which is injected into the national grid.
4.20 Cogeneration of heat/cool and power from bioenergy	CCM 4.20	The Group has three biomass cogeneration plants that produce both electricity and heat, and this thermal energy is used in manufacturing processes for pulp and paper.
4.30 High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	CCM 4.30	The Group has two combined-cycle natural gas cogeneration plants, one in Setúbal and the other in Figueira da Foz, the latter allocated to a back-up role.
5.1 Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1	At the industrial complexes in Aveiro, Figueira da Foz and Setúbal, Navigator has and operates its own systems for withdrawing, treating and supplying water, for the production of pulp, paper and energy.
5.3 Construction, extension and operation of waste water collection and treatment systems	CCM 5.3	At the industrial complexes in Aveiro, Figueira da Foz, Setúbal and Vila Velha de Ródão, Navigator has and operates systems for waste water collection and treatment.
9.2 Close to market research, development and innovation	CCA 9.2	Through Instituto Raiz, the Group carries on research activities, including applied research, and experimental development of solutions, processes, technologies and other products geared to climate change adaptation. Attention is drawn to the programme for genetic improvement of eucalyptus for climate change adaptation.

Activity	Code*	Description
1.1 Conservation, including restoration, of habitats, ecosystems and species	BIO 1.1	The Group is pursuing the Zambujo Recover Project, consisting of forestry intervention and environmental recovery over an area of 153.4 ha. This consists of converting intensive forestry areas (eucalyptus) through reforestation with native species, promotion of protected agro-forestry habitats, ecological restoration and land use conversion on the Zambujo estate, belonging to areas susceptible to desertification and priority intervention areas.

* CCM (Climate change mitigation:); CCA (Climate change adaptation); ** Activity included in Complementary Delegated Act (Regulation 2022/1214)

All the activities described above which are eligible for the climate change mitigation objective are also eligible for the climate change adaptation objective. The Group considers that the climate change mitigation objective is the most relevant in these cases.

At present, the Taxonomy Delegated Acts lay greatest stress on industries that are more carbon intensive / green energy intensive. This means that the Group's main activities - pulp and paper production - are not contemplated and cannot therefore be included in the Navigator Group's eligible activities. For this reason, the indicators relating to eligible activities are low.

Alignment analysis

The Taxonomy alignment assessment was conducted by the Navigator Group on the basis of the best interpretation of the Taxonomy Regulations, the Climate Delegated Act, the Supplementary Delegated Act, the Environmental Delegated Act and the guidelines available from the European Commission.

Substantial contribution and Do no significant harm

Navigator established an internal multidisciplinary working group to assess whether its eligible activities complied with the alignment criteria established in the Taxonomy regulations. For each economic activity, the Group assessed the criteria of "Substantial contribution" and "Do no significant harm". The criteria for DNSH referring to the Appendices (A, B, C and D) were analysed taking into consideration criteria applying to the entire Group. Compliance with the minimum safeguards was also analysed at Group level.

The table below summarises the analysis of alignment with the criteria for "Substantial contribution" (SC) and "Do no significant harm" (DNSH), identified in the Climate Delegated Act and the Environmental Delegated Act. The conclusions stated were based on the best knowledge existing at the date of analysis of these criteria.

Activity 1.3 - Forest management	Navigator managed approximately 108 thousand hectares of woodlands in mainland Portugal, including production forests, and areas given over to conservation of relevant wildlife. The Group has a forest management plan (FMP) for the holdings it owns and rents for operations in mainland Portugal. This plan complies with the transposed requirements of the technical standard issued by order of the Institute of Nature Conservation and Forests, on the basis of Decree-Law 15/2009. All of Navigator's forestry holdings in Portugal have been certified under the FSC and PEFC schemes since 2007. This activity is deemed taxonomy-eligible and taxonomy-aligned. In connection with this activity, the Group considered in its capex KPI the acquisition of forest land, as well as other investment supporting forest management.
Activity 4.1 - Electricity generation using solar photovoltaic technology	Electricity generation using solar photovoltaic technology enables Navigator to reduce scope 2 greenhouse gas emissions and also its dependence on the electricity market. Navigator considers that this activity is carried on in alignment with the criteria for CS and DNSF.
Activity 4.8 - Electricity generation from bioenergy	At Navigator's two Biomass Power Plants, waste forestry biomass is used to generate electricity. The Group considers that the forestry biomass used meets the criteria established in Article 29, paras. 6 and 7, of Directive EU 2018/2001, insofar as the risks of using forestry biomass from unsustainable production are minimised. Directive EU 2018/2001 was transposed into Portuguese law in Decree-Law 15/2022 and Decree-Law 84/2022. All the waste forestry biomass is purchased on the Portuguese market and in accordance with Portuguese legislation, thereby complying with the sustainability criteria. The average transport distance for activity 4.8 is less than 500 km, thereby complying with the GHG emissions reduction criterion of at least 80%, in accordance with table A of Annex VI to Directive EU 2018/2001. Accordingly, after analysis of the criteria for SC and DNSH, the Group considers that this activity is taxonomy-aligned.
Activity 4.20 – Cogeneration of heat/cool and power from bioenergy	The renewable biomass cogeneration facilities for Navigator's pulp mills used several biomass by-products resulting from pulp production, including black liquor and eucalyptus bark. Waste forestry biomass is also acquired to meet energy needs. The Group considers that the waste forestry biomass used meets the criteria established in Article 29, paras. 6 and 7, of Directive EU 2018/2001, insofar as the risks of using forestry biomass from unsustainable production are minimised. Directive EU 2018/2001 was transposed into Portuguese law in Decree-Law 15/2022 and Decree-Law 84/2022. All the waste forestry biomass used by Navigator to produce energy in Cogeneration facilities (activity 4.20) is purchased on the Portuguese market and in accordance with Portuguese legislation, thereby complying with the sustainability criteria. The average transport distance for activity 4.20 is less than 500 km, thereby complying with the GHG emissions reduction criterion of at least 80%, in accordance with table A of Annex VI to Directive EU 2018/2001. After analysis of the criteria for SC and DNSH, the Group therefore considers this activity to be taxonomy-aligned.

Activity 4.30 - High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	The Group operates two combined-cycle natural gas cogeneration plants. Under the criteria for classification as a transitional activity, in particular for the maximum emissions (gCO_2/KWh), this activity has been considered taxonomy non-aligned. Nonetheless, it is important to note: • By 2035, the Group plans to shut down completely the Natural Gas Cogeneration Plant in Setúbal, the heat currently produced by this facility being instead generated from biomass in a High Efficiency Renewable Cogeneration Plant, as envisaged in Navigator's Roadmap for Carbon Neutrality; it is also stressed that the existing Natural Gas Cogeneration Plant in Setúbal is a highly efficient facility which permits a saving of more than 10% in primary energy and its direct GHG emissions are less than 270 gCO_2/kWh of energy produced, aligned with the criteria for this activity; • The Natural Gas Cogeneration Plant in Figueira da Foz is currently a backup facility, and operated for only 4 hours in 2023. Since late 2020, with the construction of the new biomass boiler, the steam needs of the Figueira da Foz industrial complex have been meet, in normal operations, from renewable energy obtained from biomass.
Activity 5.1 - Construction, extension and operation of water collection, treatment and supply systems	The water used in production processes is withdrawn and treated by Navigator's own systems at the industrial complexes in Aveiro, Figueira da Foz and Setúbal. In Aveiro, the water intake is at the surface, using pumping systems, and the water is then routed to the respective water treatment plants (WTP). In Setúbal, the water intake is subterranean, and the water is also routed to the site's own WTP. Power consumption by withdrawal and treatment systems is less than 0.5kWh per m^3 of water supplied at the industrial complexes in Aveiro and Figueira da Foz, but higher in Setúbal. For that reason, this activity is considered taxonomy-aligned in Aveiro and Figueira da Foz and non-aligned at the Setúbal industrial complex.
Activity 5.3 - Construction, extension and operation of waste water collection and treatment systems	The Group has waste water collection and treatment systems (WWTP) at all its production units in Portugal. Power consumption by this facilities is below the level set in the criterion for CS for this activity. As a result of the technical assessment of the criteria for SC and DNSH set in the Delegated Act, this activity is considered to be taxonomy-aligned.
Activity 9.2 - Close to market research, development and innovation	Through Instituto Raiz, the Group carries on research activities, including applied research, and experimental development of solutions, processes, technologies and other products geared to climate change adaptation. During the financial year of 2023, attention is drawn to the programme for genetic improvement of eucalyptus for climate change adaptation. The Group considers the criteria for SC and DNSH to be met, and so the activity is considered to be taxonomy-aligned.
Activity 1.1 - Conservation, including restoration, of habitats, ecosystems and species	This activity contributes to re-establishing or restoring ecosystems, habitats or species habitats in good conditions. The activity meets the criteria for SC and DNSH, and so is considered to be taxonomy-aligned. The eligibility and alignment analysis took into account Capex and Opex relating to the Zambujo Recover Project.

Application of the criteria relating to Appendix A of the Climate Delegated Act

In order to respond to the criteria of Appendix A and in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the Navigator Group has identified and assessed the main physical climate risks for its activities. These risks were identified and assessed by a multidisciplinary team and have been reviewed annually, considering the full breadth of the Group's business at all its locations.

Assessment of the Group's most relevant physical risks and an analysis of the potential financial impacts on the organisation, considering two time horizons (2035 and 2050) – and three climate scenarios aligned with growing levels of temperature increase, on the basis of the increase in greenhouse gases, using the simulations in the IPCC scenarios – RCP2.6, RCP 4.5 and RCP 8.5, supported by narratives from the IPCC, IEA and WBCSD Climate Scenario Tool, called respectively the green, yellow and red scenarios. The risks were then prioritised in accordance with their classification, considering a combination between the potential impact and the likelihood of the risk. On the basis of this analysis, Navigator is currently estimating the financial impact of its risks, in line with the TCFD recommendations, and in 2023 implemented the exercise for 3 physical risks, 1 transitional risk and 1 climate opportunity (Chapter 10.6).

Navigator has also established information on the level of exposure of its assets to the physical risks of drought, heat waves, cold, fires and pests, for each region of the country. The results of the analysis make it possible to identify the most critical areas for monitoring, in order to implement adaptation solutions that promote the resilience of Navigator's activity to climate change. The regions analysed have been classified in accordance with their level of climate vulnerability to the risks identified, considering the respective factors of exposure, sensitivity and ability to adapt.

In addition, the Group has incorporated climate change considerations into its reforestation practices, biodiversity conservation and increased monitoring during fire risk periods. In future, the Group plans to go further in assessing its physical risks, by broadening this study to include more climate risks and scenarios and a more robust analysis of the potential impact on its activities, resulting from both its own operations and from its value chain.

Application of Appendix B criteria (Sustainable use and protection of water and marine resources)

Navigator carries on its activities in accordance with the Portuguese legislation in force, in particular Law 58/2005 which transposed Directive 2000/60/EC, and with management plan for use and protection of water resources. Navigator's activities relate to use of water resources where the Company's industrial complexes are located, in particular to compliance with the Terms of Use of Water Resources (TUWR), complying with legal requirements in the use of this shared resource. The Environment Impact Studies to which its facilities are subject are carried out under Directive 2014/52/EU (updating Directive 2011/92/EU) and involve an assessment of impact on water resources.

In its 2030 Agenda, Navigator has made a commitment to promoting efficient use of resources, and especially of water. The Company's goal is to reduce specific use of water by at least 33% by 2030, in relation to 2019. Through implementation of its WURP project (Water Use Reduction Programme), the Company has maximised reuse and reclamation of process water, as well as managing and optimising this resource in all industrial activities.

In 2023, the Group also set itself the aim of a 10% reduction in the organic load of its industrial effluents by 2030, in relation to 2022.

Application of Appendix D criteria (Protection and restoration of biodiversity and ecosystems)

Biodiversity conservation is built into Navigator's forestry management model. Steps are taken to protect and restore Biodiversity and ecosystems, as demonstrated, for example, in the Environmental Impact Study (EIA) for the Figueira da Foz Biomass Boiler, drawn up in accordance with Directive 2014/52/EU (updating Directive 2011/92/EU).

The Navigator Group has annual plans for monitoring biodiversity in its forestry holdings. Around 12% of its woodland holdings comprise areas of conservation interest, and 4,075 hectares are classified by Rede Natura 2000 as protected habitats. Navigator sets out to protect biodiversity, creating a positive impact by taking action in keeping with its commitments in connection with the act4nature Portugal initiative. In the 2030 Agenda, the Group establishes the goal of implementing annual monitoring plans and Biodiversity and Ecosystem Services (B&ES) conservation and restoration work in woodlands holdings it manages.

Application of criteria for DNSH for Pollution prevention and control

The Group's policy is to adopt the best available techniques (BATs) for the sector, in particular those that can mitigate the environmental impacts associated pollution from its production processes. The focus is on developing and incorporating technologies and techniques that protect the environment and prevent pollution, whilst eliminating hazards and minimising health and safety risks.

The Group's activities are regulated by the strict criteria of its environmental licenses, as well as Portuguese and European legislation on pollution prevention and control. Atmospheric emissions are self-monitored through continuous or occasional measurements of atmospheric pollutants, in accordance with the legal requirements for control and verification of compliance with emission limit values (ELVs). Waste generated by the activities are recovered whenever this is possible or directed to appropriate disposal, in accordance with the terms of environmental licenses or applicable laws. Liquid effluents generated are treated in its own WWTPs aligned with BATs, also using monitoring systems aligned with the applicable legislation. The Company has capex programmes at its various complexes to equip facilities with the best acoustic insulation in order to reduce noise pollution from its activities.

Through its **Management Systems Policy** and the Environmental Policy, the Company has made commitments to ensuring compliance with the requirements applicable to its activities and products, and also to manage and mitigate environmental risks, in particular by controlling and preventing pollution and responding to potential environmental emergencies, safeguarding the precautionary principle.

Minimum Safeguards

In order to classify alignment of eligible activities, it is necessary to comply with the Minimum Social Safeguards. The Taxonomy defines Minimum Safeguards as "alignment with the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights".

In order to help undertakings respond to the requirements, the European Commission Sustainable Finance Platform published, in October 2022, the Final Report on Minimum Safeguards, identifying the four areas that undertakings must address to ensure compliance with the Minimum Safeguards: Human Rights, Corruption, Tax and Fair Competition. In its Communication on interpretation of the Minimum Safeguards, this Report is indicated by the European Commission as establishing good practice.

Human Rights

The Navigator Group recognises the importance of respect for Human Rights and employment rights as an integral part of the overall pursuit of its business activities, through adoption and implementation of various internal instruments, in particular the **Human Rights Policy**, the **Code of Ethics and Conduct**, the Gender Equality Plan and the **Code of Good Conduct for Preventing and Combating Harassment at Work**. The documents framing its responsible conduct and the commitments accepted by the Group recognise an extensive list of Human Rights, such as Freedom, equality and dignity; Non-discrimination and non-coercion; Freedom of thought, conscience and religion; Prohibition of slavery and child labour; Occupational health and safety; Recognition of the freedom of association and collective bargaining; Equal opportunities and gender equality. Navigator has defined its commitment to protecting Human Rights in accordance with the principles established in the Universal Charter of Human Rights, the OECD Guidelines for Multinational Corporations, the Fundamental Conventions of the International Labour Organisation and the United Nations Guiding Principles on Business and Human Rights.

In its Human Rights Policy, Navigator commits itself to adopting measures to identify the main impacts and potential risks of its activities as regards Human Rights, in particular through due diligence procedures considered appropriate, and to adopting appropriate measures to resolve and remediate any situations of non-compliance.

In keeping with the principles established in this Policy, Navigator is also committed to encouraging the different levels in its value chain to respect Human Rights and employment rights, in particular through appropriate contractual provisions that encourage the adoption of the necessary preventive and corrective measures and transparent treatment of information concerning any violations of Human or employment rights, as well as assessment of its compliance on these matters.

Recognising also the important role of its Suppliers in respect for Human Rights, it has adopted a Code of Conduct for Suppliers, complementing the Code of Ethics and Conduct, applying the principles followed by the Navigator Group to all its Suppliers.

In January 2023, the Navigator Group signed the "Pacto para Mais e Melhores Empregos para os Jovens" (More and Better Youth Employment Pact), stepping up its commitment on employment rights issues. The Group has committed itself, by 2026, to contract and retain young workers, providing them with specialist training and a career development plan.

In January 2024, Navigator signed up to the UN Global Compact in order to boost the promotion of sustainability in its strategy and operations, in line with the UNGC Ten Principles, and the United Nations Sustainable Development Goals. The Company is currently taking part in the Business & Human Rights Accelerator Program, with the aim of assessing and consolidating its conduct on Human Rights matters, through analysis of adverse impacts and design of mitigation measures.

Corruption, Fair Competition and Tax

In view of the international context in which it operates, the growing involvement of the private sector in combating corruption and related offences, and the legal obligations incumbent on it, Navigator has adopted a Corruption Prevention and Related Offences Policy, through which it seeks to establish a series of professional values and standards of integrity which must be shared by all its Employees.

In addition to the principles already explained in its Code of Ethics and Conduct, this new policy is underpinned by Navigator's wholehearted commitment to preventing corruption, by a general prohibition, across the Group, of any corrupt acts or related offences, and by implementation of a culture of ethics and integrity, both in the way we do our jobs and in our dealings with third parties with whom Navigator establishes any business dealings, or other third parties with whom Navigator Employees deal in the course of their work.

Bribery and other corrupt practices are therefore prohibited at Navigator, in all active and passive forms, through act or omission, or by creating or maintaining situations of favouritism or other irregularities, together with conduct such as may create expectations of favouritism in dealings with the Navigator Group;

Navigator has also implemented a Risk Prevention Plan for Corruption and Related Infractions ("RPP"), in which it identifies the risks of corruption and related offences to which it is exposed, establishes criteria for assessing these risks and lays down preventive and corrective measures designed to mitigate the likelihood of their materialising.

With regard to competition, the Group undertakes to act in compliance with competition law, and to abide by market rules and standards and to promote fair competition. These commitments are reflected in internal documents, such as the Code of Ethics and Conduct and the Code of Conduct for Suppliers, which expressly lay down that Navigator's business, and that of its Suppliers, must be conducted in accordance with the standards governing fair competition and all the relevant legislation.

As regards taxation, Navigator Group companies are subject in the course of their business to a large number of taxes, charges and contributions established by law, making the Group a major contributor to State revenues, helping the country to achieve its objectives in terms of welfare, as well as sustainable and economic development.

The **Tax Policy** is defined in accordance with the economic substance of its business and designed to ensure full compliance, by Group entities, with their tax obligations, in all the jurisdictions in which they carry on their business, seeking to comply fully with the spirit and letter of the applicable legislation. Aware of its role in Portugal's industrial and business fabric, and because of the vital importance of transparency in dealings with shareholders, the Navigator Group has sought in recent years to calculate its **Tax Footprint**, identifying and disclosing annually the volume of tax revenues obtained from its business operations and the taxes it collects and administers on behalf of the State and other parties, thereby contributing on this dual basis to the State's tax revenues and the payments made to public authorities.

Significantly, the Group regularly provides training on Ethics and Integrity for all its Employees, designed to stress the importance of the rules established in the Code of Ethics and Conduct and other internal regulations addressing issues of Human Rights, Corruption and Fair Competition. In 2023, it developed specific training on Prevention of Corruption and Related Offences, establishing guidelines for ethical and transparent conduct in accordance with the underlying principles reflected in its internal policies governing Navigator's activities, in particular the **Corruption Prevention and Related Offences Policy**, the Risk Prevention Plan for Corruption and Related Infractions, the **Policy for Compliance with International Sanctions and Restrictive Measures**, the **Policy for the Prevention of Money Laundering and Financing Terrorism** and the **Third-Party Integrity Verification Policy**.

It should also be noted that, in its taxonomy-eligible activities in the reporting period, the Navigator Group did not identify any relevant conviction on matters of Human Rights, Corruption, Tax or Fair Competition. Without prejudice to the above, attention is drawn to the anti-dumping proceedings brought by the Department of Commerce in the United States, in connection with investigation of alleged dumping practices in paper imports in several formats from five countries (Australia, Brazil, China, Indonesia and Portugal). As a result of these proceedings, anti-dumping duties have been applied on Portugal's exports to the United States of certain types of paper marketed by Navigator. These exports are related to a taxonomy non-eligible activity.

Disclosure of KPIs

The Taxonomy Delegated Act (Article 8) establishes a number of key performance indicators (KPIs) associated with environmentally sustainable activities that non-financial undertakings must disclose: the proportion of their turnover (Turnover KPI), the proportion of their capital expenditure (Capex KPI) and the proportion of their operating expenditure (Opex KPI).

Below we present the summary of findings:

KPI eligibility and alignment	Total (EUR)	Proportion of Taxonomy-eligible and - aligned (%)	Proportion of Taxonomy-eligible but not Taxonomy-aligned (%)	Proportion of Taxonomy-non-eligible (%)
Turnover	€1.953.242.900	6%	2%	92%
CapEx	€201.907.775	50%	1%	49%
OpEx	€110.871.782	9%	0%	91%

Accounting policies

As established in the taxonomy, the figures reported were calculated in accordance with Navigator's Consolidated Financial Statements for the financial year ended 31 December 2023, which were prepared in conformity with the International Financial Reporting Standards (IFRS), in force at 1 January 2023 and as adopted by the European Union.

The European Taxonomy requires companies to disclose how they avoided duplication in considering economic activities eligible (numerator), in other words, in determining turnover, capital expenditure and operational expenditure. The Navigator Group determined eligible expenses on the basis of its financial and cost accounting and ensured that cost items were considered only once in calculating indicators.

Turnover

Turnover was based on the same accounting policies applicable to revenue, in accordance with the International Financial Reporting Standards (IFRS), i.e. considering sales and services provided in the course of the Navigator Group's normal business. Total turnover (denominator in calculating the ratio eligible activities) therefore corresponds to the revenue reported in the Consolidated Financial Statements (Note 2.1).

Turnover of aligned activities (numerator) corresponds to cogeneration activities and electricity generation from bioenergy. The other activities are used mostly in internal Group operations and, as such, are not considered for the purposes of this indicator. Natural gas cogeneration activity was considered non-aligned.

CapEx

The figure stated as total Capex in the denominator calculation of the eligible activities ratio corresponds to the sum of acquisitions in 2023 of tangible assets, intangible assets (excluding CO_2 licenses) and right-of-use assets, as disclosed in nos. 3.2, 3.3 and 3.6 of the Notes to the Navigator's Financial Statements. For the purposes of determining this ratio, additions of intangible assets related to acquisitions of CO_2 licenses were excluded, in so far as these do not correspond effectively to acquisition of licenses, but rather to licenses awarded to the Group, and their classification as intangible assets results from the accounting policy adopted by the Group. No additions were recorded in 2023 to the Group’s investment properties.

The Capex values classified as eligible, including those considered both taxonomy-aligned and taxonomy non-aligned, correspond to investment in assets or processes associated with the Group's activities, in particular:

- Investment to support forest management activities, in particular acquisition of forest land;
- Investment in the Biomass Power Plants in Aveiro and Setúbal;
- Investment in biomass Cogeneration Plants;
- Investment in new recovery boiler in Setúbal;
- Investment in new WWTP in Setúbal;
- Investment in Research & Development projects in connection with the genetic improvement programme; and
- Investment in the Zambujo Recover Project.

OpEx

The total Opex stated in the denominator for calculation of the eligible activities ratio corresponds to the following expenditure determined on the basis of the Consolidated Financial Statements at 31 December 2023, including in Note 2.3 Operating Expenses and Losses:

- Uncapitalised research and development costs;
- Uncapitalised forestry costs;
- Industrial cleaning and waste processing expense;
- Water withdrawal and treatment expense;
- Effluent treatment expense;
- Maintenance and repair expense;
- Uncapitalised short-term lease expense; and
- Other expense directly relating to maintenance of tangible assets or investment properties.

The Opex values associated with the Group's eligible activities (taxonomy-aligned or non-aligned) correspond essentially to uncapitalised forestry costs, forest-related research and development expense, expense relating to conservation and restoration of habitats and ecosystems, expense related to withdrawal and treatment of water and treatment of effluents, uncapitalised expense necessary for operating biomass cogeneration plants and power plants and other expense related to technologies and products for reducing GHG emissions.

Proportion of Turnover from products or services associated with taxonomy-aligned economic activities
(including activities related to fossil gas)

Financial year 2023		2023		Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities (1)	Code (a) (2)	Turnover (3)	Proportion of Turnover, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
Text		*Currency*	*%*	*Y; N; N/EL (b) e (c)*	*Y; N; N/EL (b) e (c)*	*Y; N; N/EL (b) e (c)*	*Y; N; N/EL (b) e (c)*	*Y; N; N/EL (b) e (c)*	*Y; N; N/EL (b) e (c)*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Electricity generation from bioenergy	CCM 4.8	24,045,765	1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	1%		
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	96,712,318	5%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	6%		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**120,758,083**	**6%**	6%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	**7%**		
Of which enabling		-	0%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%	E	
Of which transitional		-	0%	0%						Y	Y	Y	Y	Y	Y	Y	0%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	CCM 4.30	44,613,034	2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								3%		
Turnover of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**44,613,034**	**2%**	2%	0%	0%	0%	0%	0%								**3%**		
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		**165,371,117**	**8%**	8%	0%	0%	0%	0%	0%								**10%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy- non-eligible activities (B)		1,787,871,783	92%																
Total (A + B)		**1,953,242,900**	**100%**																

Proportion of CapEx in products or services associated with taxonomy-aligned economic activities
(including activities related to fossil gas

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities (1)	Code (a) (2)	Capex (3)	Proportion of Capex, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) CapEx, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
Text		*Currency*	*%*	*Y; N; N/EL (b) e (c)*	*Y; N; N/EL (b) e (c)*	*Y; N; N/EL (b) e (c)*	*Y; N; N/EL (b) e (c)*	*Y; N; N/EL (b) e (c)*	*Y; N; N/EL (b) e (c)*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Forest management	CCM 1.3	14,614,876	7%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	9%		
Electricity generation using solar photovoltaic technology	CCM 4.1	415,903	0.2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%		
Electricity generation from bioenergy	CCM 4.8	3,714,928	2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	2%		
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	74,151,357	37%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	15%		
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1	902,951	0.4%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%		
Construction, extension and operation of waste water collection and treatment	CCM 5.3	6,718,663	3%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%		
Close to market research, development and innovation	CCA 9.2	445,391	0.2%	N	Y	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	E	
Conservation, including restoration, of habitats, ecosystems and species	BIO 1.1	3,202	0.0%	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	0%		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**100,967,271**	**50%**	50%	0.2%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	**26%**		
Of which enabling		445,391	0.2%	0%	0.2%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%	E	
Of which transitional		-	0%	0%						Y	Y	Y	Y	Y	Y	Y	0%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	CCM 4.30	1,003,980	0.5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								4%		
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1	903,749	0.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**1,907,729**	**1%**	1%	0%	0%	0%	0%	0%								**4%**		
A. CapEx of Taxonomy- eligible activities (A.1+A.2)		**102,875,000**	**51%**	51%	0.2%	0%	0%	0%	0%								**30%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non- eligible activities (B)		99,032,775	49%																
Total (A + B)		**201,907,775**	**100%**																

Proportion of OpEx in products or services associated with taxonomy-aligned economic activities (including activities related to fossil gas)

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities (1)	Code (a) (2)	Opex (3)	Proportion of Opex, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OpEx, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
Text		*Currency*	*%*	*Y; N; N/EL (b) e (c)*	*Y; N; N/EL (b) e (c)*	*Y; N; N/EL (b) e (c)*	*Y; N; N/EL (b) e (c)*	*Y; N; N/EL (b) e (c)*	*Y; N; N/EL (b) e (c)*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Forest management	CCM 1.3	3,540,124	3%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	7%		
Electricity generation from bioenergy	CCM 4.8	2,366,677	2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	2%		
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	2,214,686	2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	3%		
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1	150,634	0.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%		
Construction, extension and operation of waste water collection and treatment	CCM 5.3	1,549,676	1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%		
Close to market research, development and innovation	CCA 9.2	1,429,746	1%	N	Y	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	E	
Conservation, including restoration, of habitats, ecosystems and species	BIO 1.1	500,246	0.5%	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	0%		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**11,751,790**	**11%**	9%	1%	0%	0%	0%	0.5%	Y	Y	Y	Y	Y	Y	Y	**12%**		
Of which enabling		1,429,746	1%	0%	1%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%	E	
Of which transitional		-	0%	0%						Y	Y	Y	Y	Y	Y	Y	0%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	CCM 4.30	69,517	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1	112,772	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**182,289**	0.2%	0.2%	0%	0%	0%	0%	0%								**0%**		
A. OpEx of Taxonomy eligible activities (A.1+A.2)		**11,934,078**	**11%**	9%	1%	0%	0%	0%	0.5%								**12%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non- eligible activities (B)		98,937,704	89%																
Total (A + B)		**110,871,782**	**100%**																

Templates according to Regulation 2022/1214

Template 1: Nuclear and fossil gas related activities

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
1.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
2.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	YES
3.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Template 2: Taxonomy-aligned economic activities (denominator) - Turnover

Row	Economic Activities	Amount and proportion of Turnover					
		CCM + CCA		Climate change mitigation (CMM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0%	-	0%	-	0%
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
7.	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	120,758,083	6%	120,758,083	6%	-	0%
8.	**Total Applicable Turnover**	**1,953,242,900**	**100%**	**1,953,242,900**	**100%**	**-**	**0%**

Template 2: Taxonomy-aligned economic activities (denominator) - Capex

Row	Economic Activities	Amount and proportion of Capex					
		CCM + CCA		Climate change mitigation (CMM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0%	-	0%	-	0%
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
7.	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	100,964,069	50%	100,518,678	50%	445,391	100%
8.	**Total applicable CAPEX**	**201,904,573**	**100%**	**201,459,182**	**100%**	**445,391**	**100%**

Template 2: Taxonomy-aligned economic activities (denominator) - Opex

Row	Economic Activities	Amount and proportion of OPEX					
		CCM + CCA		Climate change mitigation (CMM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0%	-	0%	-	0%
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
7.	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	11,251,543	10%	9,821,798	9%	1,429,746	100%
8.	**Total applicable OPEX**	**110,371,536**	**100%**	**108,941,790**	**100%**	**1,429,746**	**100%**

Template 3: Taxonomy-aligned economic activities (numerator) - Turnover

Row	Economic Activities	Amount and proportion of Turnover					
		CCM + CCA		Climate change mitigation (CMM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	0%	-	0%	-	0%
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
7.	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	120,758,083	100%	120,758,083	100%	-	0%
8.	**Amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable Turnover**	**120,758,083**	**100%**	**120,758,083**	**100%**	**-**	**0%**

Template 3: Taxonomy-aligned economic activities (numerator) - Capex

Row	Economic Activities	Amount and proportion of Capex					
		CCM + CCA		Climate change mitigation (CMM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	0%	-	0%	-	0%
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
7.	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	100,967,271	100%	100,521,880	100%	445,391	100%
8.	**Amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable CAPEX**	**100,967,271**	**100%**	**100,521,880**	**100%**	**445,391**	**100%**

Template 3: Taxonomy-aligned economic activities (numerator) - Opex

Row	Economic Activities	Amount and proportion of OPEX					
		CCM + CCA		Climate change mitigation (CMM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	0%	-	0%	-	0%
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
7.	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	10,051,480	100%	9,583,581	100%	1,429,746	100%
8.	**Amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable OPEX**	**10,051,480**	**100%**	**9,583,581**	**100%**	**1,429,746**	**100%**

Template 4: Taxonomy-eligible but not taxonomy-aligned economic activities - Turnover

Row	Economic Activities	Amount and proportion of Turnover					
		CCM + CCA		Climate change mitigation (CMM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	44,613,034	100%	44,613,034	100%	-	0%
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
7.	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
8.	**Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activities in the denominator of the applicable Turnover**	**44,613,034**	**100%**	**44,613,034**	**100%**	**-**	**0%**

Template 4 Taxonomy-eligible but not taxonomy-aligned economic activities - Capex

Row	Economic Activities	Amount and proportion of Capex					
		CCM + CCA		Climate change mitigation (CMM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1,003,980	53%	1,003,980	53%	-	0%
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
7.	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	903,749	47%	903,749	47%	-	0%
8.	**Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activities in the denominator of the applicable CAPEX**	**1,907,729**	**100%**	**1,907,729**	**100%**	**-**	**0%**

Template 4: Taxonomy-eligible but not taxonomy-aligned economic activities - Opex

Anti-fraud Line	Economic Activities	Amount and proportion of OPEX					
		CCM + CCA		Climate change mitigation (CMM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	69,517	38%	69,517	38%	-	0%
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
7.	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	112,772	62%	112,772	62%	n.a.	n.a.
8.	**Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activities in the denominator of the applicable OPEX**	**182,289**	**100%**	**182,289**	**100%**	**-**	**0%**

Template 5: Taxonomy non-eligible economic activities - Turnover

Anti-fraud Line	Economic Activities	Amount and proportion of Turnover	
		Amount	**%**
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	n.a.	n.a.
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	n.a.	n.a.
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	n.a.	n.a.
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	n.a.	n.a.
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0%
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	n.a.	n.a.
7.	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	1,787,871,783	100%
8.	**Total amount and proportion of other taxonomy-non-eligible economic activities in the denominator of the applicable Turnover**	**1,787,871,783**	**100%**

Template 5 Taxonomy non-eligible economic activities - Capex

Anti-fraud Line	Economic Activities	Amount and proportion of Capex	
		Amount	**%**
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	n.a.	n.a.
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	n.a.	n.a.
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	n.a.	n.a.
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	n.a.	n.a.
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0%
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	n.a.	n.a.
7.	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	92,109,403	100%
8.	**Total amount and proportion of other taxonomy-non-eligible economic activities in the denominator of the applicable Capex**	**92,109,403**	**100%**

Template 5 Taxonomy non-eligible economic activities - Opex

Anti-fraud Line	Economic Activities	Amount and proportion of OPEX	
		Amount	**%**
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	n.a.	n.a.
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	n.a.	n.a.
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	n.a.	n.a.
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	n.a.	n.a.
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0%
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	n.a.	n.a.
7.	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	99,788,939	100%
8.	**Total amount and proportion of other taxonomy-non-eligible economic activities in the denominator of the applicable Opex**	**99,788,939**	**100%**

The next steps in applying the Taxonomy

In line with the Group’s strategy and its sustainability goals, Navigator will press ahead in 2024 with developing procedures and action to respond appropriately to the Taxonomy alignment criteria. These activities include:

1. More robust implementation of climate risk analysis (Appendix A to the Climate Delegated Act – Annex I) aligned with the work of responding to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD);

2. Development of a Human Rights Due Diligence procedure, designed to strengthen practices and commitments relating to operations;

3. Analysis of potential extensions of the Taxonomy regulations to other activities and implementation of guidelines that may have a significant impact on classification of the Group's eligibility and alignment in future.

6.3.2. Climate change

GRI 3-3, 302-1, 302-3, 302-4, 305-1, 305-2, 305-3,305-4, 305-5
ESRS MDR-A, MDR-M, MDR-T, E1-1, E1-2, E1-3, E1-4, E1-5, E1-6

Navigator takes a comprehensive and structured approach to its contribution to a low-carbon economy. This ranges from sustainable forestry management and investment in renewable energy to development of bioproducts that offer sustainable alternatives - natural, recyclable and biodegradable - to products made today from fossil raw materials.

OUR IMPACTS

509,494 tCO_2e
Scope 1 emissions

234,597 tCO_2e
Scope 2 emissions[28]

1,396,836 tCO_2e
Scope 3 emissions

6.2m tCO_2
Accumulated stock in our forests **in Portugal**

15,000 tCO_2
Captured in production process

2.5m tCO_2
Biogenic CO2 sequestered in our products

41%
Reduction in direct emissions of CO_2 (EU ETS) at our industrial complexes, in relation to 2018

€340m
Investment in carbon neutrality at our mills (2018-2035)

39,747 TJ
Energy consumed (**down 3.4% on 2022**)

81%
Primary energy consumed from renewable sources **in Portugal**

5,604 GJ
Energy consumption reduced as a result of 12 energy consumption projects completed in 2023

5,130 TJ
Energy sold (**down 4.5% on 2022**)

3.2%
Power output **in Portugal**[29]

37%
Of power generated from biomass in Portugal

[28] In 2023, the emission factors of the International Energy Agency (IEA) were used to calculate scope 2 (location-based) emissions, instead of the energy mix of the Entidade Reguladora dos Serviços Energéticos (ERSE) in 2022 and 2021.

[29] National figures on the basis of 2022 data from REN – Rede Energéticas Nacionais.

As an industrial undertaking, we are aware that our operations, and those along our value chain, have an impact on consumption of natural resources, with consequent atmospheric emissions, generation of odours, liquid effluents, waste and other issues These include greenhouse gas (GHG) emissions with potential negative impacts on the environment and on the worsening of the effects of climate change. The consumption and production of energy is a highly important topic in the context of operational performance and management of The Navigator Company's resources, representing simultaneously significant costs and income, and an important share of the total GHG emissions generated.

On the other hand, our forestry operations make a positive contribution to sequestering carbon. It should be stressed that, of all Portuguese forestry species, eucalyptus is that which sequesters the most CO_2 per hectare, in each year of growth. The figure for eucalyptus stands is 11.3 tons of CO_2/hectare per year, almost three times more than woodlands of maritime pine (3.9 tons of CO_2/hectare per year) and seven times more than cork oak woodlands (*montado*) (1.6 tons of CO_2/hectare per year)[30].

As a potential opportunity, it may be noted that, in line with the National Energy and Climate Plan 2021-2030, which attaches added importance to increasing absorption of carbon emissions by Portugal's forests – from 8.7 million tons of CO_2 to 12.7 million tons by 2030 – and not just to cutting emissions, the sector will be able to make an active contribution to forestation efforts that enable Portugal to meet 75% of its **CO_2 sequestration** targets, in particular through:

- Planting of 300 thousand ha of "new" forest (150 thousand of eucalyptus + 150 thousand of native species) – which would make it possible to increase net annual sequestration by 2.1 million tons of CO_2, i.e. approximately 50% of the national goal;

- Recovery of 300 thousand ha of degraded and abandoned eucalyptus areas – which would make it possible to increase net annual sequestration by 1.2 million tons, i.e. approximately 25% of the national goal.

In the field of climate risks, a project has been in progress since 2022 to implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The aim is to be able to integrate the TCFD recommendations into corporate strategy and risk management processes, seizing the opportunity to assess the potential financial and strategic implications of climate change and to develop appropriate responses. For further information, see the respective annex (Chapter 10.6).

Our **commitments** on climate change and energy topics are set out in our 2030 Roadmap (Chapter 6.2.4), and envisage:

- Promoting efficient use of resources, minimising our ecological footprint, with the aim of optimising energy intensity, year after year;

- Investment in low carbon solutions leading to carbon neutrality, with the aim of cutting GHG emissions from operations in Portugal (by 2035) and increasing renewable energy as a proportion of total consumption of primary energy in 2030;

- Promote sustainable use of soil and forestry resources, including biodiversity, with the aim of ensuring that the CO_2 stock sequestered in Navigator's forest holdings in Portugal does not decrease more than 10% from its 2022 level.

We develop and incorporate technologies and practices geared to **environmental protection and prevention of atmospheric pollution**, in compliance with the applicable legal requirements and best practices.

Since 2019, we have voluntarily adopted a **roadmap to carbon neutrality**, reflecting our ambition of decarbonising the industrial complexes in Portugal by 2035 (EU ETS – European Emissions Trading Scheme emissions).
We took our commitment to cutting CO_2 emissions further by signing up to the **Science Based Targets** initiative (SBTi), and securing approval of the targets submitted in 2022. This global organisation, respected internationally for its assessments of

[30] Calculations made on the basis of "Inventário Florestal Nacional 6", published by Instituto de Conservação da Natureza e das Florestas (2015), considering all types of stand (pure, dominant and irregular) and for all biomass components.

initiatives taken by companies towards a low-carbon economy, has validated our science-based climate targets as a "key element" in Navigator's decarbonisation journey towards net zero. The new **reduction targets** (detailed in the next section) now include scopes 2 and 3 in the Company's inventory of carbon emissions in Portugal, as well as extending the other scope 1 emissions, and were set taking 2020 as the baseline (date of our first full emissions inventory).

As well as helping to mitigate climate change, our decarbonisation plan has a positive impact thanks to the use of **waste forestry biomass to produce energy**, recovering this resource and protecting forests against fires. Another positive impact comes from the generation of power from renewable sources. We are **phasing out consumption of fossil-based energy and replacing it with less carbon-intensive energy sources**, and **investing in photovoltaic solar power**, which generates power for internal use, cutting our energy costs.

As a bioindustry on the right side of the future, based on the eucalyptus sector and the pulp and paper industry, we promote a **forest-based bioeconomy** with potential positive impacts.

It is important to note that **CO_2 sequestered by trees** during the photosynthesis process is transformed into biogenic carbon, which is **stored in wood fibres** and consequently in **forest-based products**, such as pulp and paper. Sustainable management of our forests accordingly boosts this positive impact.

In Mozambique we can also point to our contribution to storing carbon, above all on two fronts, in planted forests and through preservation of conservation interest forests. Steps have also been taken to reduce emissions, such as through conservation farming techniques that mitigate the effects of nomadic farming, raising awareness of the need to reduce use of broadcast burns, among other activities under the Social Development Programme (Chapter 6.4.3).

In addition, we seek to develop processes that enable us to **capture carbon in the production process** and we invest in the search for **bioproducts and innovative solutions** (Chapter 6.5.2), developed in partnership with different entities, in line with current climate science, taking an active role in developing a circular and sustainable bioeconomy which is Nature-positive and Climate-neutral.

Our efforts in this were rewarded in 2023 with our classification as a climate action leader and a **rating of "A-" from CDP Climate Change**.

Sequester

In our forests

Sustainable management of forests as a natural solution for the climate, through sequestration and storage of carbon while they grow

107,871[3] hectares of forest holdings under certified management in mainland Portugal in 2023

6.2 **M tCO$_2$**, accumulated stock, breaking down as follows:

- → Eucalyptus forests (73% of the area managed by Navigator): around **5.1 M tCO$_2$**,
- → Woodlands of cork oak, conifers and other forest species under the Company's management: approximately **1.0 M tCO$_2$**,
- → Agricultural areas or with shrubs or scrubland: approximately **160,000 tCO$_2$**.

[3] Navigator also manages 1,062 hectares of forests in Galicia (Spain), 153 hectares in the Azores, and approximately 14,000 hectares in Mozambique.

Reduce and capture

Through our production process

Energy

- → Certification under ISO 50001:2018 at all industrial units
- → Implementation of energy efficiency projects at production units in line with our commitment to improved energy performance
- → Phasing our of fuel oil consumption, replacing it with less carbon-intensive energy sources
- → Investment in renewable energy, such as solar for internal consumption and biomass
  - Solar power: **12 MW** rated capacity in 30,000 solar panels

Circular economy

- → Capture of approximately **15,000 t** fossil **CO$_2$**, released in the pulp manufacturing process, for incorporation in manufacture of precipitated calcium carbonate (PCC).

Store

In our products

Products sourced from forests store carbon over time, allowing for reincorporation into Nature at the end of their useful lives

Paper is a sustainable product:

- → Natural source
- → Renewable
- → High recyclability rate
- → Biodegradable

2.5 **M tCO$_2$e** Biogenic carbon contained in products sold by Navigator in 2023

Power

The bioeconomy and low fossil carbon economy

Low fossil carbon solutions

Production and sale of renewable electricity through use of waste forestry biomass

- → Biomass-powered Renewable Cogeneration (CoREN): rated power of **195.5 MW**
- → Biomass Power Stations (BPS): rated power of **25 MW**

Innovation

- → Investment in bioproducts



Emissions of greenhouse gases

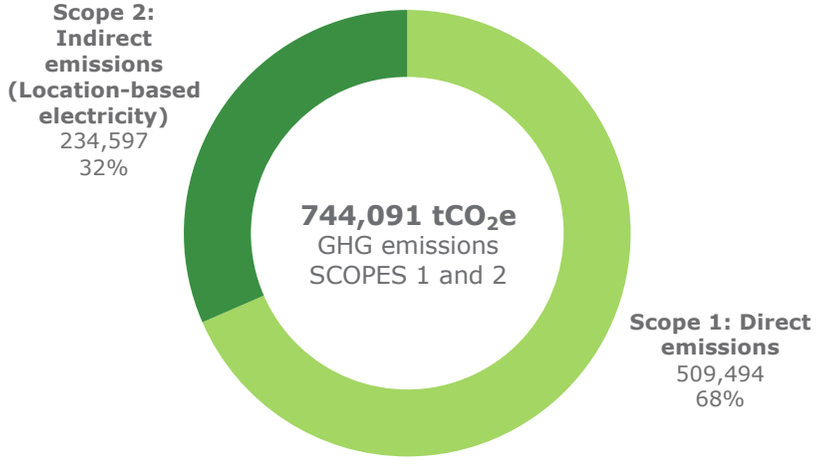
The main source of direct carbon emissions (CO_2) is from the burning of fossil fuels to generate the energy needed for our operations (**scope 1**), the majority of which falls within the scope of the European Emissions Trading Scheme (EU ETS).

In addition, indirect GHG emissions are generated in association with the electricity we purchase for consumption (**scope 2**) and over the length of our value chain (**scope 3**), especially in the category of "Third-party goods and services" (accounting for 60% of scope 3 emissions). On the positive side, our activities contribute to the capture and sequestration of CO_2.

Direct CO_2 emissions from industrial assets are the factor that most contribute to scope 1 emissions (89.6%). In 2023, emissions from our mills fell by 17.4% in quantity, in relation to the previous year, and total scope 1 emissions were down by 14.0%, representing a reduction of approximately 83 thousand tCO_2e. The pace of production was slower in Portugal than in 2022 (down by 12.9%) and the reduction in activity at the Setúbal Natural Gas Cogeneration Plant contributed to this.

Indirect emissions from purchases of electricity (scope 2) were down by 33.5% (location-based[31]), in relation to the previous year. In addition, the sale of renewable power and power from high efficiency cogeneration made it possible to avoid more than 200 thousand tCO_2e for the Portuguese market.

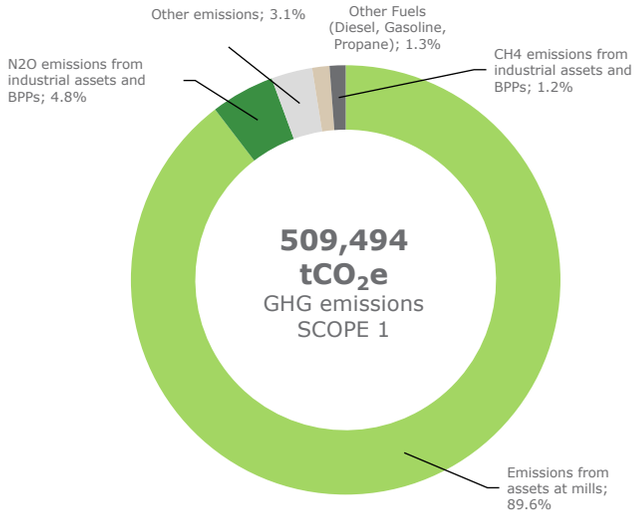
Percentage breakdown of scope 1 and 2 emissions



[31] In 2023, the emission factors of the International Energy Agency (IEA) were used to calculated scope 2 (location-based) emissions, instead of the energy mix of the ERSE (Energy Services Regulatory Authority) in 2022 and 2021.

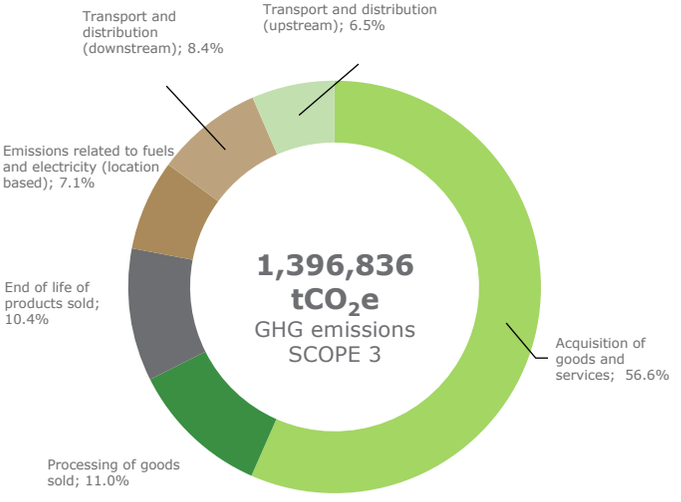
Breakdown of direct emissions (scope 1)

(tCO_2e)



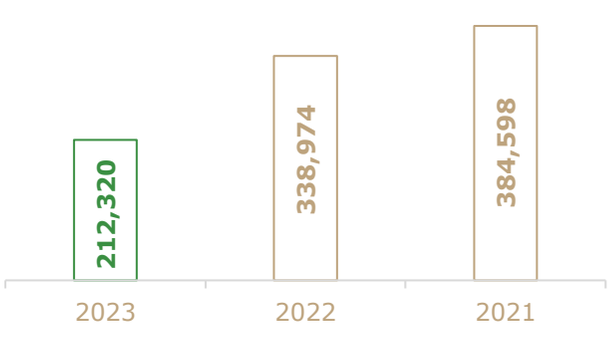
Breakdown of indirect emissions (scope 3)

Figures for 2023



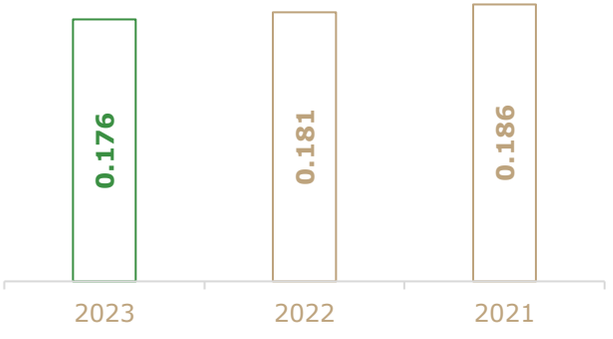
GHG emissions avoided through cogeneration activities and power generation from renewable sources in Portugal

(tCO_2e)



Intensity of GHG emissions by ton of output[32]

(tCO_2e/t)



[32] The calculation of emissions intensity took into consideration scope 1 emissions (excluding primary energy from Biomass Power Plants - BPP) and the total quantity of products manufactured.

GHG emissions in Portugal

(tCO_2e)	2023	2022	2021
Direct GHG emissions (scope 1)	**501,800**	**592,428**	**584,090**
Indirect GHG emissions (scope 2) location-based	**230,642**[33]	**352,517**	**389,919**
Indirect GHG emissions (scope 2) market-based	**312,942**	**307,355**	**246,860**
Indirect GHG emissions (scope 3)	**1,383,164**	**1,589,138**	**1,570,567**

Goal: reduce direct EU ETS CO_2 emissions from industrial complexes in Portugal by 86% by 2035 (baseline: 2018)

Goal: reduce scope 1 and 2 GHG emissions in Portugal by 63% by 2035 (baseline: 2020)[34]

Goal: reduce scope 3 GHG emissions from operations in Portugal by 37.5% by 2035 (baseline: 2020)[35]

GHG emissions intensity by turnover

	2023	2022	2021
GHG emissions (scopes 1 and 2 location-based) (tCO_2e)	**744,091**	**944,945**	**974,009**
Turnover (million euros)	**1,953**	**2,465**	**1,596**
Emissions intensity (scopes 1 and 2) (tCO_2e/million euros)	**381.0**	**383.3**	**610.3**

Note 1: The total figures presented refer to Navigator's operations in Portugal and Spain.

Note 2: See the GRI Table for methodological information on the calculation of indicators (GRI 305-1, 305-2, 305-3, 305-4).

[33] In 2023, the emission factors of the International Energy Agency (IEA) were used to calculated scope 2 (location-based) emissions, instead of the energy mix of the ERSE (Energy Services Regulatory Authority) in 2022 and 2021.

[34] The emissions value for the baseline year is in accordance with the figures submitted to and approved by SBTi in 2022.

[35] The emissions value for the baseline year is in accordance with the figures submitted to and approved by SBTi in 2022.

Decarbonisation

In 2023 we pressed ahead with development of our decarbonisation roadmap, contributing to the development of an economic model low in fossil-based carbon.

We received approval of the six applications we submitted to the **Recovery and Resilience Plan (RRP)** under component C11 – Decarbonisation in Industry –, representing eligible investment of approximately 173 million euros. This will enable us to bring forward by three years our interim target for reducing direct CO_2 emissions originally set for 2029. In 2018, Navigator recorded total direct CO_2 emissions in Portugal of 774 thousand tons; with implementation of the approved project, our ambition to reach the end of 2026 with CO_2 emissions of approximately 319 thousand tons.

The funding granted under the RRP will make it possible to speed up execution of around 16 decarbonisation projects, including implementation of a **new high efficiency recovery boiler in Setúbal**, installation of a **new biomass fuelled lime kiln in Figueira da Foz** and implementation of a **new high efficiency renewable cogeneration plant in Aveiro**.

To complement the amount eligible for the RRP, Navigator plans to invest an additional 166.7 million euros between 2019 and 2028 (representing total investment of 340 million euros) in decarbonisation measures. Of this, approximately 89% has already been executed or is in progress, most notably the new biomass boiler at Figueira da Foz which started up in 2020 and the project for the new bleaching tower and pulp washing presses in Aveiro, which was concluded in late 2023. In addition to bringing significant efficiency gains in water use, this project will make it possible to cut CO_2 emissions by approximately 2,800 tons along the value chain.

Decarbonisation: 360º degree business vision



Targets 7.2, 7.3, 8.4, 9.2, 12.2, 12.4, 13.1

Navigator’s decarbonisation roadmap is ambitious and requires action in a huge number of locations and processes across the Company. The approval in 2023 of all six applications that the Group submitted to the RRP will speed up execution of around 16 decarbonisation initiatives. Taken together, these initiatives will enable us to bring forward by three years our interim targets for reducing direct CO_2 emissions originally set for 2029. Thanks to these projects, as early as 2026, the Company will have halved its direct CO_2 emissions in relation to the baseline of 2018.

The applications represent total eligible investment of 173.1 million euros and reflect a 360º degree business vision, as they envisage projects at Navigator's different mills, at different stages of the production processes, involving processes such as in-house power generation through solar facilities, using biomass or hydrogen in kilns, recovering sludges for energy purpose and new or more efficient cogeneration plants.

The capex projects are being transformed into concrete action at the industrial complexes in Aveiro, Figueira da Foz and Setúbal, whose applications were approved in phase one in July, with a value of 158.3 million euros, and in Vila Velha de Ródão, for which an application worth 14.7 million euros was approved in November.

It should be recalled that the amount eligible for the RRP is part of total capital expenditure of 340 million euros that Navigator plans to allocate to decarbonisation measures between 2019 and 2028. Of this total, around 89% has already been executed or is in execution.

Approval of the RRP applications will accelerate execution of 16 decarbonisation initiatives across Navigator's 4 industrial complexes.

Aveiro Industrial Complex

New bleaching tower and pulp washing presses

Conversion of lime kiln to biomass

Energy recovery of WWTP sludges

Preparation of combustion process in recovery boiler for hydrogen

Implementation of a new high efficiency cogeneration plant

Installation of new solar power plant

Figueira da Foz Industrial Complex

Upgrade to cogeneration plant by implementing new back pressure turbine

Installation of new solar power plant

Implementation of new biomass-fuelled lime kiln

Preparation of combustion process in recovery boiler for hydrogen

Implementation of a new line to feed lime kiln gases to the PCC (precipitated calcium carbonate) plant

Setúbal Industrial Complex

Implementation of a new high efficiency Recovery Boiler

Incineration of non-condensable gases in new Recovery Boiler

Preparation of combustion process in Biomass Boiler for hydrogen

Vila Velha de Ródão

Implementation of a new high efficiency biomass boiler

Installation of new solar power plant

Work started in 2023 on construction of the new high efficiency recovery boiler at the Setúbal Industrial Complex. This facility, responsible for recovering the chemicals used in cooking wood and producing renewable energy for the complex, will make for greater flexibility in the generation of thermal energy, with a view to shutting down one of the Natural Gas co-generator sets. The new facility will make it possible to reduce CO_2 emissions by around 175 thousand tons a year along the value chain (direct and indirect emissions), taking 2019 as the baseline. The boiler will also be prepared for energy recovery from non-condensable gases generated in the pulp production process, helping to reduce odours at the Setúbal complex. The project represents overall investment of approximately 136 million euros, funded in part under the RRP and also through a long-term credit facility from the European Investment Bank, totalling 115 million euros, provided under the European REPowerEU strategy, designed to boost funding for green energy and help the EU to achieve energy autonomy and competitiveness (Chapter 5).

Our decarbonisation measures also involve promoting efficiency and the use of renewable energy sources, information on which can be found in the section on energy. With a view to managing the risks of electrical power purchases, and in order to reduce our scope 2 market-based emissions, we have a long-term **Power Purchase Agreement (PPA)** in force for 100% renewable electricity. This was entered into in 2022 and ensures that for a period of ten year a portion of the Company's power needs will be met at a fixed price.

Also in this field, we were involved over the course of 2023 in the launch of a new interactive publication by the Forest Solutions Group (WBCSD) "Catalogue of key decarbonization actions", as part of the "**Forest Sector Net-Zero Roadmap – Phase II**". This provides guidelines to help forest-based companies in their decarbonisation efforts, through credible and science-based net zero strategies, as well as information on opportunities for carbon removal in forests and storage in products.

Carbon capture and sequestration

Forests

The forests in our care play a significant role in mitigating the effects of climate change. As a result of sustainable management of 107,871 hectares of forest holdings in mainland Portugal, at year-end 2023 the accumulated carbon stock stood at 6.2 M tCO_2 (up 1.6%, from 2022).

We are working with RAIZ on a **methodology for calculating CO_2 sequestration in forests (including the soil)**. Progress was achieved in 2023, confirming the equations for converting volume in CO_2 equivalent to eucalyptus plantations (deducting partial areas from the whole to adjust for burned areas) and the work moved on to assessing the carbon sequestered in the soil.

In the case of the soil, a differentiated approach was used for eucalyptus and other forms of occupation: in eucalyptus, use was made of a set of 2,361 samples with results for concentrations of organic matter (OM) in the RAIZ data base (historical sampling) and published in the Silva Lusitana 2022 technical dossier and more recently at the 2023 Tecnicelpa Conference (in tons C/ha). These samples were classified by lithology, climate and soil, followed by calculation of the average carbon ratio between the plant and the total by yield region (YR). Using this average ratio and the quantification of the carbon in the plant by the current process, the quantity of carbon in the soil in Navigator's eucalyptus plantations was extrapolated, plot by plot.

For other forms of occupation, the analysis used the average figures for carbon in the soil per type of occupation in the last national emissions inventory (NEI) drawn up by the Portuguese Environment Agency (2023), arriving at the sequestration of carbon per form of occupation in Navigator's holdings on the basis of these statistics.

This new methodology will be monitored over the course of 2024, and we hope to conduct a rolling assessment from 2023 to 2024 of the values established by the new criteria.

Production process

We are seeking to develop processes that enable us to capture carbon in the production process, an example of which is the manufacture of precipitated calcium carbonate (PCC) – which uses the fossil-derived CO_2 released in our chimneys as a "raw material" in paper manufacture. In 2023 this amounted to approximately 15,000 tCO_2.

Products

Forest-based products store biogenic carbon derived from the CO_2 sequestered by trees during photosynthesis, and are therefore regarded as products from renewable sources, as opposed to products from fossil sources (such as plastic).

In 2023, the biogenic carbon content in pulp and paper marketed by Navigator totalled 2.5 M tCO_2e.

Over the course of its life cycle (use and recycling), the products retain a significant part of this biogenic carbon, and a residual part remains stored, more permanently, in books and other documents, when archived or when sent to landfill.

Energy

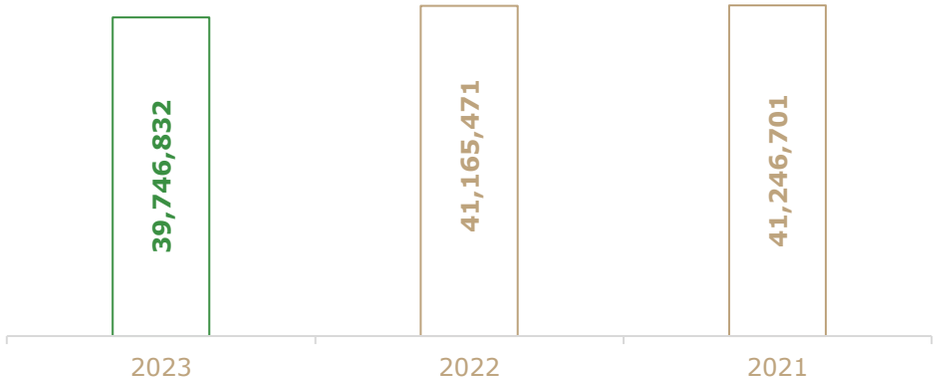
The overall economic situation remained unstable in 2023, influenced by the war in Ukraine and the conflict in the Middle East. In this context, which also brought a high level of inflation to European economies, energy prices have remained high, albeit down from the historically high levels of 2022. At the same time, there has been a sharp slowdown in the markets where the Company operates, and Navigator responded by slowing the pace of **production**, culminating in **occasional shutdowns** of all the paper machines in Figueira da Foz and Setúbal.

The two effects combined had an impact on **electricity sales**, which totalled approximately 169 million euros, down by around 35% on the previous year (Chapter 4.5).

Consumption of natural gas was significantly lower in 2023, especially at the Setúbal Industrial Complex, as a result of reduced use of natural gas cogeneration. This resulted in a 40% decrease in natural gas consumption and consequently in emissions of fossil CO_2 in relation to 2022.

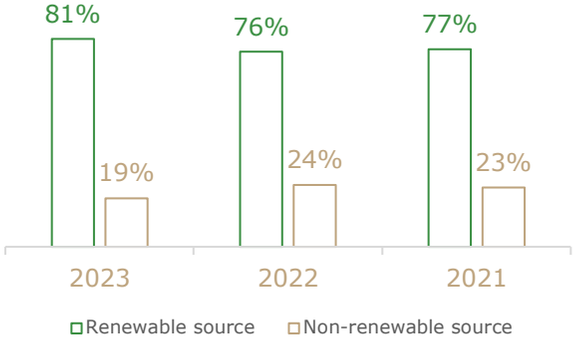
It may be noted that our industrial units in Portugal continued to provide services in the Regulation Reserve Band Market (Chapter 4.5).

Total energy consumed in the organisation
(GJ)



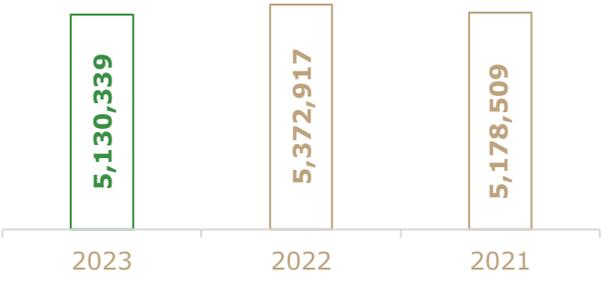
Energy intensity by turnover	2023	2022	2021
Total energy consumption (TJ)	**44,877**	**46,538**	**46,425**
Turnover (million euros)	**1,953**	**2,465**	**1,596**
Energy intensity (TJ/million euros)	**23.0**	**18.9**	**29.1**

Energy consumed by renewable and non-renewable source in Portugal
(%)



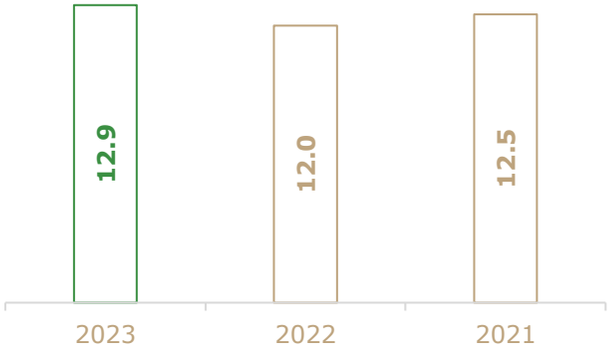
Goal: renewable energy representing 80% of total primary energy consumption by 2030, in industrial operations in Portugal.

Energy sold in Portugal
(GJ)



Energy intensity[36] in Portugal

(GJ/ t)



Note 1: As from 2022, energy figures now include consumption of petrol and propane at other Navigator Group facilities, as well as fuel for the vehicle fleet.
Note 2: The calculation of energy intensity took into consideration consumption of energy by primary sources (excluding primary energy from Biomass Power Plants - BPP) and the total quantity of products manufactured. The energy used by BPPs is included in total energy consumed, but these figures are not included in the calculation of energy intensity, because that consumption is not allocated to the production process.
Note 3: Total figures for 2023 include Navigator's operations in Portugal and Spain (Ejea). Those for previous years include only Portugal.
Note 4: See the GRI Table for methodological information on the calculation of indicators (GRI 302-1, 302-3 and 302-4).

Energy efficiency

Our Corporate Energy Efficiency Programme is based on several strategic action areas and among other things is focused on effective operation of our **Energy Management System**, certified under **ISO 50001:2018**, based on a systematic approach to achieving continuous improvement in energy performance in our industrial operations. This has added to our commitment to responsible energy management, and we have worked to improve the energy performance of our manufacturing operations for pulp, paper and tissue. In 2023, the scope of our Energy Management System was expanded with the acquisition of Navigator Tissue Ejea, also certified under ISO 50001.

In the past five years, we have invested more than 8 million euros in projects to promote energy efficiency. This is an important plank in our approach to sustainability and has resulted in energy savings in the order of 100 GWh/year, corresponding to the consumption of around 31 thousand households (equivalent to cities such as Viseu or Setúbal) and avoiding the emission of approximately 23,000 tons of CO_2.

The solutions adopted for more efficient use of energy resources, between 2018 and 2022, have also yielded an annual saving in energy costs in the order of 6 million euros. The changes have been made in different areas of the four industrial complexes in Portugal, in particular in improved efficiency in production of compressed air, optimisation of cooling systems, LED lighting in industrial buildings and thermal efficiency.

In 2023, Navigator pressed ahead with implementation of several energy efficiency measures, and a total of 12 initiatives were executed or are still being executed, representing investment of approximately 287 thousand euros, with an overall potential reduction of 5,604 GJ.

[36] The calculation of energy intensity took into consideration direct energy consumption by primary resources (excluding primary energy from Biomass Power Plants - BPP) and the total quantity of products manufactured.

Reduction in energy consumption as a result of energy efficiency projects in Portugal

(GJ)

2023	2022	2021
5,604	**65,682**	**51,184**

Use of renewable energy sources

In 2023 we remained committed to implementing a number of **solar power projects, for internal consumption**. These are designed to reduce the Company's energy bill, and also to reduce scope 2 fossil carbon dioxide emissions. In 2023, renewable energy accounted for more than 80% of the primary energy consumed by the Company in Portugal.

The 7Mwp of solar capacity already installed at the industrial complexes in Setúbal and Figueira da Foz, the Espirra Estate and RAIZ, were joined in 2023 by the 5 MWp solar facility at Navigator Tissue Ejea. Work started on building the four new solar power facilities at the industrial sites in Figueira da Foz (2), Aveiro and Vila Velha de Ródão. This will triple the capacity installed on our sites, from 12 MWp at present to close to 38 MWp.

The largest of these new solar plants is being developed through a partnership between Navigator and EDP. With capacity of 17 MW, the facility at the Figueira da Foz Industrial Complex will be one of the largest solar projects for internal consumption on a company site in Portugal.

In Aveiro and Vila Velha de Ródão, the new solar facilities will be installed on the roofs of the converting stores. Due to start up during the first quarter of 2024, they will have rated power of 1.9 MWp and 4.1 MWp, respectively.

Figueira da Foz Complex fitted with one of Portugal's largest solar facilities for in-house consumption





Targets 7.2, 17.6

Work started in 2023 on the construction of a new photovoltaic solar facility for internal consumption at the Figueira da Foz Industrial Complex, in a partnership between Navigator and the Portuguese power utility, EDP. This new 17 Mwp plant will be able to supply more than 4% of the site's needs, all from clean energy, avoiding emissions of more than 7 thousand tons of CO_2 a year. Approximately 26 thousand solar panels will be installed, over an area equivalent to 17 football pitches, and will be able to produce around 26 GWh a year, enough to power some 10,500 households. It will also be one of the first solar facilities to use solar panels with bifacial modules. This technology is able to capture sunlight from both sides of the panel, making use of the light reflected by the ground, which can increase output by up to 30%. Work on the new facility started in September 2023 and it is expected to go into operation in May 2024.

Power production and sales

In the renewable energy sector, we have positioned ourselves as a leading **Portuguese producer** of **renewable power from biomass**, and so taken a leading role in building solutions for the climate challenge. The two Biomass Power Plants (BPP): at the industrial complexes Aveiro and Setúbal, and the three biomass co-generation plants (Aveiro, Figueira da Foz and Setúbal) give the Company a consolidated lead in this area.

In 2023, the volume of our power sales in Portugal fell by 4.5% in relation to the previous year. In total, we account for 3.2% of all electricity produced in Portugal[37] and 37% of power generated from biomass in the country. Because the manufacture of pulp and paper require thermal energy in the form of steam, it is important to note that we have highly efficient co-generation facilities that allow for simultaneous production of steam and electricity, the latter being mostly sold to the national grid.

The renewably sourced power produced by Navigator's biomass cogeneration plants is certified with Guarantees of Origin (GO), issued by REN as the Guarantee of Origin Issuing Body (GOIB), certifying the power's renewable source. In 2023, the GOs generated helped Consumers of this power to cut their scope 2 (market based) carbon emissions.

WHAT NEXT?

- Implementation of the Energy Efficiency Action Plans at each of the mills, under ISO 50001 (2024 and subsequent years, on an annual basis).
- Completion in 2024 of the four Solar projects started in 2023 and technical and economic analysis of further opportunities in the same field.
- Implementation of the projects approved by the RRP, in particular improvement to the cogeneration plant through implementation of a new back pressure turbine in Figueira da Foz and implementation of a new high efficiency cogeneration plant at the Aveiro Complex (2025).

[37] National figures on the basis of 2022 data from REN – Rede Energéticas Nacionais.

6.3.3. Sustainable forestry management and conserving biodiversity

GRI 3-3, 304-1, 304-2, 304-3, 304-4
ESRS SBM-3, MDR-A, MDR-M, MDR-T, E4-2, E4-3, E4-4, E4-5, S2-1, S2-2, S3-1, S3-2

We have adopted responsible management of our forest holdings, making biodiversity conservation a priority concern, and we work actively to encourage adoption of this model by our partners. Increasing the area of well-managed and certified forests in Portugal is one of our priorities.

OUR IMPACTS

107,871 ha

Forest area under management[38], corresponding to 1.2% of the area of **mainland Portugal**

73%

Eucalyptus
9% other species
18% other forms of land use

7.3m

Plants produced for renewal of Portuguese woodlands

100%

Forest area under Navigator's management in **mainland Portugal and certified** under the FSC® and PEFC schemes[39]

69%

Wood used from woodlands with **certified forestry management**

92.1%

Wood suppliers with **chain-of-custody certification**

15 thousand

People reached by the **Forestry Producers** project

€9.61m

Investment in **fire prevention and support for firefighting**

1,903 ha

Approx. area burned under management corresponding to 1.76% of total areas in **mainland Portugal**

121

Registered members of "Clube Produtores Florestais" (Forestry Producers Club)

12.19%

of the area under management classified as **Conservation Interest Areas** (managed for conservation purposes, and not for production)

4,420 ha

classified as protected habitats by the **Natura 2000 Network**

191 ha

ecological restoration or rehabilitation projects, including **110 ha** on **Zambujo estate**

1,057

species and sub-species of flora identified in our forest holdings

253

species of fauna identified in our forest holdings

[38] Navigator also manages 1,062 hectares of forests in Galicia (Spain), 153 hectares in the Azores, and approximately 14,000 hectares in Mozambique.

[39] FSC® License no.: FSC®-C010852; PEFC License no.: PEFC/13-23-001.

We are aware of the **environmental and socio-economic impacts** of our operations. Despite the impacts that forestry plantations in which one species predominates can have on the environment, like any other human activity, there is growing recognition that responsible and balanced management of planted forests, such as that practised by Navigator, can play an important role in the planet's sustainability - by protecting soils and water, improving air quality and mitigating climate change[40] (Chapter 6.3.2), among others.

There may be negative impacts for local Communities, as a result of operations in the field, such as damage to public infrastructure, caused by the use of machinery and vehicles. However, we should also stress the positive impacts generated by our operations, as forests and forest-based products make a positive contribution to the economy and to society. This impact can be seen in the creation of employment - resulting from forestry activities - and in the generation of income for landowners, encouraging the management of other woodlands and areas, for farming and pasturage use, as well as local economic activities associated with forests, such as grazing and beekeeping.

In view of the importance of forest management and biodiversity conservation to our operations and business model, our 2030 Roadmap (Chapter 6.2.4) lays down three **commitments**:

- Ensure sustainable use of soil and forestry resources, including biodiversity. Our goals include: contributing to a reduction of rural fires, aiming to keep the burned area under Navigator's management at below 1% each year, and creating a positive impact on biodiversity (or net gain), through conservation work in line with the Company's strategy and the commitments made through act4nature Portugal.

- Ensure that all wood is obtained from credible sources (FSC® or PEFC certification schemes, or controlled origin). Our goals involve: promoting certification of the chain of custody of all our wood Suppliers by 2030 and ensuring that the wood consumed by the Company comprises 80% certified wood by 2030.

- Provide a safe and healthy environment for workers, guaranteeing their welfare, including the aim of providing OHS (Occupational Health and Safety) training on a continuous basis in forestry operations, for service providers, Suppliers and operators in the sector, seeking to provide more than 600 hours of training each year.

Our business model is therefore based essentially on **sustainable forestry management**, with a strong commitment to **certification**, prioritising renewal and improvement of forests and protection of natural, social and cultural heritage. Also fundamental is respect for the rights of workers and local Communities, along the **value chain**.

In order to mitigate the negative effects of our activities, we systematically identify and assess the environmental and social impacts of forestry activities, resulting in the matrices used during the planning and execution of operations, enabling us to avoid negative impacts or to adopt the appropriate measure when these impacts occur. In the course of this assessment we also consult local Stakeholders, such as the local Community and/or specialists in the different natural, social and cultural factors under assessment. The communication channels that affected Stakeholders can use, for **remediation** of the negative impacts of these operations, include The Navigator Company's official website and the whistleblowing channel[41]. They can also make

[40] Sources:
"Substitution Effects of Wood-based Products in Climate Change Mitigation", Leskinen et. al, 2018, TIG Analysis:
https://efi.int/sites/default/files/files/publication-bank/2019/efi_fstp_7_2018.pdf

– FAO 2016.Forestry for a Low-Carbon Future: Integrating Forests and Wood Products into Climate Change Strategies, FAO Forestry Paper 177, Rome, Italy.
https://researchrepository.murdoch.edu.au/id/eprint/66391/1/I5857E.pdf

[41] E-mail PT and ES: **cadastro.florestal@thenavigatorcompany.com**

Telephone PT and ES: 265 709 000

Email MZ: **comunicacao.mz@thenvaigatorcompany.com**

representations in person to the Company’s staff, or else send an email or telephone. In Mozambique, an important role is also played by the Community Liaison Officers (Chapter 6.4.3).

We anchor our work in creating and sharing knowledge and in establishing partnerships along the value chain - with Forest Landowners and Forestry Associations, Business Associations, Suppliers, Local Authorities and other Community bodies.

We invest in **programmes to support** the expansion of sustainable and certified forestry management, and to help **forest landowners**, well beyond the woodlands under our own direct management, in keeping with our ambition to reach a larger number of landowners and encourage them to adopt good practices and to invest in conservation of the natural and cultural heritage in our countryside. These programmes are also designed to protect forests and Communities from wildfires. Fires have a severe impact on ecosystems, on the Group and its Stakeholders, and we therefore invest heavily in **preventing and defending forests against fires**.

The **conservation of biodiversity and of ecosystem services** is an integral part of our responsible forestry management model. Healthy ecosystems provide a varied range of services and have a positive influence on our well-being, health, and on the generation of employment and wealth for communities, whilst meeting their needs. The important supporting role played by biodiversity in the balance of Nature means that conserving biodiversity is an important contribution to mitigating and adapting to the effects of climate change.

We also attach great importance to the more visible aspects of Navigator's active policy in wildlife conservation, consisting of public information and awareness raising initiatives, through which we share our experience and case studies in our own publications, editorial projects and events for the media and different Stakeholder groups. Our work with forestry operators encompasses technical issues relating to know-how transfer on topics related to eucalyptus husbandry, planning of forestry operations, information management (geographical information systems (GIS), document systems and data bases) and decision making, as well as dissemination of information on occupational safety and biodiversity conservation.

Approach to sustainable forestry management (includes biodiversity conservation)



FOREST CERTIFICATION AND SUPPORT FOR FORESTRY PRODUCERS



FOREST FIRE PREVENTION AND SUPPORT FOR FIRE-FIGHTING



RESEARCH AND FOREST RENEWAL (Chapter 6.5.2)



ASSESSMENT AND MONITORING OF WILDLIFE, BIODIVERSITY AND HERITAGE SITES



MAPPING AND CLASSIFICATION OF CONSERVATION INTEREST AREAS



ASSESSMENT OF THE POTENTIAL IMPACTS OF OPERATIONS



DESIGN AND IMPLEMENTATION OF MANAGEMENT ACTIVITIES TO CONSERVE, ENRICH OR RESTORE THE FUNCTIONS OF SITES OF CONSERVATION INTEREST.



FOREST AND BIODIVERSITY CONSERVATION LITERACY PROJECTS (Chapter 6.4.3)

Sustainable forestry management

Commitment to no deforestation

Navigator's commitment to responsible management of woodlands, in full harmony with their natural and social surroundings, is also a pledge to take action to counter the forces leading to deforestation and degradation of woodlands, as set out in the Forest Sector SDG Roadmap, the framework roadmap that inspires the forestry sector's contribution to the Sustainable Development Goals.

Management of forestry risks is one of the topics we have worked on and communicated, such as through our involvement in the document published by the Forest Solutions Group, entitled "Forest Sector Nature-Positive Roadmap" and by responding to the CDP Forest questionnaire, in which we obtained a rating of A- (Leadership) in 2023.

Portucel Moçambique has worked to combat deforestation, which has a significant impact in the country and results from a variety of factors, including the frequent use of native wood for fuel, for cooking or to make charcoal, and the burning of forests to clear land for agriculture, thereby impoverishing the soils and reducing their productivity, whilst at the same time perpetuating the vicious circle of nomadic farming based on slash&burn techniques[42].

In order to help mitigate this tendency, Portucel Moçambique runs a number of initiatives, including **awareness raising in local Communities**, reaching out to people and families in the areas where we operate. In this work, we seek to build know-how and encourage vigilance as to the impact that practices used by the Community have on natural resources, and we also provide brief training activities in more sustainable solutions, using resources available locally, such as mulching with cut grass to conserve soil humidity. In pursuit of the goal of food security in its Social Development Programme (Chapter 6.4.3) Portucel Moçambique runs an **agricultural extension programme** aimed at families, which includes training in conservation farming techniques, provision of improved seeds and hands-on training in demonstration fields for agricultural crops. These initiatives contribute to:

- Better understanding and awareness of good practices in the Community;
- More efficient land use (more productive, for longer);
- Promoting farming as a source of income, a safeguard for biodiversity and a way of protecting critical forest areas, reducing the use of broadcast burns;
- Enabling our teams to help families and Communities to carry out burns (a deeply rooted practice) under much more controlled conditions, taking into account factors such as temperature, humidity, wind, slopes and others.

Forest Certification and support for forestry producers

We have embraced our role as prime movers in the improvement and protection of forests in Portugal, undertaking the responsible management of 107,871 hectares of land in mainland Portugal. We also manage 153 hectares in the Azores, 1,062 hectares of forest holdings in Galicia (Spain) and approximately 14,000 hectares in Mozambique.

We manage our forest holdings in Portugal in keeping with the legal requirements applicable to the sector and other regulations and policies to which we have signed up voluntarily, the Pan-European Criteria for Sustainable Forest Management, in accordance with Portuguese Standard NP 4406 (Sustainable Forest Management) and the Principles and Criteria of the Forest Stewardship Council®. **Certified forest management** allows us to guarantee that the wood used in our products - pulp and paper - is obtained from forests managed on a responsible basis.

[42] Source: FAO 2022, **https://www.fao.org/mozambique/news/detail-events/en/c/1473015/**

We have been certified since 2007, by FSC® and since 2009, by PEFC, and the forest holdings under our management in mainland Portugal are 100% certified under these schemes.

Our fundamental documents in this area are the **Forestry Policy**, which we revised and updated in 2023, and the **Code of Good Forestry Practice**. We see ourselves as a driving force for expansion of the forest certification process in Portugal, through a number of programmes to support Forestry Management Certification Groups, Chain of Custody/Responsibility Groups, Forestry Producers' Organisations, Companies and Forestry Producers, helping to build a common front in defence of the interests of the country's forestry sector. We are active as a member of CT 145 - Technical Commission for Sustainable Forestry Management. We have contributed to a great variety of working parties under this commission, taking part in the drafting of documents and recommendations on standards, in the field of forestry management, helping to strengthen Navigator's stance on these issues. This has been an active and dynamic process, enabling us to update and adapt standards to the realities of Portuguese forests, with a large number of small and medium-sized forestry producers.

Steps are also taken to respond to the individual needs of forestry partners in Portugal, not limited to only the producers with which we work. We have several **programmes to support forestry producers** in Portugal, most significantly the recently created "Clube Produtores Florestais" (Forestry Producers Club).

In **Mozambique,** we have taken part in the **forestry promotion programme** run by the Mozambican Government in Zambézia province – MOZ-RURAL. This project is designed to increase the income of the beneficiaries in the selected areas, to increase the aggregate value of micro, small and medium-sized farming enterprises, to increase yields and market access for selected small producers and to improve natural resource management practices in those areas.

Programmes to support forestry producers

Incentive for supply of certified wood (flat rate of 4€/m³)

Initiatives for training and know-how transfer in the field of forestry management and certification

- Support for **forestry management and/or chain of responsibility certification groups** (15 groups/organisations of forestry producers);

- **Active participation in Portuguese initiatives of FSC® and PEFC**
  Collaboration on developing the framework of rules under both certification schemes, adapted to the realities of the Portuguese forestry sector.

- **Tec4Forest**
  In collaboration with RAIZ, this project has transferred technical and scientific knowledge and provided tools for forestry management, adapted to each organisation, thereby responding more effectively to their expectations and needs, speeding up implementation of the knowledge acquired and application of the tools in their forestry management systems. A total of **41 sessions** were held **for technicians** and producers in 2023, with a total of **474 participants**.
  On a different front, but equally vital for professional standards in the sector, Tec4Forest has worked to improve safety in forest operations - the Forest Operatives Programme. The sessions are customised and held on the job, Company by Company, and worker by worker. Since 2018, more than **80 companies** have been involved in the Forest Operatives Programme. **Sessions totalling over 200 hours** were held in 2023, for a total of 67 operatives, with various improvements recorded in the use of protective equipment and compliance with safety rules relating to forestry equipment and machinery.

- **Premium Programme**
  Technical support provided free of charge and available to all owners of eucalyptus plantations (irrespective of any relationship with Navigator), in collaboration with RAIZ. Promotes adoption of appropriate forestry techniques and better forest yields. There is a strong relational component, consisting of a technical visit to the property in question, in an operational context. It is arranged for the technical officer from the external forestry organisation (Forestry Producers Associations or Certification Groups) with which the producer works to take part in the visit, in order to align concepts and management criteria, to facilitate implementation of the technical recommendations and to encourage these officers to also provide technical support in future.
  Since the programme started in 2018, **technical support has been provided for an area totalling 8,000 ha** belonging to landowners without a direct commercial relationship with the industry. In 2023, **75 new forestry holdings** were added to the programme, representing a total of **2.052 ha**.

- **Better Eucalyptus Project**
  BIOND (Navigator and Altri) project for promoting good practices for producers and private forest landowners. The most significant programme was Clear and Fertilise (PLA), with work carried out on **63,700 hectares** up to year-end 2023 and **7,634 forestry producers benefiting** (to date). As a result of the fire risk survey conducted, over the period 2019-2023 the percentage burned area in PLA areas was 1.8%, significantly lower than the average figure for burned areas in eucalyptus forests in non-industrial private ownership (5.8%). The Better Eucalyptus project also includes recovery of burned areas and reforestation of areas in regions dominated by smallholders.

- **"Clube Produtores Florestais" (Forestry Producers Club)**
  This project had 121 registered members at year-end 2023. Mention should be made of the pilot project for boosting reforestation, designed to reduce unmanaged areas (where the fire risk is greater). In early 2023, we launched a series of benefits designed to support our member, with the provision of training plans, a multidisciplinary team, technical training and other initiatives. Technical information developed internally by Navigator has also now been made available to members, in 27 technical documents, available for consultation.

"Clube Produtores Florestais" (Forestry Producers Club): for the future of the forest







Targets 8.3, 15.1, 15.2, 17.16 and 17.17

This is one of the most innovative initiatives aimed at all those who derive their livelihood from the forest in Portugal. The "Clube Produtores Florestais" (Forestry Producers Club), launched by Navigator in November 2023, attracted more than a hundred members by the end of the year. A number that points to the need existing in the country for a scheme to empower forestry operators and make them more competitive.

"The club came out of a joint effort. We feel we've made a contribution to this project and we'll continue to contribute to what it will be". These are the words of Carlos Pais, from the Company Armindo Pereira Pais, Lda., based in Mortágua, one of Navigator's wood Suppliers and a founding member of the Club. "All the different partners have been involved and pulled together", he adds, showing that the slogan for the initiative – "Working Together for the Forest" – really means what it says.

The Club's main aims are to increase the area of well-managed forests, to stop land being abandoned, increase the value of the forestry sector and make it more attractive, thereby leading to rejuvenation. An initiative with an eye to the future and, despite the difficulties and obstacles, a project that can bring new hope: "We believe it will enable the sector to grow", says Carlos Pais. "We hope it can mean better a better business environment and solutions for working together, such as training. As a whole, Portugal's forests are sure to bring benefits, starting with a larger area under sound management", he concludes.

Collaborative action on a large scale is an essential way forward for achieving these goals. A process that also means investment in empowering and developing the different operators, both through innovation in equipment and also by attracting, valuing and retaining human resources.

By increasing the area of well-managed forests, the "Clube Produtores Florestais" will also bring environmental and social gains: a reduction in fire risks, less CO_2 emissions and increased sequestration, promotion of biodiversity, with more conservation areas, and renewed energy in the economy of inland regions, combating desertification. For all these reason, the launch of the "Clube Produtores Florestais" was without doubt one of the landmark developments of 2023.

https://clubeprodutoresflorestais.com/

Our links to the community of Forestry Producers were strengthened in 2023 through a variety of other initiatives designed to encourage the **sharing of expertise and skills** with forestry Stakeholders. These initiatives and contents are developed jointly by RAI and the Forest Development sector of Navigator Forest Portugal.

Initiatives have included participation in trade fairs in the sector, and content production and publication:

- New leaflet on "Recommended Good Practices", now devoted to Forestry Operations, complementing publications in previous years on the installation and maintenance of eucalyptus plantations;
- New **Technical Consultancy** content in the Forestry Producers Magazine, in particular on "How to select saplings?" and "How to assess the quality of eucalyptus plants";
- On the e-globulus platform, the focus has been on new items, improving functions and producing new content, such as "e-science" and "Together we'll care for our health and safety" with new issues.

e-globulus

Free-access platform designed to encourage adoption of forestry management practices appropriate to local conditions. Case-by-base technical information on fertilisation, land preparation, vegetation control and several issues contributing to sustainable and efficient management.

More than
20 thousand
users accessed platform

850
registered users

More than
82 thousand
Hits (accumulated)

More than
35
reports, events and news items

https://www.e-globulus.pt/

Forestry Producers

This initiative sets out to promote better yields, resilience and sustainability in Portugal's forests, engaging with eucalyptus sector operators and thereby contributing to development of rural areas and boosting know-how transfer.

15 thousand
people reached

3 editions
of magazine with average print run of **15 thousand copies**

2 campaigns
to contract forestry land in Portugal and Galicia

200
online content items

9
trade events attended in the agro-forestry sector

111
participants in **3rd meeting of forestry producers**

https://produtoresflorestais.pt/

Training is a strategic component of Navigator's development strategy. Organised on a continuous and decentralised basis, it is centred on participation and sets out to provide:

Working conditions designed to promote integration, development. skills acquisition, retraining, specialisation and fuller professional and personal lives;

The training needed by services providers, enabling them to meet the required quality standards and comply with legal obligations.

In forestry operations, this training is provided on the job, addressing environmental and social issues, providing information on mitigation measures to be considered in respect of the local environment, as well as questions of occupational health and safety in the corresponding operations. In 2023, this specific training was provided in Portugal to 512 external forestry workers. The good practices communicated to **service providers** are set out in a number of technical reference documents issued by the Company.

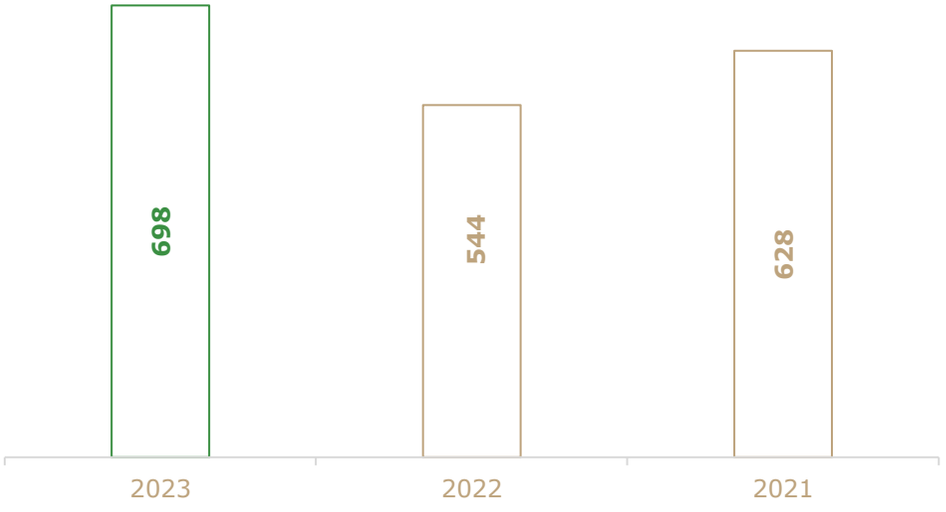
512
External forestry workers receiving specific training

Another front on which Navigator works is in Forestry Development, with training for **forestry officers** working for Associations of Forestry Producers and Certification Groups, promoting a stronger connection with active forestry producers, through the Tec4Forest Programme.

Our commitment to promoting occupational health and safety (Chapter 6.4.2) is also reflected in our work with the forestry officers and producers. This year saw the second edition of the "Forest in Fashion" show, after the success of the previous year, and it was again received with enthusiasm because of the creative way in which crucial messages were conveyed on the dangers or not using Personal Protective Equipment (PPE), or of using it incorrectly. Held in September 2023, at AGROGLOBAL in Santarém, the initiative consisted of a catwalk show featuring PPE for rural workers, accompanied by a debate on "The importance of using PPE and the challenges facing companies with forestry certification". The event was attended by representatives of organisations such as the Institute of Nature Conservation and Forests (ICNF) and the Working Conditions Authority (ACT), as well as from forestry certification schemes. The PPE was modelled by staff from our partners for this event.

Training in OHS in forestry operations for service providers, Suppliers and operators

(hours)



Aim: Provide training courses on a continuous basis in OHS in forestry operations for service providers, Suppliers and operators, aiming to provide more than 600h each year.

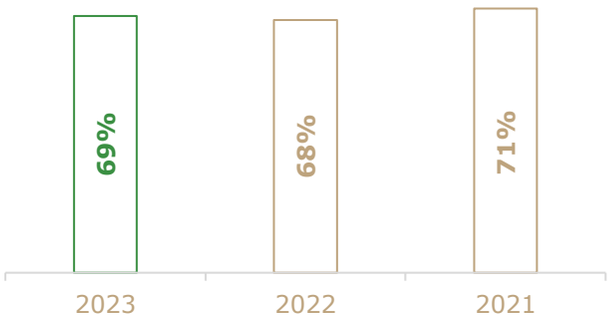
Certified wood

Global purchases of certified wood (Portuguese and international markets) in 2023 were slightly higher than the previous year, totalling 69%. Thanks to Navigator's programmes to improve yields and encourage forestry certification in Portugal, it was possible to increase the proportion of certified wood acquired on the national market to 68% (65% in 2022). There was also an increase of 5 pp in Suppliers of woods with chain-of-custody certification (up from 87% to 92%). Support is provided to 15 organisations, including certification groups, forestry producers' organisations and chain of custody groups; in conjunction with the support given to producers, this made it possible to achieve these results.

Portucel Moçambique completed its integration into The Navigator Company's chain-of-custody certification, as a new site.

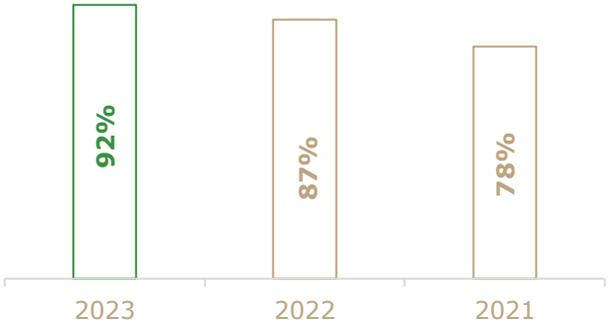
Certified wood

Supply of certified wood



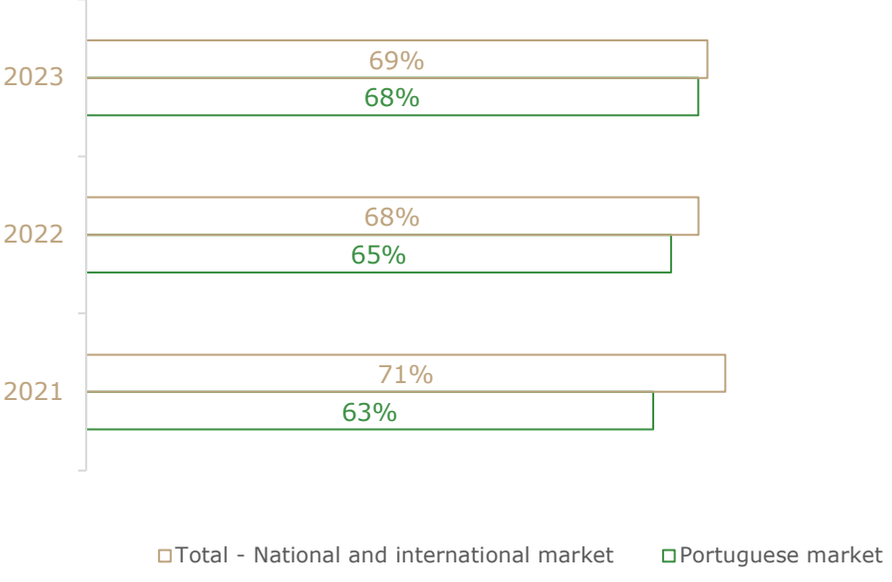
Goal: 80% use of certified wood by 2030.

Wood suppliers with chain-of-custody certification



Goal: promote chain of custody certification for all our wood suppliers by 2030.

Supply of certified wood



Fire prevention and support for fire-fighting

Faced with the problem of forest fires and the consequent social, economic and environmental impacts, we have promoted good forestry practices and invested in **prevention**, as a way of making the forest holdings under our management more resilient. Work we carry out on a regular basis:

- Maintenance of paths and fire breaks;
- Control of vegetation;
- Reduction of fuel load and creating areas to halt the spread.

Also with a view to minimising impacts, we have invested in **support for fire-fighting**, through AFOCELCA, a Forest Protection company.

During the summer, some of the Company's Employees are deployed with Afocelca, an organisation through which The Navigator Company and the Altri Group join forces support fire fighting efforts, with its own Special Rural Fire-Fighting Brigade. In addition to protecting the forests managed by the two companies, the aim is also to provide assistance within a radius of at least 2 km of the holdings under their management, protecting the properties of third parties, working closely at all times with the National Emergency and Civil Protection Authority (ANEPC). This brigade is equipped with around fifty fire engines of various types (light, heavy and bulldozers), and three aircraft, with a total of around 500 operational personnel. At the same time, we remain an active participant in projects with various partners (from stakeholders in the forestry sector to universities) seeking to find and test new solutions for preventing and controlling forest fires.

Our work in defending forests against fires, in coordination with Afocelca, has represented a gain for woodlands protection, thanks to the optimised deployment of resources, which brings improved operational performance and is intended to reduce the area burned. In 2023, some resources were relocated on the basis of the results of this project, seeking to keep it up to date and introducing other variables in order to further optimise the model.

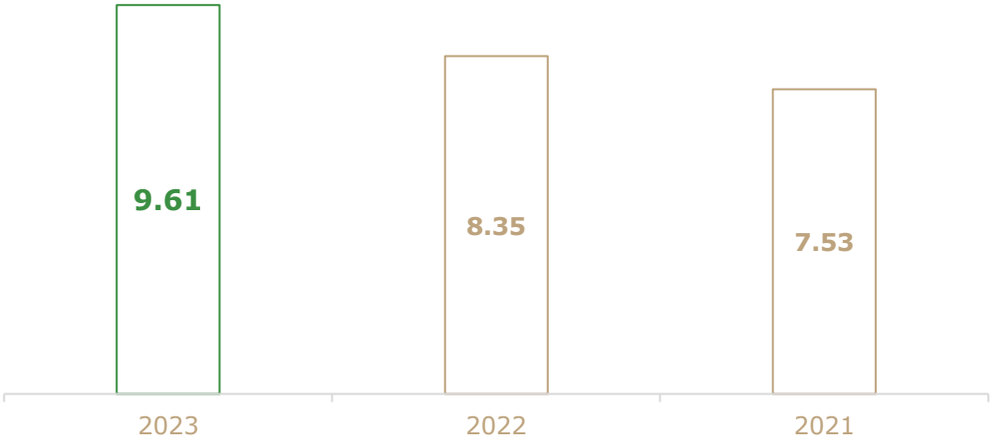
We also provide support for the **recovery of burned areas**, by taking part in the pilot recovery programme organised by Biond (Forest Fibers from Portugal), which in 2023 focussed efforts on the municipalities of Mortágua, Pedrógão Grande and Castanheira de Pêra. This programme sets out to provide technical and financial support for demonstrating good practices, in strategically selected burned areas, with the aim of:

- Reducing the fire risk, in a post-fire scenarios, where there are already high levels of accumulated biomass and abandonment;
- Controlling invasive species (acacias) and germinating eucalyptus;
- Restoring the productive potential of burned forests for their owners.

Despite all these efforts, 2023 saw an increase in the burned area in Navigator's holdings in mainland Portugal - up by approximately 1,613 hectares on 2022. This increase was due essentially to a large forest fire in southern Portugal which affected a large area under The Navigator Company's management.

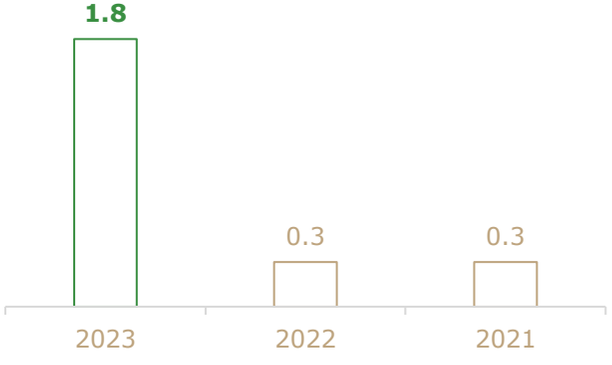
Forest fire prevention

Investment in forest fire prevention and support for fire-fighting
(m€)

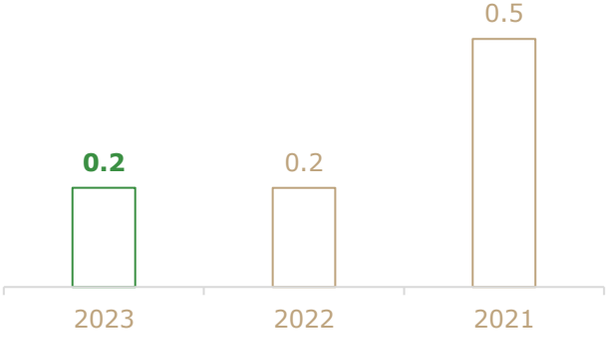


Note: Investment increased in 2023 and it was decided to allocate other costs relating to operations to the prevention account, which now includes investment in certain land preparation operations for forestation and reforestation, insofar as these help to create a mosaic landscape better designed to prevent fires. The figures presented for 2021, 2022 and 2023 reflect this change.

Burned forest area under Navigator's management in mainland Portugal
(% in ha)



Burned forest area under Navigator's management in Mozambique
(% in ha)



Goal: to help reduce rural fires, seeking to ensure that the burned area under Navigator's management stays below 1% each year.

The **forest fire defence strategy** in Mozambique has substantially reduced the area affected by fire, and in Spain no fires were recorded in the area under management.

Portucel Moçambique and the Forest Fire Defence Strategy

Targets 15.1, 15.2, 15.3

In 2023, Portucel Moçambique consolidated its strategy for Forest Fire Defence, through which it has gradually achieved a substantial reduction in the area affected by fire over the past five years, from 1,373 hectares in 2019 to 33 hectares in 2023 (0.2% of forest holdings).

This progress was achieved through a strategy of implementing measures across all operations, duly followed up and monitored, including the used of controlled burning (or cold burning), manual harrowing/digging, clearance of paths and fire breaks, training of forest guards and rapid intervention teams based at various locations, minimising the potential for fires to spread, placement of beehives around the edges of forests to encourage protection of a family asset, as well as awareness raising, aimed both at Employees interacting with Communities, and also through campaigns on community radio.

Forest research and renewal

In the field of research and development, we have own forestry and paper research institute (RAIZ), through which we take part in projects that help to **increase yields in eucalyptus plantations**, as well as to **improve the quality of the fibre produced and the management of woodlands** (Chapter 6.5.2).

The Innovation and Development sector has helped bridge the gap between research and operational application in forestry operations, and also in innovative processes and products for forest husbandry, forest operations and for new models for relations with forestry producers. It has addressed the efficiency of operations, **digital transformation** of processes and adaptation of new equipment and production factors to **integrated forestry management**.

In addition, our active policy of renewing and improving Portugal's woodlands requires production of a large quantity of forestry plants. This output has been assured by our nurseries, Viveiros Aliança, S.A.. Producing 7.3 million plants in 2023, these nurseries have met the needs of the Company’s forestation/reforestation activities in Portugal and those of other Portuguese producers. Approximately 66% of the plants produced were for internal consumption, and the remaining 34% sold on the market.

In Mozambique, Portucel Moçambique has worked in several fields with RAIZ, such as on the Genetic Improvement Programme, in the identification and genetic certification of the materials used by the Company, or in the area of Pests and Diseases, both in forest operations and in the production of plants in nurseries. The Luá **Nurseries** supplied 1.3 million plants in 2023, with 66% of this output destined for internal use on the Company's plantations (production and trials) and 34% for external partners.

7.3m
Plants produced by Viveiros Aliança

66%
For Navigator’s forestation/reforestation activities in Portugal

34%
Sold to the market

Biodiversity conservation

Within the assets under our management in mainland Portugal we manage woodlands classified as Conservation Interest Zones (CiZ), which serve as an important habitat for a diverse range of flora and fauna, including species with varying conservation and protection status. These areas are accordingly managed for conservation purposes only. These zones also include **Areas of High Conservation Value** (AHCV), an exclusive concept of the FSC® certification scheme, which enjoy special safeguards in view of the presence of environmental, social and cultural heritage of exceptional value.

It should be noted that our pro-biodiversity approach is not applied only in CIZs. This work is carried out across all our holdings, and the plans for each forestation/reforestation project define from the outset the conservation areas to be protected.

In this way, we have pursued a planned strategy of biodiversity conservation and promotion since 2008, with the aim of conciliating production aims with conservation, whilst also responding to forest certification indicators. We have developed a **no net loss** strategy, meaning that there will at least be no biodiversity loss as a result of activities, or, whenever possible, we will create a **net positive gain** in the biodiversity present on our holdings and in its state of conservation.

The Company's activities take the Habitats and Birds Directives into account, and we consistently assess, identify and map the species and habitats existing and potentially existing in the estates managed. We accordingly adopt measures to conserve species (e.g. when necessary, adjusting the timing of operations to avoid breeding cycles), when present or potentially present on the land. We also ensure protection of the Natura 2000 Network habitats, maintaining or improving their state of conservation, when possible (e.g. restoration), well as protecting or improving the state of conservation of the habitats of species, such as by creating buffer zones around water courses.

We invest continuously **in monitoring and assessment, active protection and conservation** (such as **rehabilitation or restoration or natural habitats and ecosystems**), benefiting species that use them for their ecological functions of feeding, shelter or breeding. These also serve as ecological corridors, enabling species to disperse naturally and permitting genetic interchange between populations.

To support this strategy for conserving biodiversity, we have **Biodiversity Assessment Techniques Manuals** and field reports on monitoring and conservation, as well as **Conservation Action Plans** (CAP), with contributions from experts.
The approach we use means we enjoy access to a significant set of data on relevant wildlife to be preserved in the territory, also enabling us to identify, avoid, mitigate and minimise negative impacts (direct or indirect) on biodiversity, as well as to boost the positive impacts.

We were one of the original signatories of the **act4nature Portugal** initiative organised by BCSD Portugal, for which we sit on the Advisory Board. Set up in 2020, this initiative sets out to mobilise and encourage companies to protect, promote and restore biodiversity and ecosystem services, helping to halt and reverse their loss by 2030. This is one way of helping to integrate natural capital into business models and value chains.

12.19%
of the area under management classified as Conservation Interest Areas (managed for conservation purposes, and not for production)

4,420 ha
Classified as protected habitats by the Natura 2000 Network

Read out
Annual progress report on the act4nature Portugal commitments

We renewed out commitment to this initiative in 2023, by updating and setting new targets, with the ultimate aim of creating a positive impact on (or net gain in) biodiversity. These targets are focused on:

- Execution of annual species and habitat monitoring plans and work to maintain, improve the state of conservation and restore Biodiversity and Ecosystem Services (B&SE) in the forestry holdings managed by the company, in the areas of conservation, rehabilitation and ecological restoration;

- Integrating B&ES Conservation into corporate strategy, in line with available scientific knowledge and voluntarily accepted commitments;

- Establishing a simplified framework, in line with the key elements of the Natural Capital Protocol, for systematic assessment of B&ES impacts and dependencies, testing the approach in a pilot project.

- Running training programmes with content relating to B&ES conservation topics and raise awareness of good business practices, for internal and external employees.

In 2023 we provided a four-hour training course of how to identify and characterise flora, vegetation, habitats and plant biodiversity in Portugal. The training was attended by 28 internal Employees from different Company divisions (including RAIZ) and six external Employees.

We were invited this year to take part in a **think tank to design the 2030 European Biodiversity Strategy in terrestrial systems in mainland Portugal**.
This invitation arose in the course of the Natura Connect project (Designing a Resilient and Coherent Trans-European Network for Nature and People), funded by the European Union. The think tank brings together representatives of civil society and business, NGOs and several public authorities, and is supported by the Ministry for the Environment and Climate Change.

Another development was the visit by the Wildlife Conservation Society (WCS) to forestry holdings managed by the Company, in order to show how we conserve biodiversity in mainland Portugal, continuing the exercise in sharing experiences that started in Mozambique. This was an opportunity to discuss the lessons learned and approaches that could improve our current processes, under the COMBO+ Programme (Chapter 6.4.3).

1,057
species and sub-species of flora identified in our forest holdings

253
species of fauna identified in our forest holdings

Biodiversity monitoring

The first step to habitat restoration and rehabilitation is to obtain reliable information on the existing wildlife, meaning that biodiversity monitoring is an essential activity.

By 2023, 1,057 species and sub-species of flora and 253 species of fauna had been identified, in the forestry holdings managed by Navigator in mainland Portugal, along with 51 types of habitats included in the Habitats Directive. This points to a small increase in the types of habitats present and the species identified, reflecting increased efforts in the area monitored.

The **monitoring programme** is carried out annually. As it is not possible to assess all the properties individually, a representative sample is chosen for which we assess the habitats, the type of vegetation, the species present and potential species, and the state of conservation. Experts are hired to help with the monitoring and the findings enable us to adjust the conservation measures and strategies to be adopted in the following year. In 2023, 23 properties all around Portugal were monitored.

No. of IUCN Red List species and national conservation list species with habitats in areas affected by Navigator's operations (Mainland Portugal)	2023	2022	2021
Critically endangered	**5**	**5**	**4**
Endangered	**17**	**13**	**13**
Vulnerable	**43**	**39**	**36**
Near threatened	**26**	**24**	**21**
Least concern	**192**	**195**	**182**

An important find was the existence of a well-conserved rhododendron habitat (a type included in the Natura 2000 Network Directive), along a water course in Oliveira de Azeméis. This is a rare species, endemic to the Iberian Peninsula, and a relic from ancient Laurissilva forests. These communities are normally found in two clusters, one in the Vouga valley (Cambarinho woods and other dispersed areas) and in the Monchique hills, and other smaller ranges to the north, making this an important discovery.

Monitoring of birds nesting on properties managed by the Company also yielded valuable findings: of six nesting sites of Bonelli's eagle (*Aquila fasciata*), category VU - vulnerable[43], four were found to be successfully occupied, resulting in two young at each site; at the black stork (*Ciconia nigra*) nest, category EN – endangered[42], three juveniles were observed. Two nests were also recorded at our Espirra Estate, one of the booted eagle (*Hieraaetus pennatus*) – from which one fledgling emerged –, and another probably occupied by sparrowhawks (*Accipiter nisus*), both species classified as LC – of little concern[42].

Promotion of biodiversity and ecological restoration

Restoration or rehabilitation work was carried out in 2023 over approximately 191 hectares, in order to maintain or improve the state of conservation of natural and semi-natural habitats, including 110 ha on the Zambujo estate.

The focus remained on the projects in progress, insofar that restoration goals are always long term. The following table highlights the most important projects currently under way. Other important developments in 2023 were the start of the Life Serras do Porto project, to adapt the Serras do Porto uplands to climate change, and the sowing of plants to attract pollinators to the Espirra Estate.

[43] According to the Red list of birds in mainland Portugal 2022

Main action taken and projects under way

Recovery of the Monchique oak

The Monchique oak (*Quercus canariensis*) is classified as critically endangered on the Mainland Portugal Vascular Flora Red List, due to continued decline of the population in Portugal.

The opportunity to recover this species grew out of the RRP TransForm project entitled "p1.1 Genetic improvement, production and conservation of forestry reproduction materials", which sets out to improve the resilience of Portuguese forests in the face of the effects of climate change. Running from 2022 to 2025 and jointly coordinated by RAIZ and the National Institute of Agrarian and Veterinary Research (INIAV), in partnership with Navigator's forestry sector, the Castelo Branco Polytechnic Institute and Viveiros Aliança, this activity is classed in the RRP TransForm project as "Genetic conservation and population recovery in threatened native species".

The first field visits took place in 2023 with support from BIOPOLIS-CIBIO and the University of Porto Botanical Gardens, with the following aims: to collect genetic material, characterise and map the species, molecular characterisation of selected trees, using genome tools to identify individuals characteristic of the species, analyse the potential degree of hybridisation with the Portuguese oak, and characterise the diversity of the Portuguese sub-populations of this species. The material collected is at Viveiros Aliança and the Castelo Branco Polytechnic Institute for vegetative propagation trials.

Zambujo reCover Project – forest rehabilitation and soil protection

Launched in later 2022 in partnership with RAIZ, our Forestry and Paper Research Institute, this project has an overall budget of 225 774.79 euros and is funded by the COMPETE 2020 Programme, under the measure "Support for climate transition/Resilience of territories in the face of risk: Fighting desertification through reforestation and action to increase the fixation of carbon and nutrients in the soil" (REACT-EU/FEDER) .

Funded by the COMPETE 2020 Programme, the aim is to carry out ecological restoration; work over an area of more than 110 hectares, in the municipality of Idanha-a-Nova (Portugal), in the Zambujo Management Unit. The project goals include improving resilience to the effects of desertification climate change and fires, by promoting stands of trees and shrubs with an ecology adapted to drought and arid conditions, with an emphasis on holm oaks (*Quercus rotundifolia*). Most of the ecological restoration work in the field was carried out over the course of 2023: Phase 1 consisted of felling eucalyptus and devitalising the stumps, planting holm oak, selective clearance of vegetation to promote regeneration of forestry and pre-forestry specific characteristic of holm oaks woodlands, and pruning to help the existing trees assert their dominance. Phase 2 will consist of monitoring how the restored area evolves and intervening as necessary to achieve the ultimate aims, seeking to measure the positive impact on biodiversity. Considering the different states of conservation of the ecosystems at the project site, an area of around 40 hectares was converted from production forest to holm oak woodlands, and in the remaining area, and in the rest of the intervention area, work was done to improve the state of conservation of the naturally occurring holm oak woodlands.

Logistical support for the FORCE project – Forest Certification (FC) in Eucalyptus Plantations

Following on from what was the WildForests project, we collaborated with the Faculty of Science of the University of Lisbon and the University of Aveiro on the FORCE project - FORest CErtification as a tool to

preserve vertebrate biodiversity in exotic forestry plantations (2023-2026). The main aim of the project is to assess whether forest certification can be a tool for ensuring the functional and conservationist role of eucalyptus plantations for vertebrates.

Navigator has provided logistical support for this project, and some of the project sites are located on our properties in Penamacor and Penha Garcia (Portugal).



Sowing plants to attract pollinators to the Espirra Estate

Faced with declining number of insects and in view of their importance for pollination and the objectives for reversing this decline, plants were sown at the Espirra Estate (Portugal) to attract pollinators, in an initial trial designed to assess the impact on species diversity and growth.

The results were monitored by the Clube Xzen Association. In the areas seeded, almost twice as many species were detected than in those not seeded. The insects observed included several true bugs (*Hemiptera*), butterflies (*Lepidoptera*) and ladybirds (*Coleoptera*), due to the greater number of flowers. The areas seeded presented a higher number of individuals and nearly twice as many species as the area not seeded, indicating that the sowing of forestry species considerably increased biodiversity at this site.

Off-road cycling, carnivorous plants and salamanders in the Serras do Porto Park







Targets 13.1, 13.3, 15.1, 15.2, 15.5, 15.8, 17.6, 17.7

Especially at weekends, the Serras do Porto Park is filled with walkers and cyclists, singly, in families and in groups. The rich ecology and landscape of the Park are already part of their lives, and they also know that on a lucky day they may encounter a rare species, such as a carnivorous plant or a species of salamander, difficult to find elsewhere in the country.

João Melo Bandeira is Navigator's Head of Forestry Production and Operations and understands the reason for the Park's success, as he has been involved in its forest management projects: "The Park stretches over 6 thousand hectares, 22% of it is managed by Navigator, on land it owns or rents, much of it for decades. We are conciliating production and conservation, as these are two components of carefully tended forests."

The Park is a clear example of what can be done when different uses and aims are considered, thinking both of the forestry producers operating here and of the people who use the park as somewhere to relax or exercise, by signposting footpaths and clearing undergrowth to protect cork oaks and arbutus, ensuring the species are preserved, at the same time as reducing vulnerability to fire.

The Serras do Porto Park is the largest wooded area in the Porto Metropolitan Area, covering six upland ranges and straddling the municipalities of Gondomar, Paredes and Valongo. João Melo Bandeira has no doubt that a virtuous circle has been created in the area through a management approach that protects forests: "When protection beings positive effects, people start to like these areas, and they attach more importance to protecting them."

Cultural treasures protected in Navigator forests



Target 11.4

The forest holdings managed by The Navigator Company (approximately 108,000 hectares) are home to 291 heritage sites, some of them hidden away, but all of them clearly identified. Active measures are taken to protect all these sites, as part of the Responsible Forestry Management approach implemented on a daily basis by the Navigator Group. This work has been carried out for decades, but it has received growing attention in recent years.

The cataloguing of these cultural assets, which are mostly architectural or archaeological heritage sites, some of them officially listed, was painstakingly updated in 2023, standardising and improving the information on each site. This work is crucial, because the resulting inventory enables the Forestry Management Division to take into account the protection of the heritage sites identified (listed or unlisted), in each forestry project or operation.

All forestry operations are planned so as not to undermine in any way the conservation of these sites. One of the measures adopted is to establish a protection strip around them where no tillage is permitted. In addition, forestation and reforestation work may be monitored by a certified archaeologist and, whenever justified, more specific protection measures are adopted, in line with suggestions and guidance from specialists.

"Public archaeology" to preserve our common heritage

Archaeologists have conducted prospection work over more than 4,000 hectares since 2013. Gabriel Pereira, one of the archaeologists involved in the prospection work requested by Navigator, considers the Company "a fairly cautious organisation" in these matters: "It has acted very conscientiously, both in situations where the Company has flagged up something that might point to the existence of a site of interest, and in cases where constraints have already been identified by the public authorities."

Gabriel has provided consultancy services to the Company since 2006, above all in northern and central Portugal. He has clocked up several "finds" in the course of this work. "I remember, for instance, a megalithic monument identified on a property in Póvoa de Lanhoso, in 2017, in the preliminary stages of forestation. Navigator took on the task of looking after this monument, dating back more than three thousand years. It is now accessible, identified and cared for", he recounts. This was an especially interesting case, in Gabriel Pereira's opinion, because of the involvement of the local community: "The Company took great pains to safeguard the monument and we were able to take what we call public archaeology approach. A group of teenagers helped with the fieldwork over several weeks, in order to make the most of the find."

Gabriel Pereira believes that protecting our cultural heritage is everyone's responsibility, and so this type of involvement is always desirable: "Because it's an outstanding opportunity to educate people about their heritage, at the same time as ensuring that the archaeological site is preserved"

The legend of the Serra de Pias, and respect for intangible heritage

Heritage includes intangible heritage, which is often just as valuable for communities (or more so) as an officially endorsed archaeological find Navigator is also sensitive to the importance of its conservation. This is why, in the municipality of Paredes (district of Porto), it has classified an area in the Serra de Pias uplands, very special to local people, as having "High

Conservation Value[44]". Situated on a property managed by the Company, the site, which gave its name to the Serra de Pias ("Basins"), due to the concave rock formations, where rainwater accumulates, lies behind a legend passed down over the generations.

According to information on the website of the Serras do Porto Park, to which the Serra de Pias belongs, this legend can be traced back to the eighteenth century. In periods of dry weather, the local people would make a procession up to the rocks. They would dry the "basins" with linen cloths and offer up prayers. As they returned down the hill, rain would start to fall. "They say there's always water there", says Fernando Santos, chairman of the civil parish council in Aguiar de Sousa. "The older folk still remember the processions to pray for rain. The site is part of the heritage of the parish and the Serras do Porto Park, and it's important it should be accessible. Since the old Portucel days, the paths have always been clear".

Although the tradition of processing to the "basins" to pray for rain appears to have died out, the legend is still part of local traditions, and the site still attracts visitors. "Some ten years ago, they put up the statue of a saint, but that's not what makes it a special place. The processions date back much further. Recently, more people have been visiting because there are footpaths nearby", says Fernando Santos. By assigning High Conservation Value status to the site. Navigator ensures that the paths leading to it are kept in a good state of repair, respecting the value that the community attaches to the rock formations.

WHAT NEXT?

- Forest certification at Portucel Moçambique (by 2025).
- Contribute to development of technical expertise in the sector, helping to develop a vocational training centre entirely dedicated to forestry (2024-2030).
- Contribute actively to development of new silviculture and forestry development solutions through the initiatives envisaged in the TransForm Project (by 2025).
- Broaden the reach of Navigator's genetic improvement programme, offering more alternatives adapted to climate and plant health challenges, with the potential to boost yields for the Company and all producers (by 2030).
- Continue the biodiversity conservation projects under way, including continuous wildlife monitoring and ecological restoration.
- Conclude approach to integrating B&ES conservation into corporate strategy, in line with available scientific knowledge and voluntarily accepted commitments (2024).
- Start the process of reviewing disclosure of nature-related information, in line with the recommendations from the Task Force on Nature-related Financial Disclosures (TNFD) (2024).
- Establish a simplified framework, in line with the key elements of the Natural Capital Protocol or other guides, for systematic assessment of B&ES impacts and dependencies, testing the approach in a pilot project (2026).

[44] Classification in line with the criteria of the FSC® (Forest Stewardship Council®) certification system, requiring additional protection measures, including more regular monitoring.

6.3.4. Water management

GRI 3-3, 303-1, 303-2, 303-3, 303-4, 303-5
ESRS MDR-A, MDR-M, MDR-T, E3-1, E3-2, E3-3, E3-4, E3-5

From forestry to manufacturing, The Navigator Company addresses water use in keeping with a strict commitment to responsible management. Reducing use and increasing circularity of use are two priority goals that we have succeeded in achieving with new measures, on multiple fronts.

OUR IMPACTS

down 2.4%
Water withdrawal (***vs.*** **2022**)

21.2 m^3/t
Specific water use[45] in **industrial operations in Portugal** (**up 11.2% on 2022)**

78%
Water returned to environment

down 5.1%
Specific water use in **industrial operations in Portugal vs. 2019** (baseline for 2030 target)

[45] Takes into consideration volume of water withdrawal by total manufacturing output.

At The Navigator Company, we use water resources in operations from forestry through to manufacturing. We recognise that rainfall patterns in the Iberian Peninsula have changed in recent years and as such the water scarcity index in the various Hydrographic Regions where the Company operates has worsened, especially south of the Tagus. We are closely monitoring the potential impact of climate change on water resources, with a view to assessing its impact on the continuity of our business. We have also monitored the drafting of the management plans for the hydrographic regions in which our plants are located in Portugal, through representation on the respective Hydrographic Region Boards, and kept abreast of research assessing the availability of water, now and in the future, and determining the scarcity index in each basin and sub-basin.

We have identified several **water-related risks** to industrial and forestry operations, such as physical risks (acute and chronic), such as droughts, water shortages, water stress, floods, saltwater intrusion and rising sea level, as well as transition, regulatory and technological risks. The main risks occur both in our supply chain and in our own use of the resource.

We also analyse the financial impact of climate risks on water management in connection with the project currently under way to implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) (Chapter 10.6).

It is therefore essential to ensure that our operations do not constitute an additional risk factor for the environment and surrounding Communities, and water management is one of the key issues for the Community Monitoring Committees (Chapter 6.4.3), whose contributions we incorporate in the design of water management plans and actions, in particular in developing our Water Use Reduction Programme (described below).

We have several **mitigation and adaptation measures** implemented and in progress, in order to address the risks identified and to cut use of this vital resource (as detailed in the following sections).

Our **commitment to responsible management** of water resources considers the quantity withdrawn, but also the quality of the water discharged. Our 2030 Roadmap (Chapter 6.2.4) therefore contains the following objectives in relation to industrial operations in Portugal:

- To reduce specific use of water by 33%, taking 2019 as the baseline, and to propose solutions that will lead to greater efficiency in water use.

- To reduce the organic load in our effluents by 10%, per ton of output, by 2030, taking 2022 as the baseline.

In 2023, we also adopted the aims of monitoring the impact of production forests on water management and of studying the potential for reducing water consumption at our nurseries. In relation to Mozambique, the aims of monitoring the impact of production forests on water management are part of the plan for the next three years.

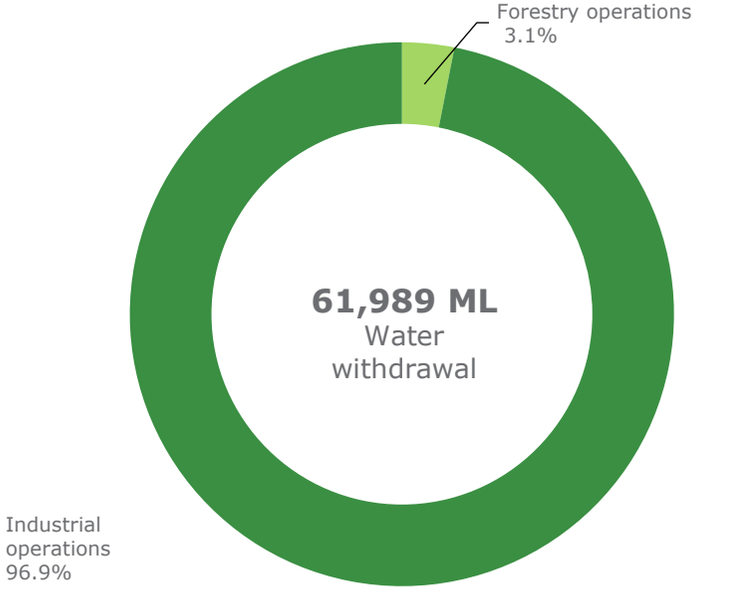
Overall performance data

Navigator's industrial processes are responsible for the vast majority of the water intake - accounting for 96.9%. It should be noted that in 2023 the Group started to report water intake for forestry operations, which accounting for the remainder of total water withdrawal.

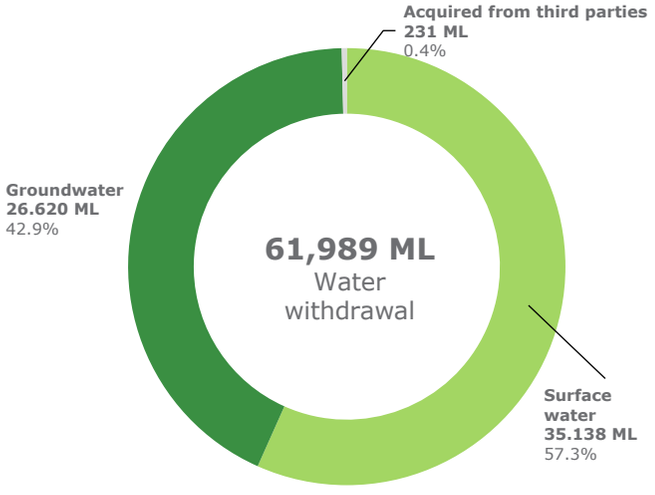
The Company is also responsible for treatment of industrial effluents, using WWTPs equipped with the best available technologies. In 2023, 78% of water was returned to the natural environment in the form of treated effluent.

Total water withdrawal was also down by 2.4% in 2023 in relation to the previous year, as a result of lower output. This is reflected in an increase in the specific business indicators (see the explanation in “Industrial operations”).

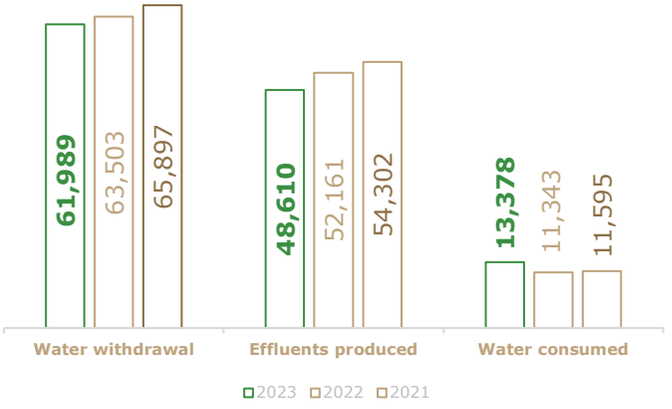
Water withdrawal by type of activity
(megalitres)



Breakdown of water withdrawn
(megalitres)



Water use
(megalitres)



Specific use per unit of turnover
(ML/M€)

	2023	2022	2021
Total water withdrawal (ML – megalitres)	**61,989**	**63,503**	**65,897**
Turnover (million euros)	**1,953**	**2,465**	**1,596**
Specific use (ML/million euros)	**31.7**	**25.8**	**41.3**

Note 1: The figures presented refer to industrial and forestry operations in Portugal, as well as industrial operations in Spain and forestry operations in Mozambique.
Note 2: The figures for Mozambique include only nursery operations and are not available for 2021.
Note 3: Specific water use considers volume of water withdrawal per unit of turnover.
Note 4: See the GRI Table for methodological information on the calculation of indicators (GRI 303-3, 303-4 and 303-5).

Forestry operations

The strategy for **water resource management** is guided by goals and targets which are incorporated **in the forestry management model** adopted by the Group, in particular:

- Prevent negative impacts on water resources and work for positive impacts;
- Conserve biodiversity
- Contribute to integrity of riparian ecosystems and to the provision of their services.

The criteria for implementation of our strategy for **protection, recovery and/or maintenance of water resources**, are uniform across our operations in Portugal and are reflected in good management practices, from planning through to execution and monitoring of activities.

This strategy is put into practice through various management instruments and is communicated in a simple and clear way to Service Providers who carry out operations in the field through training on the work front.

Before we start forestry operations on any new site and in operations to apply plant protection products, it is standard practice to conduct a comprehensive local assessment, which includes identifying water points, bodies of water, water courses and habitats. Protection strips are established around water courses in order to reduce disruption to the soil, preserve riparian gallery forests, conserve habitats and improve water quality. To this end, the forestry management practices adopted by the Group divide into two types (protection/rehabilitation/restoration and maintenance), both based on the precautionary principle.

The fundamental principle of water resource management is to **prioritise protection over rehabilitation** (because it is more effective to conserve an existing ecosystem than to artificially reinstate one), thereby reducing the use of more complex and more expensive interventions. Even so, when a given site is in need of rehabilitation, the objective is for it to return as close as possible to its natural state, so that it can achieve its potential.

Since the water resource management strategy was incorporated into the forest management model adopted by the Company, a total of 2,645 ha was identified (up to year-end 2023) as protection areas for water courses and other wetlands.

Main measures for reducing water withdrawal in forestry operations in Portugal

Increased R&D in relation to **forestry practices for conserving water in the soil**:

- Drip fertigation trials are one example of our current projects and seek to find solutions to mitigate wood yield losses in areas where water is scarce and where water use is more efficient. It is important to note that these scientific trials comply with relevant legislation and are subject to interruption in situations of extreme drought, thereby prioritising environmental responsibility and a precautionary approach in the face of adverse conditions.

Increased R&D to **study and monitor drainage basins**:

- Research project, in partnership with the University of Aveiro, in which instrumentation is being trialled in two basins to monitor water availability (quality and quantity), seeking to understand the dynamic of the hydrological response over the development cycle of forest stands. These data are also being used to feed hydrological modelling (with the SWAT model – Soil and Water Assessment Tool). The project has already made it possible to calibrate the hydrological model, and to identify, on a spatial scale, areas within the basin where water availability is greater.

Search for **solutions – genetic materials and practices** – that make for **greater resilience to water scarcity:**

- Genetic improvement programme consisting of R&D to develop the best individuals for plantations, increasingly geared to dry conditions and tolerance of pests and diseases. The materials in production are reviewed annually and new recommendations are studied, which can include introducing new genetic materials. We are also investing continuously in our understanding of the influence of the soil and climate on the production capacity of forest stands and in studying forestry practices geared to local conditions, considering not only plant growth but also conservation and increased water retention in the soil. Particularly for sites in Portugal where water is most scarce, research has been conducted with water retention polymers applied when installing plantations, to verify their effect on plant resilience during the early stages in the field.

Alteration of **irrigation methods** at Viveiros Aliança:

- Implementation of drip irrigation, to minimise water losses and reduce consumption. Between 2022 and 2024, irrigation of approximately 1.2 ha, resulting in a total saving of 18.5 thousand m^3. In addition, the installation of an ultrasonic flow meter will make it possible to quantify drainage losses, with real time information, and plans are being considered for implementation of a circuit to reuse this water in social areas, in particular for watering gardens.

As a result of the R&D work under way and as a way of adding value to knowledge, projects have been presented in a number of forums (such as **Tecnicelpa 2023**) and scientific articles have been published, including a **study of the effect of the construction of terraces on water retention and conservation**.

Also in the field of forestry management, a number of relevant initiatives have been implemented in our venture in Mozambique:

- A new **Water Quality Monitoring Protocol**, designed in partnership with RAIZ, with the aim of identifying and presenting a series of actions which enable us, from a risk management approach, to determine the potential impact on drainage basins of forestry activity, as well as of human subsistence activities (such as farming, bathing, washing clothes), carried out by people and communities who share the same landscape/drainage basins in which operations take place;

- Scheduling of **planting activities in rainier seasons**, thereby reducing irrigation needs;

- **Trials/exploratory testing of the use of water retention polymers** so as to assess the benefits of implementing this technique in eucalyptus plantations and also to assess economic feasibility, in comparison with conventional planting, with a view to more efficient irrigation at the installation stage in order to ensure high rates of survival and homogeneity in stands, as well as to extend the planting period;

- Implementation of the **Community Environmental Awareness Raising Programme** (Chapter 6.4.3) in project areas, working with families to promote sustainable management of natural resources, with a special focus on the water resources most impacted by human activities.

Industrial operations

At our industrial complexes, water is used at different stages of our industrial processes, from steam production to transport of materials, cooling systems and other operations. The water used is predominantly obtained through our own surface and underground intakes, and there are occasional cases where it is obtained from the municipal water network.

In view of the significant impact that our activities can potentially have on water resources and on rational and balanced management of those resources, our intakes are licensed by the National Water Resources Authority and operated in strict compliance with the maximum authorised volumes.

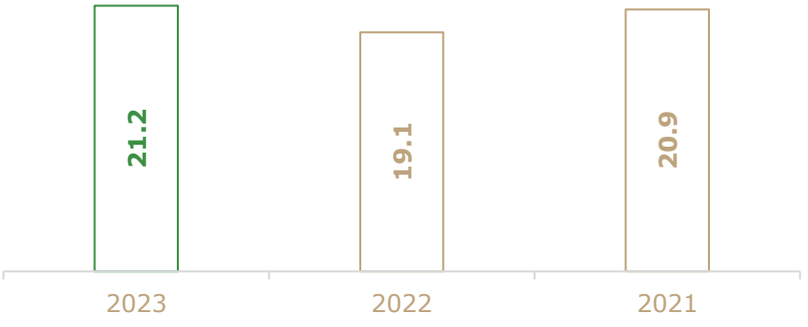
Committed to making optimised use of this resource, we have implemented our **Water Use Reduction Programme (WURP)**. This programme includes a series of management measures and investment in new technology which will enable us to further optimise processes - i.e. increased recovery of process water, so as to minimise the intake volume and the discharge of effluents.

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

Total water withdrawn for industrial operations in Portugal fell by 3.1% in 2023, due to reductions in production prompted by commercial considerations. As the same time, specific use of water rose in relation to 2022, standing at 21.2 m^3/ton of output. This indicator is affected by the existence of water uses which are not dependent on production, such was sealing water for vacuum equipment, showers in machinery and others.

Despite this increase, the figure recorded in 2023 is still down by 5.1% in relation to the baseline of 2019 (22.4 m^3/t), considered for the purposes of setting the target.

Specific use per ton of output in industrial operations in Portugal
(m^3/t)



Note 1: Specific water use considers volume of water withdrawal by total manufacturing output.

Goal: cut specific use of water (m^3/t output) in industrial operations in Portugal by at least 33% by 2030 (baseline: 2019).
Specific use in baseline year: 22.4 m^3/t

We run a wide-ranging system for monitoring and controlling our water use at all stages of the production process, so as to keep checks on quality and conduct systematic reassessments of the potential for reuse in different processes. We also conduct monthly monitoring of the situation at all our industrial units.

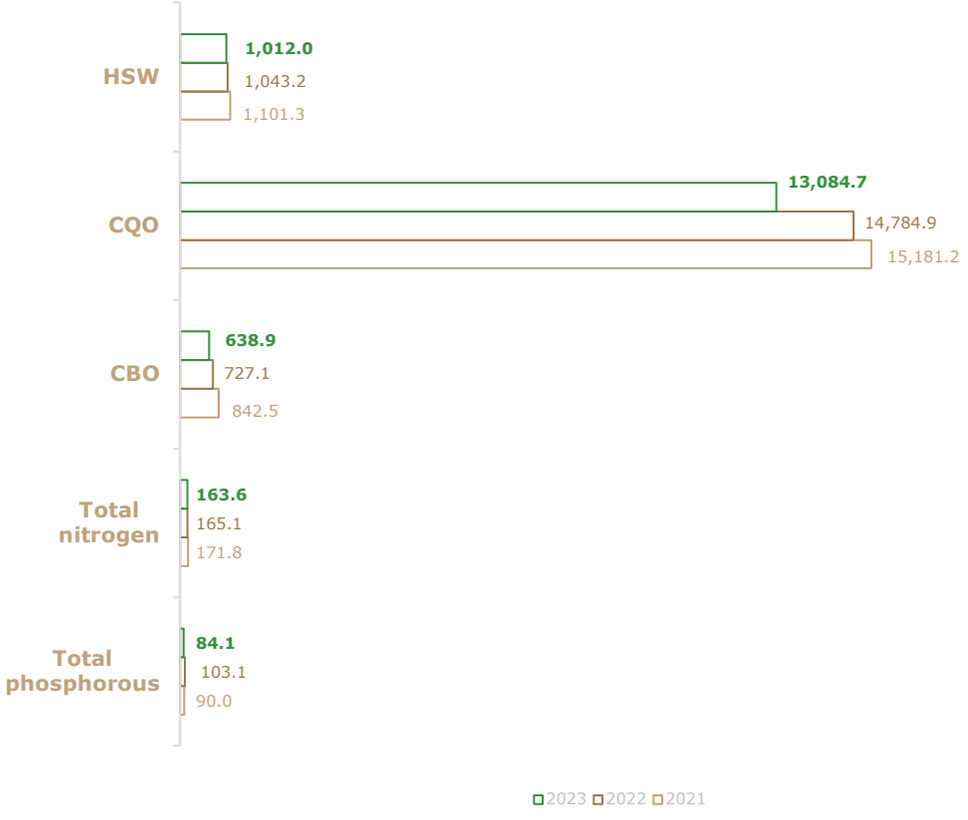
All our mills are covered by **Water Resources Use Licenses** for discharging industrial effluents. These undergo treatment (primary, secondary and treatment of sludges) at Industrial Waste Water Treatment Plants (IWWTPs), which is designed to minimise the potential impacts of their discharge into the environment and to obtain quality levels in treated effluent compatible with the Admissible Emission Values (AEV) set out in BREF Pulp and Paper[46]. This process incorporates the Best Available Techniques (BAT) for the sector (2015). In the case of Navigator Tissue Ejea (Spain), the treatment of effluents is outsourced.

We have an extensive programme of laboratory monitoring of effluent samples from IWWTP inflows and outflows, and our licenses require continuous monitoring and reporting, connecting the Portuguese Environment Agency (APA) to the relevant data logger. We also carry out environmental monitoring studies to assess the potential impact of our effluent discharges on the ecological status of the receiving environments.

As regards the discharge of these effluents, we conduct monitoring of quality parameters, including of nutrients (phosphorus and nitrogen), Biochemical Oxygen Demand (BOD), Chemical Oxygen Demand (COD) and Total Suspended Solids (TSS), in order to assess the impact of our discharges on the receiving environment.

[46] Reference document covering industrial activities listed in Annex 1 of the European Directive for integrated pollution prevention and control (IPPC).

Quality parameters (t)



Goal: to reduce by 10% the organic load in Navigator's industrial effluents by 2030, in relation to 2022 (measured in kgCQO/t output)

Changes have been made to the production processes at all the Company's industrial complexes in Portugal, resulting in reductions of varying degree on the use of water resources. This has been achieved through direct investment in the WURP, and also in major projects which, although focused on other issues, have also made it possible to reduce water use - such as in changes to evaporation or improvements in bleaching sectors. A number of projects are planned up to 2027, and these will enable Navigator to honour its commitments and achieve its goals. although some of these are still awaiting approval and detailed feasibility assessments, in the light of consultations and proposals from Suppliers.

In the course of projects undertaken to **optimise procedures and industrial plant**, work continued in 2023 on implementing the WURP with 34 execution projects - 10 of which are in operation, representing CAPEX of 0.9 million euros (expenditure allocated exclusively to WURP), as well as investment of over 25 million euros on major projects with a significant impact on water use, most notably:

- The new bleaching tower and pulp washing presses, representing a significant improvement in technology in the bleaching sector at the Aveiro Pulp Mill, and reduction potential of approx. 1 m^3/tAD[47], i.e. 350,000 m^3/year;

- The new wood preparation line and water recovery from the fibre line at Figueira da Foz, with a reduction potential of 45 m^3/h, i.e. 378,000 m^3/year;

- The new effluent ultrafiltration system at Waste Water Treatment Plant 2 at the Setúbal Complex.

Our efforts to work towards **circular water use** have included not only the new ultrafiltration system (see insert) but also the Resurgence Project for Industrial Water Circularity. Launched in December 2023, this is a new project under the Horizon Europe Programme and is coordinated by CETIM, with a consortium of 20 institutions including The Navigator Company and RAIZ. The project will last 4 years and is intended to develop efficient technologies for creating circular systems for industrial water, and also for recovering energy and raw materials present in these effluents. The technologies to be developed will be validated at four industrial units in three different industrial sectors (cellulose and paper, chemicals, steel and a case study in urban-industrial symbiosis). The initiative will be funded by the European Commission and will contribute to climate neutrality, competitiveness, and circularity in European manufacturing industries.

Aveiro Pulp Mill more efficient in use of water









Targets 6.4, 8.4, 9.2, 9.4, 12.3

The Bleaching sector at the Aveiro Pulp Mill was fitted with important new technology in 2023, resulting in significant environmental benefits. One of these was the reduction in water use.

The project represented investment of approximately 12 million euros and was partly funded by the Recovery and Resilience Plan (RRP). Two D2 towers were substituted by a single D2/P and the "work" of four old pulp washers is now done by a single highly efficient washer, using DD Washer (Drum Displacer Washer) technology. This washing equipment permits a reduction of approximately 5% in total water use for pulp production - a reduction made possible by reincorporation of washing water at various stages.

The efficiency of the new equipment is also reflected in energy consumption: the reduction in water withdrawal needs also means less power is needed for pumping and treating process water. For each ton of bleached pulp, less electricity is consumed. At the same time, it has also been possible to reduce consumption of steam for producing chlorine dioxide, a bleaching chemical that is produced on site.

These innovations have achieved a very significant reduction in the environmental impact of one of the fundamental stages in the production of bleached pulp.

[47] Ton of air dried pulp.

What if we could transform industrial effluent into fresh water?









Targets 6.3, 8.4, 9.2, 9.4, 12.2, 12.4

In 2023, one of the waste water treatment plants at the Setúbal Industrial Complex was modernise in order to achieve a significant reduction in the organic load present in the effluent. The technology installed in this WWTP is an MBR (Membrane Bioreactor) ultrafiltration system, the first in the world in a paper production unit with the characteristics of Navigator Paper Setúbal 1.

The project involved investment of 7.7 million euros, enabling Navigator to honour its commitment to protecting the environment. The MBR system does more than just ensure strict compliance with the legal requirements, in particular the tougher emission ceilings set in 2023 by the Portuguese Environment Agency (APA). It is also a very significant step towards The Navigator Company's objectives as regards reducing water use and circular use of resources. Insofar as this technology makes it possible to obtain effluent that meets very high-quality standards, practically free of solids and with a very low organic load, the prospects are good for using it in future at certain points in the production process, as an alternative to water currently withdrawn.

Ultrafiltration also opens up another extremely important possibility: implementation of a reverse osmosis system with which an entirely closed loop will be feasible, because the water produced by the WWTP will be equal, and sometimes superior, in quality to that withdrawn from natural sources. The modernisation of WWTP 2 at Setúbal therefore represents a major advance that sets Navigator on course to the future, in the field of water management.

WHAT NEXT?

- Implementation of Oxygen Delignification in Setúbal: total investment of approximately 25 million euros will make it possible to cut the use of chemicals in the pulp cooking process, with significant environmental benefits, in particular in reduction of the organic load emitted in liquid effluent (2026).
- Continued implementation of measures to reduce water use under WURP (ongoing process).
- Development pf methodologies and installation of a trial basin in Mozambique for monitoring water availability (quality and quantity), observing the dynamic of the hydrological response over the development cycle of forest stands in an area influenced by the project (2024-2026).

6.3.5. Use of resources and circular economy

GRI 3-3, 301-1, 306-1, 306-2, 306-3, 306-5
ESRS MDR-A, MDR-M, MDR-T, E5-1, E5-2, E5-3, E5-4, E5-5

We aim to realise the full potential for circularity in our production processes. We have invested increasingly in innovative solutions, prioritising waste reduction and maximising recycling and recovery.

OUR IMPACTS

4,714,216 t
Raw materials consumed
(**down 8.6% from 2022**)

90%
Renewable raw materials

1.66 t/t **output**
Intensity of materials consumption
(**up 4.4% on 2022**)

441,642 t
Waste generated
(**up 7.5% from 2022**)

440,709 t
Non-hazardous waste generated
(**up 7.5% from 2022**)

35,624 t
Sands (by-product) recovered for construction sector
(**up 25.5% on 2022**)

4,835 t
Carbonate sludges reclaimed in production of PCC

7
Initiatives under way for promoting the circular economy

12%
Rate of waste disposal in industrial landfill

Planted forests play a crucial role in the transition from a linear economy, dependent on fossil fuels, to a **circular bioeconomy low in fossil carbon**. This transition is supported by renewable, recyclable and biodegradable forestry products, bringing benefits for nature and contributing to carbon neutrality.

The wood we use at The Navigator Company is sourced from sustainably managed forests (Chapter 6.3.3). This is processed into various types of paper products which, after serving their purpose, are collected and recycled, becoming a raw material once more Fibre from the *Eucalyptus globulus* we plant in Portugal is recognised as suitable for recycling over a larger number of cycles than its competitors. A comparative analysis conducted by RAIZ, our forestry and paper research institute, has proven that this species can be recycled over ten cycles - six more than for other paper fibres.

We are therefore positioning ourselves as a strategic player, investing in Research, Development and Innovation (RDI) projects for implementing the best available techniques for the sector and looking for **bioproducts** and innovative solutions, developed in partnerships with a variety of organisations (Chapter 6.5.2).

Aware that our industrial operations are highly dependent on a variety of resources - energy, wood, chemicals and water - we are also committed to using them responsibly.

Our 2030 Roadmap (Chapter 6.2.4) reflects the importance of using these resources and promoting the circular economy, through a range of **commitments and goals**. In relation to raw materials and waste, our main focus has been on:

- Promoting efficient use of resources, minimising our ecological footprint, proposing solutions that make for greater efficiency in the use of wood in the industrial process;

- Promoting the circular bioeconomy, prioritising R&D solutions. The aim here is to develop sustainable applications that add value to industrial by-products (sludges, fly-ash and other inorganic waste) and to achieve, by 2030, a rate of waste disposal in industrial landfill of less than 10%.

We invest in solutions that promote **efficient and responsible use** of raw materials, energy (Chapter 6.3.2) and water (Chapter 6-3-4), as well as **reduction and recovery** of the waste generated. Our ultimate aim is therefore to reduce the environmental impact of our operations, fostering continuous improvement of our performance and contributing to a low fossil carbon circular economy.

The production process used by the Company since its founding, the **kraft process**, is based on the fundamental principles of the circular economy, in which the secondary flows of materials generated in producing pulp and cyclically reused, minimising the use of virgin raw materials:

- The sodium-based chemical compounds used in cooking wood for producing cellulose are recovered on-site in what is called the sodium cycle;

- After cooking, these compounds continue in a flow called black liquor, rich in lignin, which is used in turn to produce sufficient thermal energy for the pulp production process and electricity, which is sold to the national grid;

- In order to recover the sodium based compounds, other calcium based compounds are used, and these are likewise recovered after use on site, in another parallel cycle, known as the calcium cycle.

Taking advantage of the potential for circularity inherent in the process, we invest continuously in **closing circuits and optimising the use of resources**, prioritising reduction of waste production, as well as recycling and reclamation.

We have adopted technological solutions that enable us to **reincorporate waste in production processes**, or to **reclaim waste internally**, in particular in energy production. Solutions of this type make it possible to minimise the use of virgin raw materials, and also to minimise wastage and effluent loads (Chapter 6.3.4). Because the vast majority of waste is generated in

pulp production operations, we have invested in improvements in the efficiency of treatment processes and systems, cutting production of this waste to minimum levels.

Our efforts to promote the circular economy have been leveraged by the **Corporate Upcycling Project**, and by investment in RDI projects and in establishing **partnerships and synergies**, which has enabled us to implement technological solutions such as:

- Use of flue gases for capturing CO_2, which is used in producing precipitated calcium carbonate (Chapter 6.3.2);
- Increased on-site circularity of carbonate sludges produced at the Figueira da Foz Industrial Complex, which are used in producing calcium carbonate;
- Optimisation of chemical recovery cycles at paper pulp production units;
- Minimising production of biological sludges, through incorporation in black liquor evaporation, obtaining energy from its organic content in the Recovery Boiler at the Figueira da Foz Industrial Complex;
- Use of sands from Biomass Boilers (by-product) as substitute for sands from natural sources used in construction materials (e.g. mortars, aggregates, pre-cast concrete).

In addition, the **recovery and reuse of water** is also part of the circularity of our production process, and most of the water used is returned to the environment in the form of treated effluent (Chapter 6.3.4).

Approach to the circular economy

Investment in Bioproducts

- Creation of forest-based bioproducts as a sustainable alternative to fossil-based materials, promoting the transition to a bioeconomy model.

Examples: Initiatives under the From Fossil to Forest Agenda (Chapter 6.5.2)

Optimisation and Improvement of Processes

- Improved efficiency in the use of resources, minimising the use of virgin raw materials, water and energy, and avoiding wastage and waste production.
- Improved efficiency in processes and treatment systems.

Examples:

WURP - Programme for Reducing Water Use (Chapter 6.3.4)

Waste Management

- Waste is selectively collected, correctly stowed and sent for appropriate final disposal, prioritising reclamation operations whenever possible.

Reincorporation of By-products in Navigator Processes

- Optimisation of chemical recovery cycles at paper pulp production units.

Examples: Kraft process for pulp production

Industrial Symbiosis

- Development of industrial synergies with other industrial sectors, promoting circular use of materials.
- Use of waste produced by the Company as secondary raw materials, replacing virgin raw materials and thereby extending their useful lives.

Examples:

Partnerships in recovering fly-ash and sands

Mobilising Agendas (Chapter 5, 6.5.2)

Research, Development and Innovation (RDI)

- Investment in applied research, through our own projects and others with consortia, with a view to innovating in products and processes.

Example: Mobilising Agendas (Chapter 5, 6.5.2)

Networking

- Establishing partnerships, with universities, research centres and other industrial sectors, in order to boost the circularity of materials, develop bioproducts, reuse waste and share expertise.
- Participation in the Circular Bioeconomy Alliance platform.

Consumption of raw materials

Through our responsible forestry management and initiatives to support certification of forest producers, we work to **optimise the use of wood**, whilst at the same time safeguarding the provenance of our most significant source of raw material.

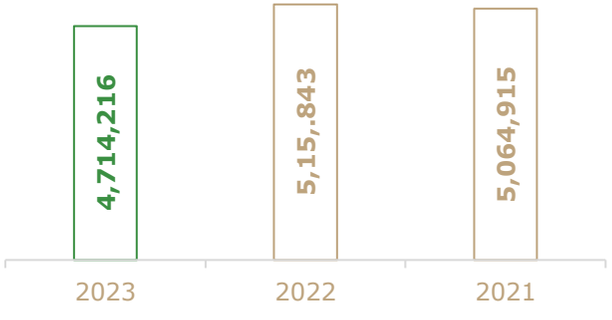
We likewise invest in projects that work towards the aim of **minimising losses** and consequently increasing the yields from this resource. Most significantly, new and **more effective equipment has been installed** for preparing wood, on fibre lines and in the paper machines.

We have also developed **forest-based packaging products** to substitute packaging materials from fossil sources - gKRAFT Packaging project (Chapter 2.2, 6.5.3) which also brings positive impacts to Navigator's production processes, in particular in terms of consumption of non-renewable materials, thanks to:

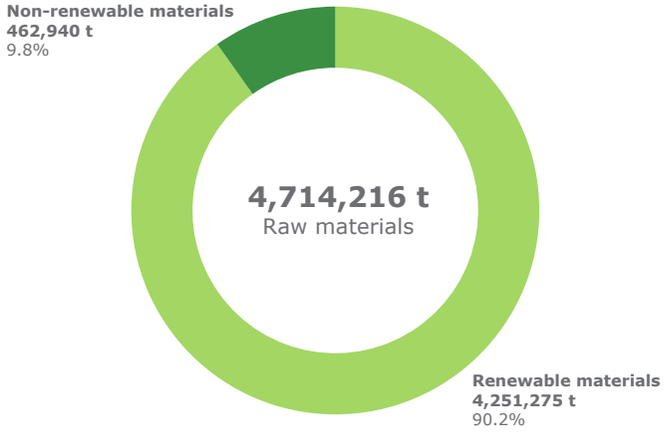
- Less use of chemicals in manufacturing brown pulp, in comparison with bleached pulp;
- Less use of optical brighteners in production;
- Less use of precipitated calcium carbonate (PCC).

In 2023, total consumption of materials fell overall by approximately 8.6%, to 4,714,216 tons.

Total consumption of materials
(t)



Percentage breakdown by type of materials in 2023



Note 1: The 2023 figures include Navigator's operations in Portugal and Spain (Ejea). Those for previous years include only Portugal.
Note 2: See the GRI Table for methodological information on the calculation of the indicator (GRI 301-1).

Intensity of materials consumption[48]

	2023	2022	2021
Total consumption of materials(t)	**4,714,216**	**5,156,843**	**5,064,915**
Output (t)	**2,848,191**	**3,238,424**	**3,105,209**
Turnover (million euros)	**1,953**	**2,465**	**1,596**
Intensity of materials consumption (t/ton of output)	**1.66**	**1.59**	**1.63**
Intensity of materials consumption (t/million euros)	**2,413.8**	**2,092.0**	**3,173.5**

As regards consumption of materials in Portugal, there was a reduction in output which also brought a drop in consumption of materials of approximately 9.1%.

It is important to note that approximately 90% of the materials used are renewable, and the remaining 10% consists essentially of chemicals which are necessary in different phases of the pulp and paper production process.

With a view to **more efficient use** of the raw material **wood**, an important development was the start up of the new wood preparation line at the Figueira da Foz Industrial Complex.

New wood preparation line improves efficiency of raw material use and brings other environment and social benefits





Targets 8.4, 8.8, 12.2

The new wood preparation line started operation in 2023 in the wood yard at the Figueira da Foz Industrial Complex. Representing investment of approximately 32 million euros, this project involved installing two new reception tables for roundwood, a new debarker, a new chipper and a new biomass crusher. The aim was to make environmental improvements in this process area and to correct imbalances in pulp production, replacing equipment which had become obsolete, with large efficiency losses in the use of raw materials.

The new line enables the mill to consume less wood (31,000 m^3/year), which represents a significant saving in the main raw material for pulp production and in the associated transport costs. In addition, this project has made it possible to make significant improvements in water use, with an estimated reduction of 20%, and in noise reduction. The main equipment units for the line were installed with reinforced acoustic insulation inside closed buildings, mitigating the negative impacts generated by operations, both on Company Employees and on local Communities.

What is more, the line is able to process roundwood of up to six metres in length and a greater diameter, making for greater flexibility in mill operations, and also reducing the number of operations along the supply chain, from the forest to the mill.

[48] Includes Navigator's operations in Portugal and Spain.

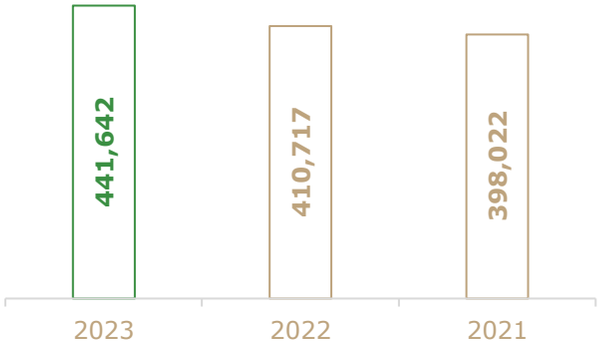
The benefits of this capex project are also felt in improved health and safety conditions, introducing new systems of controls, increased automation of processes, improved accessibility and better operating resources.

Waste production

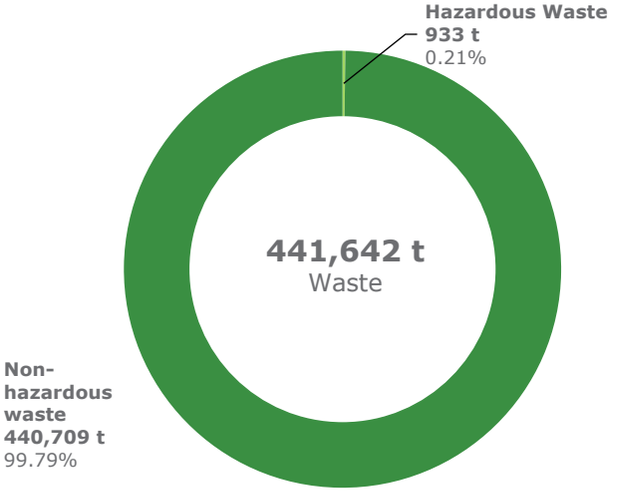
In 2023 we produced a total of 441,642 tons of waste, up by 7.5% on the previous year. It should be noted that this year we are reporting, for the first time, the waste generated in forestry sectors, meaning in all operations in Portugal, as well as waste from operations in Ejea (Spain), which started in 2023.

In Portugal, sludges resulting from effluent treatment (sludges from the Waste Water Treatment Plants, or WWTP) and fly ash from the biomass boilers, originating in the paper pulp production process, are the waste products representing the largest quantities - 177,437 tons and 90,312 tons, respectively. A total of 51,795 tons of waste was disposed of in industrial landfill, representing a rate of 12%.

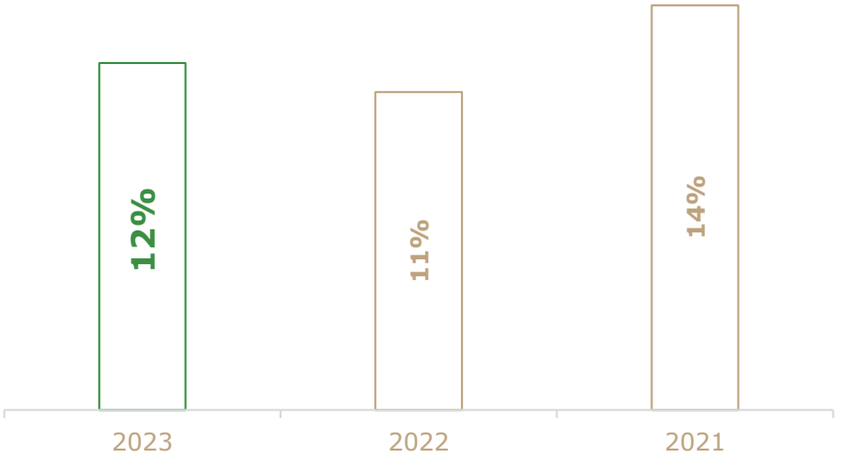
Waste production
(t)



Percentage breakdown by type of waste



Rate of disposal of waste in industrial landfill in Portugal



Goal: by 2030, to achieve a rate of waste disposal in industrial landfill in Portugal of less than 10%.

Note 1: Total production of waste includes for the three years Navigator's operations in Portugal, and for 2023 also includes Spain, as a result of the acquisition of a new industrial unit - Navigator Tissue Ejea.

Note 2: See the GRI Table for methodological information on the calculation of indicators (GRI 306-3 and 306-5).

The increase in waste production recorded was the result of a combination of developments in the industrial process, which demonstrate both the Company's concern with reducing this footprint and also some unforeseen operational difficulties at our mills. Attention is drawn to the following: (1) in the case of WWTP sludges, heavy investment in improved efficiency in effluent treatment, leading to increased generation of this waste product; (2) production of sands which is associated with the quantity of biomass processed in our boilers, occasionally with a high concentration of inert materials; (3) lastly, unplanned production of carbonate sludges, as a result of operational problems in the kilns in Setúbal.

The WWTP sludges produced are reclaimed in farming and/or energy production. Attention should also be drawn to the new evaporation unit installed at the Aveiro Industrial Complex, which will enable biological sludges to be reused for energy in the recovery boiler.

Projects promoting the circular economy

In 2023, we focused on pursuing the projects and partnerships already under way, and also on developing new initiatives for implementation in the years ahead. The projects approved in 2023 by the Recovery and Resilience Plan (RRP), in the area of decarbonisation (Chapter 6.3.2), will not merely contribute to a reduction in emissions of fossil CO_2 in production processes, but also demonstrate a clear commitment to the circular economy and recovery of by-products and waste.

In the reporting period, we maintained out partnership with Specialty Minerals Inc. at Figueira da Foz, enabling us to reclaim approximately 4,800 tons of **carbonate sludges**, up by around 3,800 tons from 2022. Carbonate sludges can be used for the **production of precipitated calcium carbonate (PCC)**, a mineral filler incorporated in Navigator's printing and writing paper (UWF).

With a view to a substantial reduction in the generation of waste carbonate sludges at source, we are going to install a new lime kiln at the Figueira da Foz Pulp Mill. In the kraft process for pulp production, quicklime is produced in a lime kiln using carbonate

sludges, a by-product generate in producing white liquor, which is needed for cooking the wood, This process represents the calcium cycle, in which calcium compounds are reused to produce the sodium hydroxide used in cooking the wood. In conjunction with the existing kiln, the new lime kiln will make it possible to close the calcium cycle, significantly minimising the quantity of waste carbonate sludges disposed of in landfill. Benefits will also be felt throughout the value chain, and it will be possible reduce purchases of the quicklime needed to compensate the process.

As in previous years, combustion gases from Navigator's boilers and lime kilns in Setúbal and Figueira da Foz were again supplied to our partners, OMYA and Specialty Minerals Inc. (SMI), respectively, for the production for PCC. This made it possible to capture and incorporate approximately 120,000 tons of CO_2, including 15,000 tons of fossil CO_2. In 2024, new equipment will be installed to feed lime kiln gases in Figueira da Foz to SMI, making it possible to increase **incorporation of fossil CO_2 in the production of PCC**. This initiative, also approved by the PRR, represents an investment of approximately 1.7 million euros.

In Setúbal, the project completed in 2023 at WWTP 2 constitutes a crucial stride towards **minimising Navigator's water footprint** (Chapter 6.3.4). The technological improvements introduced, most notably an ultrafiltration stage, mean that the WWTP is now ready for future implementation of a complementary treatment stage (reverse osmosis), which will be able to produce effluent of a quality identical to that of the water withdrawn, permitting Navigator to honour its commitment to circularity in this natural resource.

The future Recovery Boiler in Setúbal approved by the RRP (Chapter 5, 6.3.2) will bring a significant number of environmental improvements to the pulp production process. From a circular economy perspective, the new facility will bring:

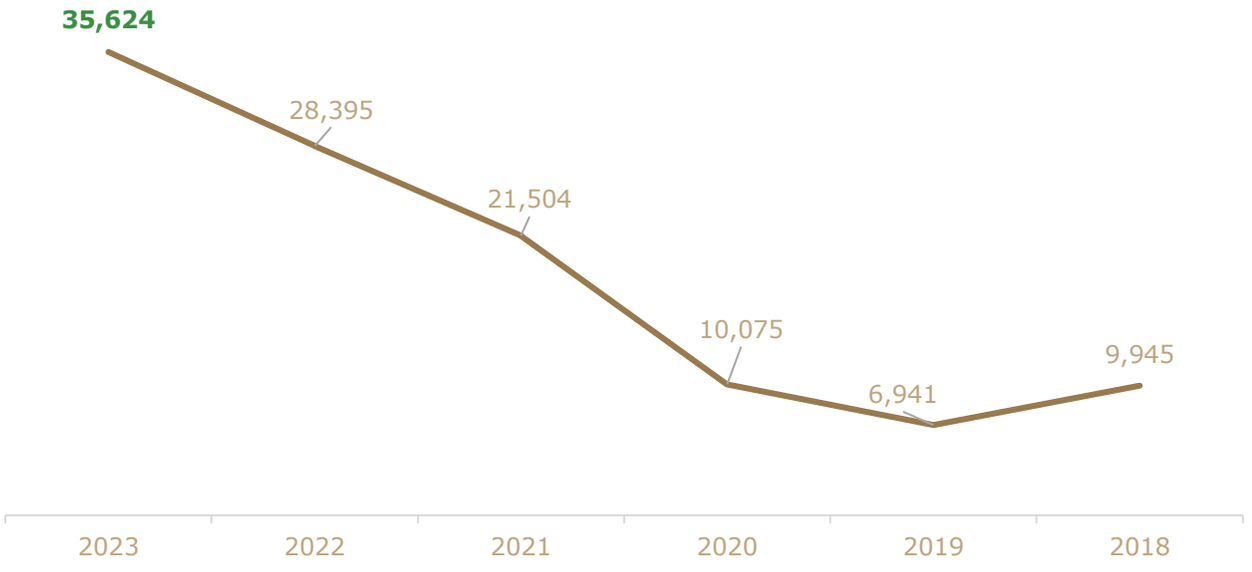
- **Greater efficiency in chemical recovery of sodium;**
- **Reclamation of malodorous gases for energy**;
- **Incorporation of biological sludges in black liquor** for reuse to generate energy.

In Aveiro, the **WWTP sludges** generated in treating effluents are now **reclaimed on site in the biomass boiler**. This reclamation for energy has positive impacts throughout the value chain, as it avoids sending this waste to Waste Management Operators (WMOs), reducing the environmental impacts associated with the process as a whole, in particular in the transport and processing of materials.

Through partnerships with the construction sector, involving **incorporation of sands from fluidised bed biomass boilers (by-product) in the production of concrete blocks**, Navigator was able to find a use for approximately 35.6 thousand tons of sands in 2023 (up 25.5% on 2022).

Sands sent to construction sector

(t)



Another important development in 2023 was an initiative to reclaim waste from the pulp and paper industry, in partnership with RAIZ, through the consortium for the **TransForm mobilising agenda** (see insert).

Waste reduction and processing create value for Navigator and for forests

Targets 12.2, 12.4, 12.5, 15.2

In the transition from a linear economy, dependent on fossil fuels, to a sustainable circular bioeconomy, a fundamental role is played by planted forests and their products, but also by the processes, in which the Company has continuously invested, for optimising the use of resources, reducing waste production and promoting recycling and reclamation.

The process of reducing waste, and of processing it to produce fertilisers and soil conditioners, are responses that constitute a necessity, but also an opportunity. And they are both examples of the workings of the circular economy promoted by Navigator.

Reduction of waste at source responds to an environmental need by minimising its impact. Treating waste enables it to be reincorporated in production, in this case in the form of fertilisers, using processes that bring value for Navigator and for forests.

From the perspective of the circularity of its products and by-products, the future recovery boiler at the Setúbal mill will have positive environmental impacts, bringing greater efficiency in the chemical recovery of sodium and reclaiming malodorous gases and biological sludges for energy production.

A new lime kiln to be installed at the Figueira da Foz pulp mill will substantially reduce generation of sludges and carbonates at source. At the same time, the use of biomass as fuel, instead of fuel oil and natural gas, will also help cut emissions of fossil CO_2.

The WWTPs at the Setúbal and Aveiro mills are further examples of how waste is disposed of and reused. In Setúbal, ultrafiltration technology has prepared the WWTP for a complementary treatment stage using reverse osmosis, which will enable the facility in future to produce an effluent with the same quality as the water taken from the environment. In Aveiro, the WWTP sludges generated in treating effluents are now reused as an energy source in the biomass boiler, reducing the impacts associated with transporting and treating these sludges.

WHAT NEXT?

- Implementation on an industrial scale of the project under way with Saint-Gobain for reusing fly ash from biomass boilers in construction materials (2024).
- Implementation of projects under the RRP Agendas (2024-2025).
- New initiatives with Secil for reusing industrial waste (ongoing).

6.4. Social disclosures

6.4.1. Talent management and development of human capital

GRI 3-3, 2-7, 2-30, 401-1, 401-2, 404-1, 404-2, 404-3
ESRS SBMA-1, SBM-2, SBM-3, MDR-A, MDR-M, MDR-T, S1-1, S1-2, S1-4, S1-5, S1-6, S1-8, S1-13

Our people are our most valuable asset and are what give The Navigator Company its distinctive edge. Our strategy for managing the Company's Talent and Human Capital is to develop their skills, value their talent and invest in their self-realisation and advancement.

OUR IMPACTS

3,317
Direct jobs[49]

€171.1m
Employee pay and benefits

94.2%
Employees on permanent contracts

259,121
hours
Training hours

78
hours
Average training per Employee

1,560
Welfare allowances awarded, **equivalent to more than 673 thousand euros**

2.9%
Voluntary turnover **in Portugal**

13.3 years
Average length of service **in Portugal**

YOUNG TALENT

326
Young people in the Talent Attraction Programme[50]

Approximately
50%
Integration rate for vocational internships

22,467
hours
Training for Interns[51]

[49] Number of Employees at 31 December 2023. This does not include the 150 Employees at Navigator Tissue Ejea, as well as interns/bursary holders and company officers.
[50] Includes vocational internships, trainees and summer internships in 2023.
[51] Figure determined for the 113 interns in the Group at 31 December.

Our human capital is a priority for Navigator. We have invested in it systematically, so that our Employees can evolve, progress and enjoy a sense of self-realisation. An example of how Talent Management is one of our priorities is that fact that direct responsibility for this area is assigned to The Navigator Company's CEO and Human Resources is the responsibility of one of the executive directors.

The strategic importance attached to the issue has to do with the crucial role of our Employees in the Company, and for the future and sustainability of our business. It also reflects the volume of employment we provide, as part of our social and impact on the Communities in the areas where we operate.

The management of our Employees is also informed by the values of stable employment, recognition and reward for merit, internal growth and career-long skills development, as well as investment in promoting their safety, health and well-being (Chap. 6.4.2).

In our 2030 Roadmap (Chapter 6.2.4), we establish the following **commitments** in relation to talent management and developing human capital:

- Promote development and upskilling of human capital in line with the Company's present and future needs;
- Contribute to the skills and employability of young people in the regions where we operate;
- Promote an inclusive organisational culture able to integrate internal and external challenges.

In our management approach to this issue, we seek whenever possible to adjust and align our practices in the different geographical regions in which we operate. This has been achieved in relation to Mozambique, whilst in the case of Ejea (Spain) we are still at a transitional stage of aligning policies and practices, as a result of the acquisition of this unit in 2023.

Approach to talent management and development of human capital



Recruitment and Selection

- Focus on attracting and developing future generations of professionals for Navigator and society.
- Promotion of continuous improvement in processes, in order to improve the standard and experience of applicants in our recruitment and selection processes.



Onboarding

- Focus on a faster onboarding process, enabling new recruits to acquire the essential skills for their jobs and to adapt to the Company culture, creating a positive experience for all our Employees.



Performance and Careers

- Managing Employee performance and potential and promoting their development, using plans which are relevant, robust and well thought out, geared to acquisition of skills, development of others and professional advancement.
- Succession plans that enable people to develop and progress, whilst ensuring business continuity and the Company’s future.



Skills Development

- Helping Employees to develop their skills through the training offered by the Learning Center.
- Implementation of development plans, in line with the Careers Plan.

Compensation and Benefits

- Development of Compensation and Benefits policies and programmes in keeping with the applicable legislation and aligned with market practice.
- Implementation of competitive salary structures and benefit plans, in order to be fair internally and competitive externally, and to attract and retain talent.
- Managing internal mobility.

Culture and Communication

- Design of internal communication strategies and plans.
- Managing internal communication channels.
- Content development and production.
- New internal communication channels - improving the touch points.
- Support for Business Projects, recommending the best communication strategy and how to implement it.
- Design of the strategic Employer Branding plan.

Recruitment and selection

We are committed to attracting and retaining the best talent. We keep a careful eye on younger generations and stay focused on creating attractive opportunities that cultivate the innovative potential of young professionals, offering recruitment and selection programmes aimed at different technical and operational profiles, in the various geographical regions where we operate and have our mills.

Thanks to its investment in **young talent**, Navigator currently has 434 Employees aged under thirty. In 2023, 44.9% of new hires were in this age range.

This rejuvenation is pursued hand-in-hand with efforts to **value the contribution of different generations and to recognise the experience** of colleagues who have been longer in the company. One example of this is the Length of Service Awards, given in 2023 to 102 Employees celebrating 15 and 30 years in the Company.

Our Employee headcount increased in 2023, in line with the tendency in recent years, although with a more significant impact this year due to the acquisition of a new Tissue unit in Spain, bringing 150 new people into the Group[52].

3,317
Employees

Geographical distribution of Employees:

94.1%
Portugal

34.9% Setúbal
33.6% Figueira da Foz
18.9% Aveiro
7.8% Vila Velha de Ródão
4.8% Others

3.9%
Mozambique

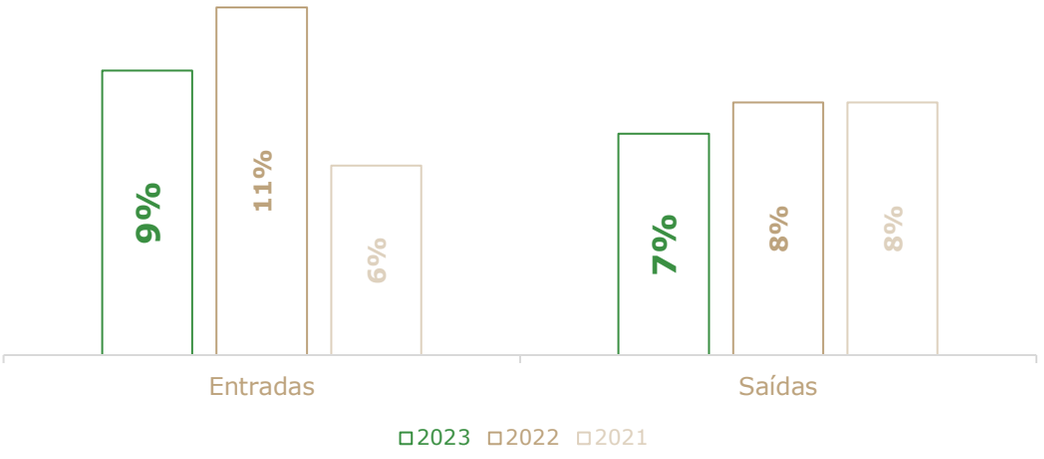
2.0%
Other regions

Types of contracts:

94.2%
Employees on permanent contracts

[52] The figures stated in this Report refer to the number of Employees at 31 December each year. This does not include the 150 Employees at Navigator Tissue Ejea, as well as interns/bursary holders and company officers.

Turnover rates (staff entering and leaving)



Note 1: Includes voluntary terminations under Rejuvenation Programme.
Note 2: This does not include the 150 Employees at Navigator Tissue Ejea, as well as interns/bursary holders and company officers.
Note 3: See the GRI Table for methodological information on the calculation of indicators on Employees (GRI 2-7 and 401-1).

In 2023, we continued to invest in the continuous improvement of our **recruitment and selection** processes, in order to improve the standards and experience of applicants. To this end, a new initiative was designed and implemented to make the Recruitment and Selection (R&S) process faster and more effective, as part of the "CRESCER" (Growing) project (see section on "Culture and communication").

We pressed ahead with the strategy of integrating and developing young people, through initiatives such as the short- and long-term Trainees Programmes (9 months and 24 months, respectively). More than 50 young employees were hired as a result of the short-term trainees programme in 2022, whilst more than a hundred new internships started, along with three training courses for future Technical Operatives. This programme includes initiatives for recent graduates (first degree and master's), and for undergraduates, in the form of summer internships, curricular internships and opportunities to develop dissertations in a business setting.

It also includes specific programmes for developing future operatives. These are young people who have completed secondary education or the equivalent, and for whom, in partnership with the Institute of Employment and Vocational Training (IEFP), training is provided with a hands-on component at Navigator's mills, followed by a 9-month vocational internship and subsequent integration into the Company's workforce. Progression from one phase to the next requires successful attendance and a positive assessment and is of course conditional on the existence of vacancies in the Company.

In this same area, we have stepped up our **partnerships with vocational colleges, universities and IEFP**. Alongside this, we took part in 26 job fairs over the year, at universities and polytechnics, and awarded 8 study bursaries and 31 curricular internships/dissertation projects, as well as organising workshops and seminars on topics related to our business and opening our doors to 23 groups of students (636 people in all) interested in learning about Navigator.

For professional internships completed in 2023, the overall rate of integration in the Organisation was approximately 50%; the rate for permanent contracts for future operational technicians was 68%, and 33% for graduates (first degrees and master's degrees).

In addition, we stepped up our commitment to young people in 2023 by signing up to the the "Pacto para Mais e Melhores Empregos para os Jovens" (More and Better Youth Employment Pact), as one of the initial group of 50 companies backing this initiative.

Signing of "Pacto para Mais e Melhores Empregos para os Jovens"





Targets 4.4, 8.3, 8.6

The Navigator Company was eager and willing to back an initiative bringing together business and public authorities in efforts to address the vulnerability experienced by young people in employment. The "Pacto para Mais e Melhores Empregos para os Jovens" (More and Better Youth Employment Pact), to which the Company was one of the first signatories, in January 2023, seeks to create better quality employment for people aged under thirty.

Promoted by the José Neves Foundation and the Portuguese government, with the country's president as patron, the pact sets targets for companies to recruit more young people, with higher salaries and more stable contracts.

Given that attracting young talent has been a central plank of The Navigator Company's human resources strategy in recent years, the Company's indicators show it to be well placed to meet the targets. For example, the rate of new hires aged 29 and under already stood at over 50% when we signed the Pact, leading to a commitment to increase it by a further 3 percentage points by 2026. As an example of the attention that has been paid to this area, we can point to our results in the Pact's indicator for opportunities for vocational or curricular internships: in 2023, the Company opened its doors to 326 young interns, 60 more than in the previous year.

One of the main obstacles that Navigator faces in offering more and better employment for young people, is the desertification of interior regions of Portugal and the difficulty of attracting professionals to these regions at the start of their careers. Several short- and long-term internship programmes and training initiatives have enabled the Company to address this situation and increase the rate of new hires and the retention of young people (the first of the four commitments in the Pact), and also to respond to the other three: "Ensure quality employment for young people", "Train and develop young people" and "Give a voice to young people". The good practices promoted by Navigator include the Future Leaders Forum, which not only provides a platform for the Company's young managers and professionals, but also harnesses their energy and talent.

Onboarding

The process of onboarding is especially important to Navigator, as we see it as an opportunity to bring new Employees quickly up to speed.

We use a buddy system to ensure that new Employees get personalised support and a series of distinctive experiences. This involves sharing specific expertise and/or general information, as well as setting up interactions with different co-workers and situations.

26%

of all Employees with individual development plans, as a result of application of the Performance Management Model

In 2023, the onboarding process was deployed for 297 new Employees, as well as interns (totalling from than 113[53]). The first day is entirely given over to safety issues, with the SafePro Onboarding (Chapter 6.4.2).

Performance and careers

Our performance management model is one component of our wider strategy to develop our Employees. This model applies across the whole Company and is intended to clarify performance expectations, boost feedback and promote continuous development.

99%
Employees with performance assessment

The Company encourages **professional mobility**, expanding the range of Employee opportunities for growth and made it easier for Navigator companies and functional areas to share their experience and know-how.

Operating in a changing industry with a high level of specialisation, in 2023 we consolidated implementation of a Job Family Model, which has been communicated to all the Employees affected, with the following main aims:

- To shift from an approach focused on job grades, with detailed job descriptions segmented by area, towards a more flexible and simpler methodology, better able to adapt and to apply across the Group;
- To attach value to technical careers, with status equivalent to management careers;
- To boost internal growth, development and mobility, enabling Employees to create their own path and at the same time promoting transparency and flexibility in this process.

It should be noted that the Company has sought fresh **attraction strategies broadened to include senior profiles**. To this end, we have signed up to Grow with Semapa, a new platform for internal mobility within the Group.

The main task in 2023 was to characterise the professional pathways within the Organisation. In close collaboration with the different business areas, we developed mobility guidelines which will provide our Employees with clarity and transparency in relation to their **career options**.

It was also possible to complete the digitisation of core processes in the Performance & Careers sector, in order to evolve to the next level of focus on the development of our Employees, through skills acquisition, development of existing skills and professional advancement. The **Talent Review** process and **Succession Planning** are currently being digitised, and this initiative encompasses diagnosis of potential and implementation in more senior organisational groups. We are accordingly committed to identifying and developing leadership potential, ensuring robust succession, in line with our strategic goals.

We recognise the importance of our managers in the process of performance management and career development. As part of our efforts, we are focused on training in the different areas coordinated by Performance and Careers. This includes **Performance Management**, **Talent Review** and **Career Conversations**, currently being piloted. The aim is to improve leadership skills, promoting effective management and an inspiring working atmosphere, reaching more than 200 management units in 2023.

[53] Number of interns in Group at 31.12.2023

Another achievement in 2023 was the design of the Navigator Leading with Purpose handbook, in which we clarify the role of our leaders and the behaviour expected of them, to foster a culture of togetherness, in which people feel committed and fulfilled, focused on their personal development and on the Group's performance. In implementing these guidelines, our aim is to train more mindful and inspiring leaders, able to encourage self-assessment and self-awareness and to build a culture of focused and coherent leadership.

Skills development

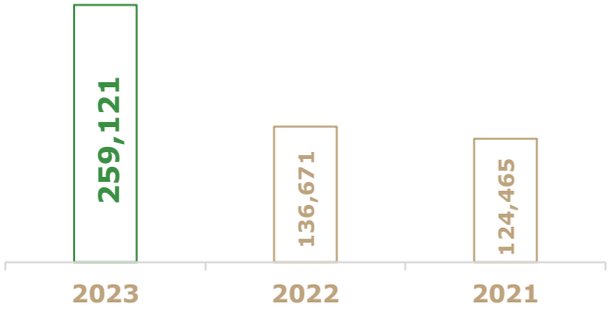
Underlining the Company's commitment to developing and training our people, all Employees are encompassed by the **Training Plan**, which in 2023 recorded a total of 259,121 training hours, corresponding to an average of 78 hours per Employee.

There was a very significant increase in training hours (up 89.6% on the previous year) driven largely by implementation of the new skills programmes associated with the new Careers Plan, applied above all to the industrial sectors. We also recorded a highly significant increase in participation in e-learning, designed to address cross-group issues and/or legally required areas of training, such as safety, cybersecurity, internal policies, anti-corruption and whistleblowing.

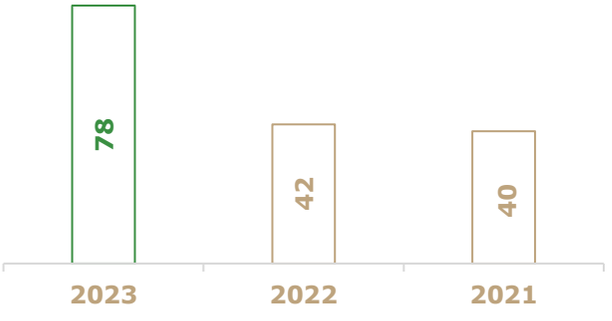
Attention is also drawn to the Go Fluent platform, helping employees (and their families) learn 12 different languages, with 564 active trainees.

It should also be noted that in 2023 we provided 22,467[54] hours of training to interns.

Total training hours



Average number of training hours per Employee



Note 1: The figures presented do not include Ejea (Spain).
Note 2: See the GRI Table for methodological information on the calculation of annual training indicators (GRI 404-1).

Employees are covered by the Training Plan which is part of the Careers Plan agreed, in 2021, with Workforce Representatives. The aim is therefore to promote a process of continuous learning, designed to improve their skills and adapt them to the Company's needs.

The year saw the completion of work on most of the new **skill set programmes**, provided for in the Careers Plan, approved for the Group's technical operatives. Despite being currently at the construction phase, the skill sets that were carried over have remained in place and new sets gradually offered, resulting in more than 600 skill set programmes being started in 2023. For the

[54] Hours relating to the 113 interns in the company at 31.12.2023

purpose of implementation of these programmes a new Skill Set Management tool was also implemented, to support the careers plan created in 2021 for the maintenance, production, tissue and quality process control sectors.

We also work to raise the level of qualifications in our workforce, with **Regulations on Contributions to Academic Training** (for university courses), and in 2023 we revived the **Qualify Programme**, in partnership with the IEFP Qualify Centres in Figueira da Foz and Setúbal. This has enabled Employees to complete the 9th and 12th years of secondary education, with lessons at Navigator's sites, avoiding the need for additional travel. More than 15 sessions were organised to publicise and promote the programme, resulting in more than 50 enrolments; the programme is planned to continue in 2024.

Compensation and benefits

We believe that our people are our most important asset, and so it is extremely important to promote their development, retention and advancement. Management of our Employees is based on recognising and valuing merit, on internal growth and developing the skills that can assure the future and sustainability of our business. We seek to respond to our Employees' expectations by implementing competitive **Compensation and Benefits policies** aligned with the talent management models in place in the Company.

Benefits plan in Portugal

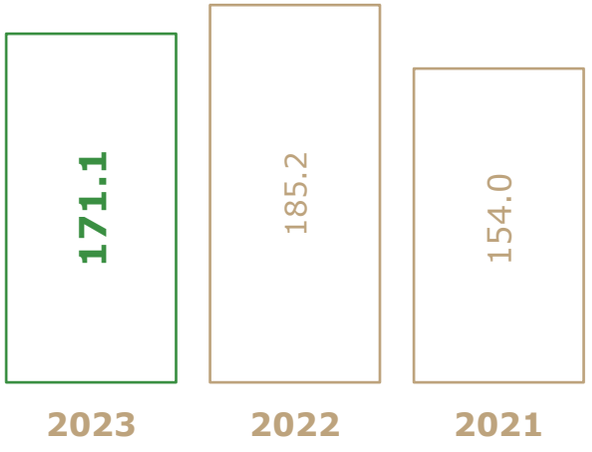
- Health insurance, covering both Employees and their spouses and children.
- Life insurance, including cover for death and total and permanent invalidity.
- Pension fund.
- Sickness benefit in addition to the sick pay provided by Social Security.
- Welfare support through: healthcare and occupational medicine (including social worker, psychologist, physiotherapist and nutritionist);
- Support for families through allowances for nurseries, support for students (from primary school to higher education), for children with special needs, study grants and childbirth bonus.

- Financial support for Employees taking courses in higher education.

NB: Some of the benefits vary from region to region. The following apply in Mozambique: life insurance for all employees, health insurance for ex-patriate employees.

In 2023, we continued with our policy of improving the living standards of our workforce by increasing their disposable income. We can point to our salary progression plans, the largest bonus pay-out in the Company's history and implementation of the Childbirth Bonus - a benefit to help new parents, consisting of one month's basic pay for each child born as from 1 January 2023. This was paid out in 2023 for more than one hundred children born to Employees.

Employee salaries and benefits
(million euros)



For Employees nearing pensionable age, Navigator has a scheme, under its **Rejuvenation Programme**, for compensating Employees willing to take early retirement from the Company. This programme is designed to support them in the transition to a new phase in their lives, which may in some cases involve taking up other personal and professional challenges. In 2023, 42 employees left Navigator under the rejuvenation programme.

Average length of service in Portugal stood at 13.3 years in 2023, showing the influence of the rejuvenation programme. There is also a voluntary turnover rate of 2.9%. These indicators reflect the Company’s investment in putting together an attractive and competitive pay policy.

Culture and communication

Initiatives have been adopted to promote Employee engagement with the Company. Central to these is the **“CRESCER”** (Growing) project, addressing the organisational culture with the aspiration that “Everyone at Navigator should lead the organisation's future, committed and realised”.

In 2023, the "CRESCER" project entailed conducting an **organisational climate survey**. With a participation rate of 73%, the findings helped to fill out the project roadmap, pointing to specific issues concerning Technical Operatives which will have to be addressed.

In line with the aspirations of the "CRESCER" project, and in the light of the needs and expectations expressed by Employees, initiatives with the following aims have been maintained and developed further:

Give a Voice to Younger Target Groups

- Future Leaders Forum and Future Leaders Board – a programme that brings together young management staff in order to strengthen their ties with the Company, through opportunities for sharing and resolving challenges, in interaction with the Executive Board.

Nurture a Culture of Innovation

- *Straight To The Top* – a chance for everyone to contribute to the Company's future, by sharing knowledge and ideas that can improve our performance.

Bringing our People Together

- Opening doors to family - we open the doors of our industrial complexes so that our Employees can show their families where they work.
- Holiday camp for Employees' children - fun and educational activities for children, some of them led by our Employees.
- Manager's Forum - Quarterly meetings with Top Management.
- Supervisors' Forum - New programme of six-monthly meetings designed to align strategy with actual operations, through engagement on management topics and sharing of information on the current situation and future projects.

Recognise and Celebrate Special Dates

- Length of Service Awards - Every year, we celebrate those who have contributed to our success story, for a period of 15 or 30 years.
- Birthday mementoes

"CRESCER" (Growing) with our people

Targets 4.4, 4.5, 8.5, 8.8

2023 was the first year of the "CRESCER" project, and whilst this was only the start of a marathon, there is already a lot to celebrate. These were 12 months of dedication on multiple fronts in a mobilising and multidisciplinary project that starts out from Employees' ideas in order to improve the way we work, promote a sense of belonging and prepare the Company's future leaders.

With its slogan "So that all Navigator's people, committed and fulfilled, can lead the organisation's future", the "CRESCER" project wants the Company to evolve through the strength and innovative spirit of its human capital.

The phase consisted of needs assessment sessions involving more than 200 Company managers, at every site, including international teams. Around 500 Employees took part directly, but in total there were contributions from around a thousand. This massive engagement served to create the project's roadmap, structured around five Strategic Focus Areas: Our People, Our Ways Of Working, Our Business, Our Impact and Our Leadership.

The five focus areas sub-divide into 16 pillars and then take practical form in 29 initiatives, which are to be implemented by the end of 2024. Each of these is entrusted to a Functional Team, comprising Company staff from different areas and different backgrounds.

"The teams are working enthusiastically, dynamically and with growing participation", stressed Rui Faria, Paper Production Director at the Figueira da Foz Industrial Complex, involved in one of the initiatives in the "Our business" focus area. "The "CRESCER" project is a real opportunity for us to get aligned and leverage ourselves as an organisation. "All this commitment - he concludes - shows we're already 'Growing'!"



Social dialogue

94.1%
of all Employees covered by collective bargaining agreements (100% of Employees in Portugal covered by collective bargaining agreements)

Social dialogue has always been a concern for Navigator and this has been stepped up in recent years through increased and continuous interaction with different bodies and organisations representing workers.

This has not only resulted in greater closeness between bodies representing workers and Navigator's different operational sectors and the Human Resources Division, but it has also encouraged direct dialogue with the Executive Board itself, as well as the director responsible for human resources.

An example of this type of initiative was the **Industrial Forum**, set up in 2023, which was attended by the Executive Board and organisations representing workers from all Navigator's sites and business areas. The forum sought to establish cooperation and to resolve issues relating to working conditions and employment topics of interest to the workforce. It also addressed the future challenges that Navigator faces and for which everyone's joint endeavours will be needed.

Dialogue was an important feature of the industrial negotiation procedures which resulted in a two-year agreement for 2022/2023 and its renegotiation for 2024/2025.

In addition to establishing custom-made negotiated agreements, changes were also made to the following collective bargaining instruments:

- Company Agreement (The Navigator Company) with Fetese[55] ;
- Company Agreement (The Navigator Company) with Fiequimetal[56] ;
- Collective Agreement reached by Navigator Tissue Ródão and Navigator Tissue Aveiro with the union organisations Fiequimetal and Fetese[57];

WHAT NEXT?

- Maintain the strategy of attracting and developing young talent, in order to meet the Company's needs and to improve their employability (ongoing).
- Maintain the strategy of developing our people, helping to build stronger development plans that are relevant and robust, and providing new self-learning tools (ongoing).
- Promote professional advancement within Navigator, providing information on natural vocational pathways and the respective criteria, encouraging internal mobility in the organisation and within the SEMAPA Group (ongoing).
- Implementation of an onboarding portal, designed to make the experience of new Employees more attractive (2024).
- Design of a new working hours for continuous operation in the next five years (2025-2029), featuring a reduction in the working week to 37.5 hours as from 2026 (2024).
- Provision of training on the careers plan for technical operatives (2024).

[55] published in BTE (Labour and Employment Bulletin) no. 45, of 8 December 2019; amended by BTE no. 3 of 22 January 2022 and no. 47 of 22 December 2022.
[56] published in BTE (Labour and Employment Bulletin) no. 18, of 15 May 2019; amended by BTE no. 40 of 29 October 2022 and no. 44 of 29 November 2022.
[57] published, respectively, in BTE no. 47, of 22 December 2022 and no. 2, of 15 January 2023;

6.4.2. Health, safety and well-being

GRI 3-3, 403-1, 403-2, 403-3, 403-5, 403-6, 403-8, 403-9, 403-10
ESRS SBM-3, MDR-A, MDR-M, MDR-T, S1-1, S1-2, S1-4, S1-5, S1-14, S2-1

People are part of our purpose. This means that our Employees' well-being, in a healthy and safe environment, is a priority for The Navigator Company.

OUR IMPACTS

228
(**down 13.0% on 2022**)
Accidents at work

5.9
Frequency rate for accidents at work

49,000 hours
OHS training

1,286
Days of absence

7
Occupational diseases reported

OCCUPATIONAL HEALTH PROGRAMME

97%
Assessment of Employee satisfaction with programme

OCCUPATIONAL HEALTH PROGRAMME (CONT.)

236
Instances of sick leave avoided through Occupational Health Programme

1,852
Employees included under Occupational Health Programme

4,147
Nutrition, psychology and physiotherapy consultations

ERGONOMICS PROJECT

72
Workstations redesigned

84
Actions undertaken

Aware that the risks involved in our operations include the possibility of accidents at work and occupational diseases, we have made a firm commitment to the quality of life of our Employees, investing continuously in a **safe and healthy environment**, to ensure their well-being. Such incidents can be potentially life-changing for our Employees and their families, and also damage the Company's reputation and competitiveness, potentially compromising our strategic goals.

It is our responsibility to create an **Occupational Health and Safety (OHS) culture** which enables us to make a sustained reduction in the probability of these events occurring and thereby eliminate both accidents at work and occupational diseases. By conducting our business in a responsible way, we can not only cut the Company's costs, but also minimise risks to people, workers in the value chain, Communities and the environment (especially those resulting from the Company's industrial units and forestry operations) as well as contribute to the continued good state of our facilities and plant.

Our 2030 Roadmap (Chapter 6.2.4flects the importance of this topic, through the commitment to providing workers with a safe and healthy environment in order to ensure their well-being, which takes material form in a series of goals established for Portugal:

- Achieve the Target of "Zero Accidents" through continuous improvement to safety, attaining a frequency Index of ≤2 in 2030 (internal and external Employees);
- Develop the Occupational Health Programme up to 2030, achieving a Work Ability Index (WAI) of 45%[58] and Employee satisfaction with the programme, assessed at over 95%;
- Develop the Ergonomics Action Area through redesign of 100 workstations by 2030;
- Provide training courses on a continuous basis in OHS in forestry operators for service providers, Suppliers and operators, aiming to provide more than 600 hours each year (Chapter 6.3.3).

Management of health and safety at work

At Navigator, we follow a **Major Accident Prevention Policy (MAPP)** – based on the principle of continuous improvement in line with the goals set out in the **Management Systems Policy** – featuring in particular the OHS Management System in Portugal, certified under ISO 45001, covering 98%[59] of internal Employees and 100% of external Workers.

Our **"Mission Zero" Health and Safety Strategy** for the three-year period 2021/23 is based on five key ideas. Measures have been identified in each of these areas and, depending on the capacity to implement them and their impact, these have been included in an ambitious plan involving the entire Company, from top management to sector managers, supervisors and operatives. The plan is monitored on a periodic basis by the Executive Board, the Director responsible for this area and Company Managers. "Mission Zero" was rebranded in 2023 with a view to stronger messaging and a renewed commitment to safety. The image was updated with bright colours to make it more appealing and eye-catching, and several new items will be released over the next two years.

[58] Insofar as this index is monitored every 4 years, it will be monitored again in 2025.

[59] There are various activities in the organisation, in particular Forest Management, Wood Supply and RAIZ, which do not fall under ISO 45001. However, activities in these sectors are subject to the same principles and procedures.



We invest constantly in resources to equip people across the Company with **skills, tools and technological solutions** enabling them to take a proactive approach to accidents and how to promote well-being. Our focus is on ensuring the health and well-being of all Employees, underlining our commitment that "We must all return home, safe and sound, to our families!"

Following on from the new **Health and Safety governance model** (developed in the previous year), steps were taken in 2023 to improve the workings of the Committees (at local, corporate and board level) that contribute to decision-making and a bottom-up approach leading to more robust and efficient action. This approach makes it possible to address issues of safety and communication more effectively, conveying decisions and information clearly to the workforce and ensuring they have a broad grasp of the issues and are actively involved. The new model facilitates identification of opportunities for improvement, alignment with strategic targets and creating synergies between different committees. This collaboration and exchange of know-how will boost our ability to resolve complex and interrelated challenges.

Another development in 2023 was the creation of the **Safety and Supporting Systems Division**, with a field of action that connects its intrinsically to issues of welfare, sustainability, management, decision-making and encouraging innovation and improvements.

Safety is a daily mission for all Employees







Targets 3.4, 4.4, 8.8

The well-being and quality of life of Navigator Employees means that Occupational Health and Safety has to be a priority for the Company. The creation of the new Safety and Supporting Systems Division in 2023 is a reflection of this commitment and a way of clearly showing to all our Stakeholders the importance that the Company attaches to the topic.

Paula Monteiro, who heads the new Division, explains its rationale: "We're signalling the value we attach to safety, a value which should be recognised by the Employees themselves, who are truly responsible for bringing safety and well-being to The Navigator Company. The aims is therefore to strengthen our 'Mission Zero', in which the Company has set the target of zero work-related injuries." She also stressed that the new Division intends to attach value to issues of welfare, sustainability, management, decision-making and encouraging innovation and improvements.

In order for the elimination of work-related accidents to be an achievable goal, the Company has developed two training courses which point to safety as a daily mission in which all Employees are actively involved.

Leadership for Safety

More than 300 Employees took part in 6 workshops on "Leadership for Safety" held in the final months of 2023 in Setúbal, Aveiro and Figueira da Foz. Aimed at directors, sector managers and supervisors, in both industrial and forestry areas, the training was provided by Balmert, a US company with vast experience of safety in the pulp and paper industry.

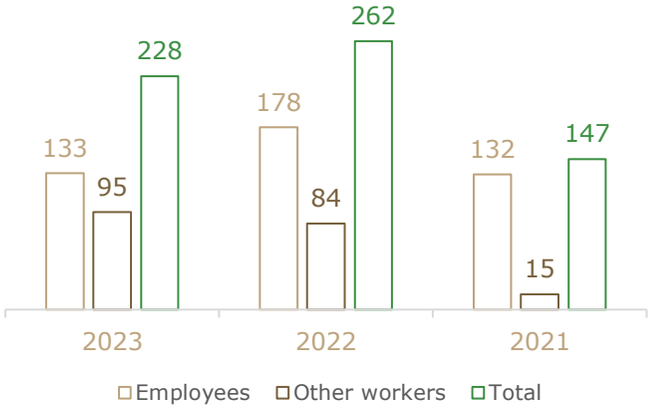
In another development in 2023, the corporate OHS structure visited both Mozambique and Spain in order to strengthen alignment in The Navigator Company's strategy between head office and local operations.

Accidents at work and occupational diseases

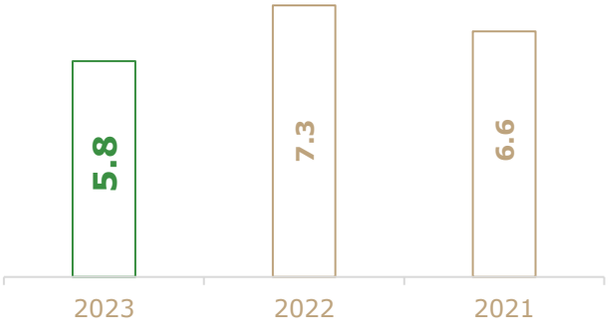
In the reporting year, we recorded a lower number of accidents with sick leave than in the previous year (down 24.3%), and consequently a lower frequency rate (5.8). The most frequent cause of accidents at work leading to sick leave are work-related musculoskeletal disorders (WRMSDs), which accounted for 30% of accidents in 2023.

Sadly, a fatal accident occurred in 2023 involving two external Employees. The accident took place during maintenance work in a planned shutdown of the Pulp sector. The investigation conducted by an independent Commission appointed for these purposes identified no failing in the management of the safety programme in force and which might have prevented this tragic event. It is nonetheless fundamental to maintain the strictest standards in relation to safety, pursuing programmes of continuous improvement and combating both complacency and unsafe behaviour. Significantly, the number of accidents reported was down by 13.0% overall in 2023.

Number of accidents at work



Frequency rate for accidents at work[60]



Goals: Achieve a frequency rate of < 2 in 2030 (internal and external Employees in Portugal).

Significant accidents

Main causes (accumulated)	2023	2022	2021
Musculoskeletal	30%	32%	50%
Cuts	21%	12%	17%
Entrapment/ Collision	19%	9%	-
Fractures	17%	13%	5%
Bruising	14%	21%	20%

Moderate accidents

Main causes (accumulated)	2023	2022	2021
Cuts/Lacerations	25%	19%	24%
Bruising	24%	18%	26%
Musculoskeletal	22%	15%	33%
Entrapment/ Collision	9%	13%	6%
Burns	9%	10%	8%

Note 1: The figures presented refer only to Employees of Navigator Portugal.

Note 2: See the GRI Table for methodological information on the calculation of the accidents at work indicator (GRI 403-9).

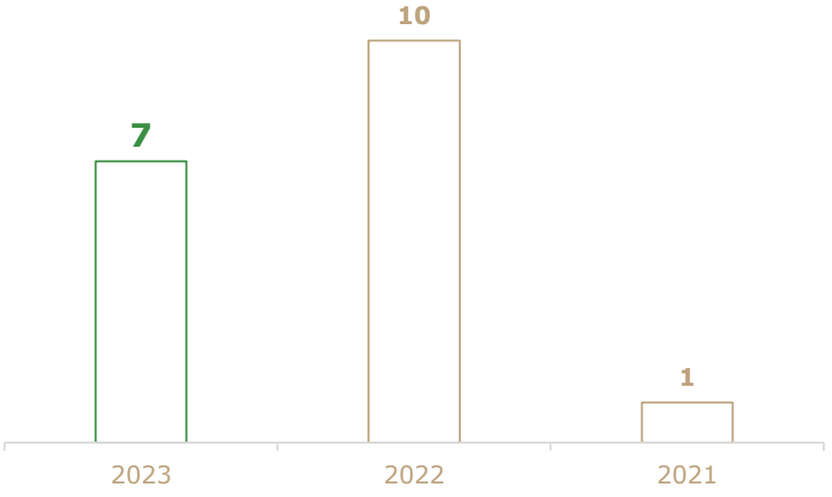
Seven cases of occupational diseases were reported in 2023.

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

Statistics on the causes of accidents show that many Employees present clinical situations resulting from poor posture, associated with tasks which are more taxing from a muscular point of view, and in most cases these are related to ergonomic issues in the work station. In view of this, we are running a programme dedicated to ergonomics (see following section).

[60] The frequency rate for accidents at work was calculated by counting accidents leading to sick leave and using a normalisation factor for hours worked of 1,000,000.

Number of occupational diseases reported



Note 1: The figures presented refer only to Employees of Navigator Portugal.
Note 2: See the GRI Table for methodological information on the calculation of the occupational diseases indicator (GRI 403-10).

Preventive and protective measures

Our OHS and Occupational Medicine teams coordinate their work closely with other Navigator sectors. We may point in particular to the work done on risk assessments and analysis of the findings of monitoring activities (chemical, physical and biological agents, and ionising radiation), culminating in regular joint visits to the industrial units. This integrated and collaborative approach is essential for building a safe and healthy working environment.

We have set up an Occupational Health Programme (OH) designed to contribute not only to physical but also to mental and social well-being. The programme has consistently achieved and gone beyond its annual goals, thanks to an innovative and original approach which has resulted in growing interest and participation by our Workforce.

We also have a multidisciplinary OH team comprising a psychologist, a nutritionist, a social worker and five physiotherapists. This team works in partnership with the occupational medicine team (six medical doctors) and the curative medicine team (4 medical doctors and 20 nurses). These specialists take an active part in developing programmes geared to health and well-being and work to help people adopt behaviours and techniques that enable them to overcome challenges in both their professional and personal lives.

Occupational Health Programme

In 2023

2,475
Consultations: physiotherapists

940
Consultations: psychologist and social worker

732
Consultations: nutritionist

97%
Assessment of Employee satisfaction with programme

Aim: > 95% assessment of Employee satisfaction with programme

1,852
Employees Covered

236
Sick leave avoided

333/166
Total/partial recovery

In 2023, our Ergonomics Project continued to work on several fronts, intervening directly in workstations and raising Employee awareness of the correct posture for specific tasks. It should be stressed that the results of initiatives of this type are not immediate, as time is needed to implement the changes to workstations and to consolidate the learning process and adoption of good practices by Employees. However, where workstations have been redesigned and the changes have been fully implemented, the potential for musculoskeletal injuries has been reduced, according to the Rapid Entire Body Assessment (REBA) conducted case by case.

Ergonomics project in 2023

72
Workstations redesigned

Goal: Develop the Ergonomics Action Area: 100 workstations altered by 2030

88
Actions undertaken

Main initiatives in 2023



Safety onboarding

- A whole day is now devoted to safety with a new approach to onboarding new Employees. This ensures that awareness of safety issues is a central focus from their first moments in the Company.



Cross-group audits

- We have conducted comprehensive cross-group audits throughout the Organisation in Portugal, in order to assess and improve safety standards in different sectors and to ensure compliance and effectiveness.



Safety conversations

- We have implemented safety conversations with the direct involvement of mill directors, in order to promote a consistent culture of awareness and sharing of safety practices.



Safety Olympics

- We marked our Safety month (April) and Health month (October) with the Safety Olympics, an event in which more than 500 Employees took part.
- We turned the spotlight on (1) the importance of safety, encouraging active participation by all Employees, and (2) promoting physical and mental well-being, through a stronger commitment to caring holistically for our people.



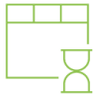
Unsafe conditions management programme

- Implementation of proactive practices, such as safety walks, to identify and correct unsafe conditions, as well as underlining the cardinal rules for ensuring compliance with Navigator's safety standards.



Formal recognition of proactive attitudes

- We have recently instituted formal recognition of proactive attitudes on the part of Employees in identifying potential hazards, reflecting the importance that the Company's management attaches to safety in the workplace, and in particular to behavioural factors.



Training programme

- On the basis of a skills matrix drawn up for each job, we have implemented the Training Programme which includes the Safepro course and Leadership in Safety workshops.
- The training plan has been widely taken up across the Company, adding to our commitment to provide an informed and safe working environment, designed to offer well-being for all.

Safepro





Targets 4.4, 8.8

Everyone at Navigator is familiar with SafePro, a comprehensive training course in safety, consisting of 10 e-learning modules, requiring close to 12 hours to complete. Specifically for new Employees, we now have *SafePro Onboarding*, an in-person training course in which topics are discussed in line with the sectors that new workers will be joining. After the training, and for a given period, new Employees have follow-up from tutors, so that the onboarding process includes a special focus on safety rules.

Mozambique

With the clear objective of integrating Portucel Moçambique into Navigator’s safety management system, the Company's Corporate Safety Director visited Portucel Moçambique's operations in early July. She went to Manica province where she met the Safety teams and observed activities involved in wood harvesting.

Important Health and Safety work was carried out in Mozambique in 2023 in the project to export wood from Manica province, with the aim of learning about activities along the entire value chain in the sector. Portucel Moçambique allocated two safety officers who observed the loading of one of the ships, in order to identify hazards and the respective degree of severity, in the different operations in the wood yard, transport and loading on to the ship. Portucel Moçambique is not responsible for these activities, but we believe that only by learning about them can we pay due attention to needs and requirements in future, in engagement with potential Suppliers and Clients, thereby improving safety along the whole value chain associated with our business. It should be stressed that these activities in the forestry sector are still on a small scale in Mozambique, meaning that there is little knowledge of the hazards, training or experience of handling the machinery and equipment, which could increase the risks of accidents.

We have also been providing continuous and wide-ranging training in the rural areas in which we work, where employability and vocational training are scarce resources. The Company make significant efforts to raise community awareness of the need to comply with fundamental working rules. In this challenging environment, where execution of operations is crucial for local sustainability, each training activity counts.

This is the scenario in which our technical staff play a vital role. Prior to any operation they meet with the working teams in order to provide essential on-the-job training, lasting an average of 30 minutes per session. During this time they address topics such as the correct use of personal and collective protective equipment, the communication channels available and the importance of reporting any incident, among other operational issues.

This training is designed to ensure the safety and well-being of the workers, and also to promote a culture of responsibility and efficiency. In an environment where resources are limited and each individual plays a critical role, the commitment to compliance and operational excellence is essential. More than 5,515 hours of these training sessions were provided in 2023, reaching more than 5,500 workers.

In its efforts to promote health and well-being, Portucel Moçambique ran a Preventive Medicine programme in 2022 and 2023, offering all its Employees, in the different geographical regions in which they work, access to a quality, reliable and technically expert service. The programme included screening for potential diseases (and advice on treatment), as well as medical

recommendations for a better general state of health. The programme ran up to March 2023 and was taken up by 164 Employees, representing a rate of 93%, in all three provinces where the company operates (Maputo, Manica and Zambézia). As a result, a significant number of recommendations were made to Employees, with a special emphasis on the need to monitor certain parameters, such as weight or blood pressure, on a regular basis.

WHAT NEXT?

- Implementation of a platform gamifying safety challenges, encouraging Employees to join the "game" and thereby ensure effective learning of procedures, rules and behaviours (2024).
- Completion of implementation of the Overall Risks Assessment methodology (2024):
- Alignment of training programmes and contents, and safety reports between the corporate structure and regions (2024).
- Certification of safety leaders (2024).
- Start monitoring of implementation of measures to eliminate unsafe conditions (2024).
- New initiatives for stronger leadership and operational excellence (2024).
- Implementation of Occupational Health and Safety Management Platform (2024-2005).
- Launch of new courses in training programme - SEVESO, chemicals and forestry (2024-2025).
- Development and implementation of a communication plan for safety. health and well-being (2024-2025).

6.4.3. Community relations

GRI 3-3, 413-1, 413-2
ESRS MDR-A, MDR-M, MDR-T, SBM-2(S3), SBM 3(S3), S3-1, S3-2, S3-4, S3-5

Sharing with society not just our achievements, but also our knowledge, our experience and our resources, all in the name of a better future: this is a commitment included in our corporate purpose. A close relationship with our local Communities, in all their diversity, has been built into our business. With each fresh year, we strive to make it stronger.

OUR IMPACTS

€1.46m

Investment in the Community (In Portugal and Mozambique)

More than
10,000

People reached by initiatives to **promote forest literacy** in Portugal - Approximately **5,000** children and **4,824** teenagers and adults

Approximately
31,000

Copies of **"Dá a Mão à Floresta" (Give the Forest a Hand)** and **My Planet** magazines (5 editions)

15,000

People reached by the **Forestry Producers** project

10,510

Participants in "Floresta do Saber" (Forest of Knowledge) project in 2023

16,919

Participants in "Floresta do Saber" (Forest of Knowledge) project since 2020

2,914

Visitors taking the Navigator Tour, on a total of **102 tours**

6,915

Families supported **in 2023** by the Social Development Programme in Mozambique

102

Navigator Tour Participants (**up 82% on 2022**)

The Navigator Group has a significant presence in several regions, through our industrial operations, as well as our forestry operation in mainland Portugal, Galicia (Spain) and Mozambique.

In line with our purpose (Chapter 2.1) we have accepted a responsibility to find ways to share value with our Stakeholders (Chapter 6.2.6), and especially with local Communities. These have a crucial role to play in relations with companies, as they are the first link in the chain to feel the impacts, positive and negative, of our forestry and industrial operations.

At Navigator, we accept our social responsibility to the Communities in which we carry on our business activities, as a way of contributing to their advancement and well-being, as established in the **Code of Ethics and Conduct** (Chapter 6.5.1). We have also implemented a Human Rights Policy (Chapter 6.5.1), which sets out our commitment to acting in such a way as to respect Human Rights in Local Communities, including, where applicable, indigenous peoples, and adopting measures to minimise negative impacts, and to protect their values, culture and traditions. This Policy also establishes a commitment to promoting Community engagement in order to obtain feedback on Human Rights and labour rights issues, recognising the importance of listening and ongoing dialogue in order to incorporate local concerns in our internal decision-making processes.

An important tool in this is the **Whistleblowing Channel** (Chapter 6.5.1), available on the website for any member of the community affected, leading to investigation of cases of Human Rights violations in Local Communities. It is important to stress that no such violations were identified in the reporting period.

Because forests are the principal source of our resources, one of our priorities involves educating the public about the benefits of woodlands and the importance to society of sustainable use of forest-based products. In keeping with this, our 2030 Agenda and Roadmap set out our commitment to developing our relationship with Communities, working to transfer our knowledge and to raise public awareness of the economic, social and environmental importance of forests (Chapter 6.2.4).

We therefore remain committed to launching projects that help to generate and share knowledge in the field of **forest literacy**, especially online, as well as initiatives to **empower Stakeholders**, such as forestry producers (Chapter 6.3.3). Another important target group is our local school communities, where it is extremely important to **raise awareness** of forestry protection at an early age.

Approach to Community relations

	DIALOGUE WITH COMMUNITIES
	FOREST LITERACY PROJECTS
	TRANSFER OF FORESTRY MANAGEMENT EXPERTISE AND SKILLS TO FORESTRY PRODUCERS (CHAPTER 6.3.3)
	SOCIAL DEVELOPMENT PROGRAMME IN MOZAMBIQUE

DIRECT COMMUNITY SUPPORT

Dialogue with Communities

As a way of establishing dialogue with Communities, we have several arrangements for direct interaction (Chap. 6.2.6), such as the Community Monitoring Committees and Navigator's Sustainability Forum, as well as the Community Liaison Officers and the Social Development Programme in Mozambique. These also enable us to identify Stakeholders and local Communities of particular relevance to Navigator, and to establish close and lasting relationships.

8
Community Monitoring Committees meetings, in Portugal

The **Community Monitoring Committees (CMCs)** have been set up in the areas around the Company's industrial complexes in Portugal. This initiative is very important for understanding the concerns of Communities, seeking to respond to their needs.

These Committees include an array of stakeholders - representatives of municipal authorities, local bodies, NGOs and universities, among others - and are fundamental for strengthening our credibility and "license to operate", above all in the local areas around Navigator's operations. The Company is represented at meetings by its directors and managers from the Public Affairs, Industrial, Environmental, Sustainability and other divisions.

The interaction generated at the CMC meetings facilitates joint reflection on matters relating to the life of the Communities, and the feedback from CMC members is recorded for subsequent follow-up by Navigator's internal departments.

This gives members of the local Community an active voice on topics of concern to them, which can range from the impacts of the Company's activities (industrial, forestry) to projects able to contribute to the improved welfare and quality of life of the community.



Eight CMC meetings were held in 2023. The issues addressed at these meetings are presented transparently, and analysed and debated jointly by the members. Minutes are drawn up and approved by the parties involved, to record the progress made in relation to the various

situations discussed. The minutes are sent to all the members of the committees. It should be noted that the CMCs are chaired by prominent figures, and their members include directors of the Company.

There were various instances of close collaboration with local communities over the year, such as in Aveiro where the industrial complex worked with the local civil parish councils and farmers affected by the floods in the region, in connection with the process of removing obstructions from the River Vouga. We also provided financial aid to farmers, to minimise the harm caused by the floods.

Another example of institutional cooperation is provided by the Figueira da Foz Community Liaison Committee, involving the two pulp & paper companies operating in the region (Navigator and Celbi), in a joint effort to build ties with local stakeholders. Both companies seek to work with the civil parish authorities in supporting communities and local organisations, including the health centre, voluntary fire brigades and the region's schools. All these institutions are represented on the Community Monitoring Committees, where they are able to voice their concerns and make suggestions for improvements, around the table with representatives of the two companies, who cooperate in finding solutions for the issues raised.

16th Ed.
Sustainability Forum

Watch the recording of the Forum

The 16th edition of the Sustainability Forum was held at the National Exhibition Centre in Santarém, with an audience of leading local Stakeholders, offering a chance to debate the theme: "Sustainability of Forest Raw Materials". Participants were able to reflect on the challenges and risks presented by the sustainability of forest-based businesses and the alternative solutions which are being explored, in particular the development of new materials from cellulose fibres. The speakers included the chairman of the Portuguese Confederation of Farmers (CAP), the Trade & Industrial Policy Director of the Confederation of European Paper Industries, and the Head of Global Business Sector Pulp & Paper at AFRY, on a panel that featured several CEOs (Navigator, Altri, Sonae Arauco and Corticeira Amorim), representatives of academe, NGOs and others. This edition of the Forum welcomed **102 in-person attendees and 377 online participants**, and the deferred recording available on Navigator's YouTube channel notched up 582 hits over the days following the event.

In order to boost public awareness of Forestry issues, Navigator joined forces in 2023 with the weekly newspaper *Expresso* in launching a series of conferences:

"Let's talk about sustainability": conference series

Targets 12.8, 13.3, 15.2

In partnership with *Expresso*, the Portuguese weekly newspaper, The Navigator Company organised a series of three conferences on forestry issues in 2023, with the slogan "Let's talk about sustainability". This initiative is perfectly aligned with the Company's purpose, which envisages sharing knowledge with society in order to raise awareness in Portugal of the need to value and improve the country's forests.

The first conference was held on 21 March, on the topic of the "Forest-based Bioeconomy". Experts from industry and academe were brought together to discuss the major issues raised by the future of the sector, including the

contribution of forest-based products to a circular bioeconomy, able to supersede the existing linear, fossil-based paradigm.

The second event, on 28 June, returned to the theme of forest-based sustainable development, this time from the perspective of "Better forests: for people and for the planet". One of the key ideas explained was that, when managed sustainably, planted production forests take the pressure off natural forests.

Navigator organised the third and last conference in this series on Portugal's first National Sustainability Day, 25 September. “Planted forests: environmental, social and economic responses” was the chosen topic, highlighting the importance of forests as a force for sustainability in all its dimensions.

In order to bring the Company closer to the Community, 102 **Navigator Tours** were run in 2023, bringing a total of 2,914 visitors:

- 50 school trips (including higher education), with 1,869 participants;
- 47 groups from institutions, with 793 participants;
- 4 Employee tours, with 202 participants;
- 1 Cacia Community tour, as part of the 70th anniversary celebrations, with 50 participants.

102
Navigator Tour Participants (up 82%)

2,914
Participants (up 116%)

There has been growing interest from US higher education institutions in learning about the Company.

In Mozambique, engagement with the country's institutions is something we value greatly, and in 2023 we took part in a number of events, including:

- The 1st Technical Forestry Symposium, held in Gondola, Manica province, organised by the National Directorate for Commercial Farming, a department of the Ministry of Agriculture and Rural Development;
- The 7th International Conference on Environmental Education of the CPLP (Community of Portuguese-speaking Countries), which was held in Maputo. This is a biannual event, hosted in turn by each of the CPLP member countries, and this year addressed the topic of: “Environmental Education: The Key to Sustainability”.

Another important event in 2023 was the visit by national stakeholders, as part of the **COMBO+ project**, implemented by the Wildlife Conservation Society (WCS) in partnership with Biofund and the Mozambican government. The participants included representatives from the central and provincial offices of the Ministry for Land and the Environment, the Provincial Government, academe, researchers and civil society. This was an opportunity to see various aspects of the project in loco, and to share experiences about the application of good practices in implementation of the biodiversity impacts Mitigation Hierarchy, focusing on Portucel Moçambique as a case study.

Learn more about the COMBO+ project

and the Final Report on the visit.

A central role in building a close relationship with communities in Mozambique is played by the **Liaison Workers**, local people identified by the community and supported by the Company, and also by the **Communication Officers**, who are company employees responsible for pro-actively

communicating with communities. The Community Liaison Workers offer a response to the need for regular communication, often in local languages, in geographically far-flung areas, with cultural barriers and changing situations on the ground, such as those resulting from implementation of the Social Development Programme (see section below) and forestry and conservation operations.

Channels for proximity to Communities: Liaison Workers and Communication Officers









Targets 8.7, 8.8, 10.2, 15.2, 16.6, 16.7

The Community Liaison Workers (CLWs) are individuals, designated by local Communities and supported by Portucel Moçambique, who facilitate communication between the Company and families in one or more Communities, on issues related to forestry activities, the Social Development Programme, environmental awareness and any other matters that arise in dealings between them. Portucel Moçambique currently has 48 Liaison Workers, responsible for this regular dialogue in the field and who play a crucial role in building the trust needed to implement the project, in Manica and Zambézia provinces. The Community Liaison Workers speak the local languages, which helps in including all the participants and ensures clear communication at the Company's regular meetings with the Community and families.

The CLWs are in regular contact with Portucel Moçambique's team of Communication Officers (five officers at year-end 2023), in order to manage relations with the Communities more broadly and to coordinate and plan communication objectives, ensuring that a consistent line is taken in all community communications.

The CLWs and the Communication Officers receive regular training, in particular behaviour training in topics such as human rights, non-discrimination on the basis of sex or age, avoiding corruption and other issues. They also receive technical training in the use of equipment and software for better communication. One example was the training of CLWs in use of software, installed on smartphones, for collecting and recording information on biodiversity (fauna and flora), in view of their presence in the field on a daily basis.

Both the CLWs and the Communication Officers offer a human point of contact for the system that enables the company's stakeholders, and especially members of local Communities, to voice complaints, suggestions or other concerns, in their daily dealings with the Company.

Over the course of the year, we improved the processes in the Communities Relations Management Procedure, as a tool for managing communication and the forestry venture. There was a reduction in the number of occurrences and complaints raised by Communities, and in unresolved complaints. These complaints are now managed on the SOCIALL platform, where the status of each process can be consulted online, together with the data generated in connection with occurrences.

Portucel Moçambique's Facebook account increased its number of followers fivefold in 2023 (with a total of 1,400 followers at year-end) and has served as a channel for communication with a range of stakeholders. Featuring items such as the "Forest Dictionary", posts on environmental education. advice on how to prevent out-of-control burning and testimonials from a host of employees and beneficiaries, involved the Company's everyday activities, this is another channel for creating close ties with Portucel Moçambique's stakeholders, including local communities.

Forest Literacy Projects

In 2023, we continued to foster close ties between the Company and its various stakeholders, through our **My Planet, "Dá a Mão à Floresta" (Give the Forest a Hand), "Biodiversidade" (Biodiversity) and "Florestas.pt"** projects.

In the spirit of engagement and co-creation, we have invited Portuguese experts from a range of institutions, fields of knowledge and geographical regions to develop content for Florestas.pt. The different professional backgrounds of our authors - ranging from university lecturers to forestry officers, museum curators, producers and fire fighters, among others - have enabled us to enrich the content offered and to promote "**knowledge communities**" by including different perspectives. This has added to the credibility of the platform and to the Company's reputation, with positive impacts throughout the forestry sector.

"A forest in the Park" was Navigator's theme for its contribution to the 93rd Lisbon Book Fair, where we offered visitors a range of experiences from our "Dá a Mão à Floresta" (Give the Forest a Hand) and My Planet projects, honouring Navigator's commitment to sharing its knowledge, experience and resources with society in the quest for a better future.

The year also marked the end of the support from the Calouste Gulbenkian Foundation's Sustainable Development Programme for the "Floresta do Saber" (Forest of Knowledge) project. The project will nonetheless continue, offering a vast range of activities suitable for different levels of education, in a woodlands or laboratory setting.

"Floresta do Saber": forest literacy "tailored" to younger generations









Targets 4.7, 12.8, 13.3, 17.16 and 17.17

The "Floresta do Saber" (Forest of Knowledge) project celebrated its third birthday in later 2023. The brainchild of RAIZ, Navigator's R&D institute, the project is aimed at the educational community and focuses on all topics related to forests and their importance to the transition to a circular economy based on renewable resources. The relevance of the "Floresta do Saber" to the field of education has won RAIZ recognition from UNESCO Portugal and from the UNESCO Club.

Over the first three years, in which it received funding from the Gulbenkian's Sustainable Development Programme, the "Floresta do Saber" welcomed more than 17 in-person visitors, most of them (85%) primary and secondary school students and teachers. The project has made it possible to reach out to the community and established partnerships with a series of local and regional institutions - schools, municipalities, higher education institutions, scout troops and others.

The "Floresta do Saber" offers a programme ranging from visits to the woodlands at Quinta de São Francisco, in Aveiro, to activities in the RAIZ laboratories. Visits are also offered to the Espirra Nurseries, in Pegões.

According to Sara Monteiro, the head coordinator of the project, the activities are always tailored to the group in view: "We design activities adapted to different age ranges and educational levels. In all of them we seek to involve the children, because we want them to feel that it's their project".

16,919
in-person participants

1,212
activities, in **318** in-person events

5,600
online users

84
internal and external presentations of the project

6
written publications

15
think tanks

5
exhibitions

Participation in **15** fairs and conferences

13 partnerships signed with other organisations.

https://florestadosaber.pt/wp/

My Planet

Motivating people through stories and actions for a more sustainable future, the platform serves as a vehicle for social and environmental responsibility, by sharing knowledge.

More than
4.8 thousand
teenagers and adults reached

2 editions
of magazine with average print run of **16 thousand** copies

More than
14,250
magazine subscribers

272
online content items

"Dá a Mão à Floresta" (Give the Forest a Hand)

Develop educational games to raise young people's awareness of the need to protect and improve Portugal's forests.

Winner of Semapa's 2023 Making it Better Prize.

More than
5.2 thousand
children reached

3 editions
of magazine with average print run of **15 thousand** copies

More than
14,100
magazine subscribers

420

"Biodiversidade" (Biodiversity)

Share knowledge about biodiversity in forest ecosystems and help raise awareness and provide public information on the importance of biodiversity in forests, through content designed to be accessible, educational and inspirational.

Approximately
7,100
followers
on social media

Florestas.pt

Collect, collate and disseminate wide-ranging information and knowledge on Portuguese woodlands and agro-forestry areas, providing information on their importance, challenges and opportunities, in a clear, inspiring and accessible way.

594
18 opinion articles (e.g. ecosystem services, sustainability of forests, planted forests, technical burning, invasive plants), **since being launched**

More than
35 thousand
visitors, **1,097,283** since being launched

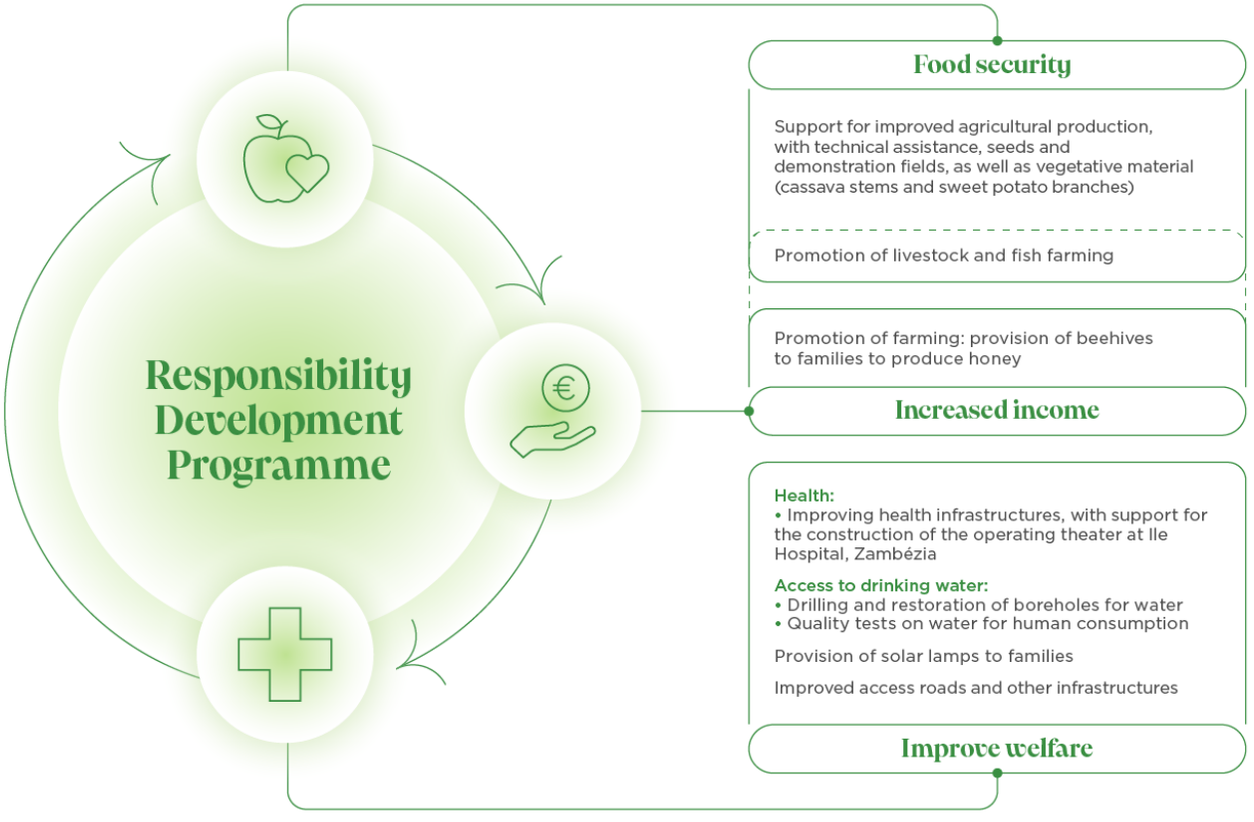
582
newsletter
subscribers

My Planet	"Dá a Mão à Floresta" (Give the Forest a Hand)	"Biodiversidade" (Biodiversity)	Florestas.pt
More than **53,000** followers on social media	online content items		
	11 competitions		
More than **327 thousand** website hits	**Approximately** **118,000** followers on social media		
	More than **4.3 million** website hits		
https://myplanet.pt/	**https://www.daamaoafloresta.pt/pt**	**https://biodiversity.com.pt/**	**https://florestas.pt/**

Social Development Programme in Mozambique

In Mozambique, the Social Development Programme (SDP) was set up in response to some of the specific risks to Communities identified in the Environmental and Social Impact Assessment (ESIA) conducted between 2011 and 2013. The ESIA identified a baseline scenario where the households (some 24 thousand) in the project areas presented high rates of food insecurity, low income, low yields in staple crops (such as manioc and maize), poor access to drinking water, among other issues.

The ESIA provided an objective basis for establishing the three priorities of the SDP, which seek to minimize these risks - improved food security, incentives for income generation and better welfare.



A total of more than 7.6 million dollars has been invested since 2015, and the programme has brought a positive return through:

- Generation of employment along the value chain, at different levels of skills and professional advancement;
- Community investment, centred on three priorities: food security and diversity, income generation and welfare;
- Environmental protection, with implementation of best practices and developing know-how partnerships seeking to improve the protection of native woodlands in conjunction with communities;
- Engagement with stakeholders at central, provincial and district level in monitoring the project - in 2023 this included a visit by stakeholders to the COMBO Programme, participation in the 7th Conference on Environmental Education and also at the Maputo International Fair (Facim), in the pavilion of the Ministry of Agriculture and Rural Development;

- Generation of wealth and value added for the country.

The **impact assessment** component was stepped up in 2023 for a number of actions: measurement of crop yields, assessment of distribution of fruit trees, assessment of use of improved barns, assessment of timber-saving ovens, assessment of potential income associated with livestock farming schemes.

Work was undertaken to **raise environmental awareness in communities** in Portucel's Land Use Areas, including dissemination of good practices on environmental issues. This is intended to create community awareness of the importance of using resources sustainably and protecting biodiversity, alerting people to the impacts of climate change and improving their ability to identify incorrect practices, and also to report them. The issues addressed included environmental crimes as defined in law, uncontrolled burns, natural resources and their importance, deforestation and species extinction, erosion, conservation farming, climate change, environmental pollution and solid waste. These sessions involved 3,858 individuals, of whom around 40% were women, some of whom attended meetings held exclusively for women, in order to boost their involvement and participation.

Social Development Programme in Mozambique

(by 31-12-2023, since start of Programme)

Over 7,000 Families reached	**1,145 t** Improved seeds distributed	**1,965** Improved barns
108,700 kg Sweet potato cuttings (orange flesh)	**1,085,700** Manioc Seedlings (96,700) and cuttings (989,000)	**2,145** Goats distributed
62 Fish tanks	**1,600** Beehives distributed	**3,220 kg** Honey produced
38 Boreholes built	**59** Boreholes repaired	**4,203** Solar lamps distributed
767,500 Vaccines administered to poultry against Newcastle disease	**3,858** Persons involved in environmental awareness raising, **in 2023**, 40% of them women	**USD7.6m** Investment

Direct community support

In our direct support for Communities, we centred our action on:



DONATIONS OF PAPER



DONATION OF PLANTS FROM NURSERIES



FINANCIAL AID



AID IN KIND (OTHER THAN PAPER)

Donations of paper (of various kinds) are one of Navigator's most direct ways of supporting communities, making a material contribution to the smooth administrative workings of the institutions in question, in the areas where the Company operates, such as schools and civil parish councils. In 2023, paper donations totalled 44.6 tons, representing investment of 60,694 euros. We also supported the Portuguese-Mozambican Chamber of Commerce with a donation of paper for printing the Annual for Mozambican Students in Portugal, a comprehensive publication we regard as an investment in the country's future generations.

In Portugal, Navigator has also supported a number of high-profile initiatives and institutions, such as the Confederation of Portuguese Business, Fundação Nossa Senhora do Bom Sucesso and the American Embassy in Portugal. Support was also provided for the 26th Tecnicelpa Conference and the publication by the National Institute for Agrarian and Veterinary Research (INIAV) of a book paying tribute to Seita Coelho.

Cultural and social inclusion issues were again important factors in targeting these donations, with contributions to cultural associations and residents' committees in our communities, which are increasingly hosting immigrant populations.

In the areas around our industrial units in Portugal, Navigator has also provided approximately 205,500 face masks for local fire brigades and Red Cross workers, and supported **tree planting** on the campus of the Polytechnic Institute of Setubal (IPS) and a park in the civil parish of Cacia.

In addition to this local support, **donations of plants** were also made further afield, for schemes such as the reforestation of several hectares of woodlands ravaged by fire in the Serra da Estrela, promoted by an environmental NGO, and also for others connected with the World Youth Days. In total, more than 2,738 plants were donated.

Paper donations in 2023:

More than
44 t

More than
€60,600

Other donations in 2023:

205,500
Face masks for local fire brigades and Red Cross offices.

Other donations in 2023:

More than
2,700
Plants donated

Making a contribution to the skills and employability of young people in the regions where we operate is one of the commitments in our 2030 Agenda (Chapter 6.2.4). In the education sector in Portugal, we have supported the Cristina Torres Secondary School in promoting hands-on learning, by donating laboratory glassware for chemistry and physics experiments. The laboratory materials donated have been used to develop essential skills by students on the vocational course for training as laboratory technicians.

In Mozambique, in addition to the Social Development Programme, Portucel has responded to requests from a number of Stakeholders, **contributing resources, equipment and basic necessities in response to natural disasters and extreme weather events**, such as storms, floods and the like. In 2023, these contributions totalled approximately 6 thousand euros in the provinces of Manica and Zambézia. Portucel Moçambique also provides construction materials and eucalyptus cuttings for health, education and public administration institutions. This has helped to rehabilitate infrastructures damaged by natural disasters or in situations of urgent need to restore their normal functioning.

WHAT NEXT?

- Closer relations and collaboration with other local and regional entities (by 2026).
- International expansion of the "Floresta do Saber" (Forest of Knowledge) Project, with English language versions, both of the website and of the written contents and the model for replication (by 2026).
- Design of more activities, games and other varied content to educate people to value Portugal's forests (by 2026).
- Improve the impact of the project in Communities in Mozambique and on their socioeconomic and environmental resilience (ongoing process).
- Continued efforts to communicate and build relations with various stakeholders in Mozambique (ongoing process).

6.5. Governance disclosures

6.5.1. Responsible business conduct

Ethics and transparency are values that underpin our conduct and actions and guide the relationship of trust we establish with our Stakeholders.

OUR IMPACTS

2,942
Employees (including Interns) with training in internal Compliance Policies in 2023

0
Confirmed cases of corruption

0
Confirmed cases of discrimination

3,735
Counterparties analysed

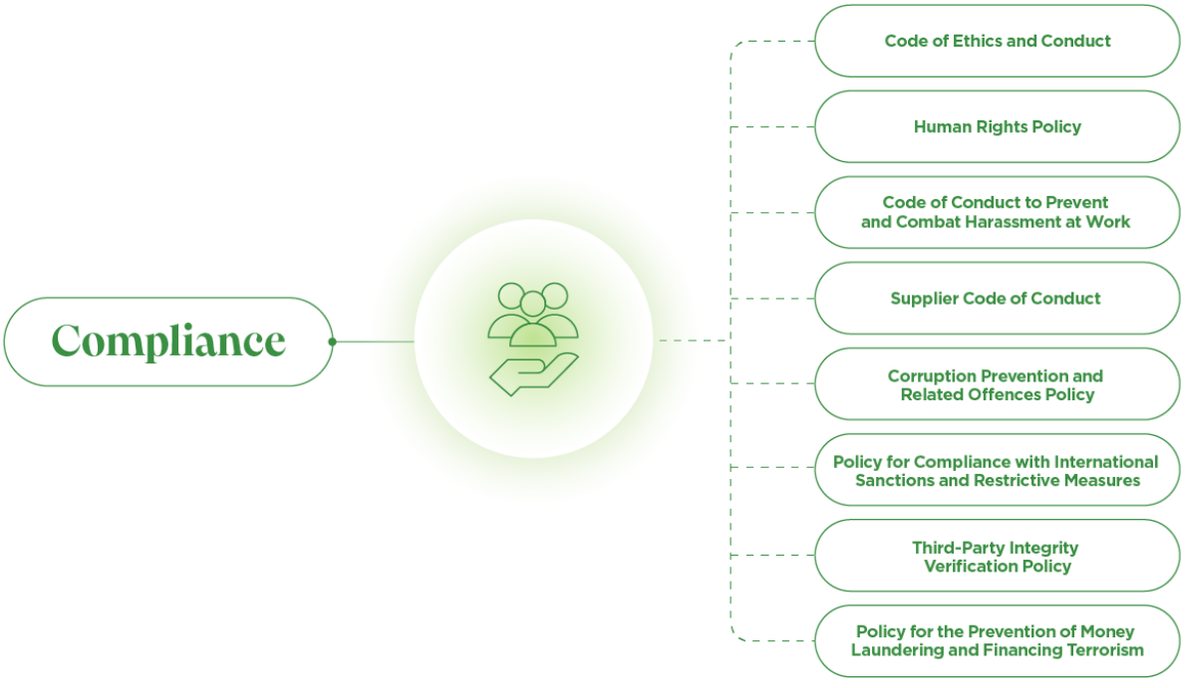
5
Women on Governance Bodies (35.7%)

Compliance

GRI 3-3, 2-23, 2-24, 2-25, 2-26, 205-2, 205-3
ESRS GOV-1, MDR-A, MDR-M, S1-3, S2-3, S3-3, S4-3, G1-1, G1-3, G1-4

Compliance system and fundamental instruments

Our business and the standards of good conduct we have adopted respond to the ever more exacting criteria set by our Stakeholders - both internally and in interactions with external stakeholders. The key values that guide our operations are Trust, Integrity, Enterprise, Innovation, Sustainability and Excellence, and these underpin the various **policies, codes and regulations** established to assure the good practices associated with our operations and business. Leading examples of these are:



In order to foster ethical business conduct on the part of the Group and its Stakeholders, Navigator has a **Compliance System** which is designed to ensure that the applicable legal requirements are met, especially as regards anti-corruption rules (see the section "Prevention of corruption and related offences"), prevention of money laundering and terrorist financing, compliance with international sanctions, conflict of interests (see section on "Management of conflicts of interests"), protection of Human Rights (see section "Human Rights")n and protection of personal data (see relevant section).

Navigator has a policy of zero tolerance in relation to any breach of the legal or regulatory rules in force on these matters. To this end, it undertook several projects in 2023 in order to consolidate ethical, transparent and socially fair conduct, based on the ethical principles adopted.

In order to prevent and mitigate the risks inherent in our dealings with third parties, Navigator implemented a series of **Compliance Policies** in 2023, consisting of a **Third-Party Integrity Verification Policy**, a **Compliance with International Sanctions Policy** and a **Policy for the Prevention of Money Laundering and Financing Terrorism**.

In keeping with internal policy documents already implemented, the Compliance Policies lay down general principles for Navigator's actions in its dealings with investors, Employees, Suppliers, Customers and partners, and the forms of conduct which are expressly prohibited in the relations it establishes in the course of its business. They also define measures for preventing these risks through appropriate due diligence procedures, in order to assess the risk of criminal activity and the integrity of Navigator's counterparties.

Other important developments included the review of our **Codes of Ethics and Conduct**, **Conduct for Suppliers** and our **Code of Good Conduct for Preventing and Combating Harassment at Work**, so as to harmonise them with the new documents adopted.

Navigator regards Employee training as essential in order for these policy documents to be correctly implemented, with a view to promoting a Compliance culture based on ethics and integrity. For this purpose it offers training courses in Compliance issues, in particular concerning the **Code of Ethics and Conduct**, Internal Policies, Whistleblowing, Prevention of Corruption and Related Offences and Protection of Personal Data. These courses were completed by around 3,000 Employees (including Interns) in 2023.

Prevention of corruption and related offences

In view of the international context in which it operates, the growing involvement of the private sector in combating corruption and related offences, and the legal obligations incumbent on it, Navigator has adopted a **Corruption Prevention and Related Offences Policy**, through which it seeks to establish a series of professional values and standards of integrity which must be shared by all its Employees. In addition to the principles already explained in its Code of Ethics and Conduct, this new policy is underpinned by Navigator's wholehearted commitment to preventing corruption, by an absolute prohibition, across the Group, of any corrupt acts or related offences, and by implementation of a culture of ethics and integrity, both in the way we do our jobs and in our dealings with third parties with whom Navigator establishes any business dealings, or other third parties with whom Navigator Employees deal in the course of their work. Navigator has also implemented a Risk Prevention Plan for Corruption and Related Infractions ("RPP"), in which it identifies the risks to which it is exposed in these matters, establishes criteria for assessing these risks and lays down preventive and corrective measures designed to mitigate the likelihood of their materialising; compliance with this is ensured by an executive director with responsibility for compliance. The risks are assessed by considering the likelihood of their occurrence and the impact of such occurrence, using a qualitative scale to assess these two variables. In line with the severity of the risk, a risk matrix is drawn up, classifying risks on a scale of negligible, low, moderate, high and critical. Significantly, no corruption risks were identified as high or critical in 2023. The plan also identifies the functions most exposed to the risk of corruption and bribery, such as those related to procurement and institutional relations. It should also be noted that there were no confirmed cases of corruption in the reporting period, nor was there any conviction for non-compliance with anti-corruption legislation. Confirmed cases of corruption are identified through receipt, analysis and investigation of reports received through the **Whistleblowing Channel**, in accordance with the **Whistleblowing Regulation** (see section on "Whistleblowing"). Training was offered in 2023 on prevention of corruption and related offences, and this was completed by more than 2,200 employees.

More than 2,200 Navigator Employees complete Training in Prevention of Corruption and Related Offences





Targets 4.4, 16.5

Ethics and transparency are principles underpinning the internal policies that govern Navigator's activities.
The training developed in 2023 on Prevention of Corruption and Related Offences points to the importance that the Company attaches to these matters.

Available on an e-learning basis, the course is aimed at all Employees and makes use of practical examples to promote interactive learning about the response that the Company's internal policy documents offer in everyday situations where the potential exists for wrongdoing. The aim is to familiarise Employees with these policies, underline their importance and help them to understand the principles they establish.

This training also addresses topics such as the Corruption Prevention and Related Offences Policy, the Policy of Compliance with International Sanctions and Restrictive Measures, the Third-Party Integrity Verification Policy and the Policy for the Prevention of Money Laundering and Financing Terrorism. The course also deals with the question of conflicts of interests, following on from the implementation of measures to step up internal control in this area over the course of the year.

Management of conflicts of interests

As part of its ongoing commitment to ethics and integrity, Navigator has needed to adopt measures to ensure impartiality in decision-making processes, preventing any potential conflicts of interests involving the Company or its Employees.

This commitment is reflected in the way the Company manages conflicts of interests, which entails:

1. Implementation of clear policies and procedures defining what constitutes a conflict of interests and setting guidelines for their identification, disclosure and resolution;
2. Promotion of an organisational culture that values transparency, honesty and integrity in all commercial interactions and decision-making;
3. Regular training for all Employees, on how to recognise, report and resolve conflicts of interests appropriately;
4. Provision of communication channels, through which Employees and stakeholders can report concerns relating to possible conflicts of interests.

In 2023, we stepped up our internal control procedures relating to identification of potential conflict of interests situations, by implementing an additional procedure for reporting and investigating these situations. This new procedure has included pinpointing Employees who, because of the nature of their jobs, find themselves in situations where conflicts of interests may arise, and then going on to identify third parties who may constitute related parties in transactions with Navigator, updating this analysis periodically. We recognise that effective management of conflicts of interests is essential for maintaining the trust of our Customers, Suppliers and other Stakeholders. We are committed to applying the highest standards in all our operations and ensuring that our corporate interests are aligned with those of all the parties involved.

Competitive practices

Navigator is committed to acting in compliance with competition law, in accordance with market rules and criteria a strict standards of ethics and integrity, seeking to promote fair competition and thereby contributing to the sustainability and development of the markets in which it operates. These commitments are reflected in internal documents, such as the Code of Ethics and Conduct and the **Code of Conduct for Suppliers**, which expressly lay down that Navigator's business, and that of its Suppliers, must be conducted in accordance with the standards governing fair competition and all the relevant legislation.

In conducting its business and in its interactions with all its Stakeholders, Navigator believes it is fundamental to promote a culture based on transparency and trust, to have in place procedures that facilitate the identification, reporting and investigation of concerns related to wrongdoing or breaches of the Code of Ethics and Conduct or other internal standards.

To this end, it has implemented a **Whistleblowing Channel** which guarantees anonymity, confidentiality, safeguarding and non-retaliation in dealings with reporters, and also compliance with all data protection and information security standards.

This channel is an independent service managed by an external provider on Navigator's behalf, and can be used by Employees, Suppliers, Clients, Service Providers, Local Communities or any other interested parties, to report any irregularities. It can be accessed online and through the Navigator intranet.

As stipulated in the **Whistleblowing Regulation**, this channel can be used to report breaches of rules of good conduct or ethical standards, fraud, corruption and related offences, discrimination, bullying and harassment, violations of human rights and employment rights, protection of privacy and personal data, health and safety, environmental protection, as well as non-compliance with legislation or external regulations to which Navigator is subject.

The responsibility for monitoring the Whistleblowing Channel is shared by several bodies and sectors at Navigator, in particular the Audit Board, which under the **Rules of Procedure of the Supervisory Board** is required to assess the effectiveness of the internal control system, comprising risk management and compliance functions, which therefore includes the whistleblowing system, with powers to propose any adjustments that may be needed. In addition, as established in **Rules of Procedure of the Ethics Committee**, this body is responsible for ensuring that a whistleblowing system is in place for reports of breaches of the Code of Ethics and Conduct, as part of Navigator's wider arrangements for reporting irregularities. In order to follow up the reports received, Navigator has set up a multidisciplinary team, including representatives from the risk management and compliance units, appointed by the Whistleblowing Committee (WC). All those who may have an interest conflicting with the subject matter of the report are required to declare this and stand down. The investigation either concludes that there is no real issue, and so is closed, or else it proposes application of measures appropriate to the irregularity in question.

In order familiarise its Workforce with the Whistleblowing Channel and win their trust, Navigator has provided training on the subject, which was completed by 900 Employees in 2023 (2.130 Employees (including Interns) since it was first offered).

Protection of personal data

Navigator has embraced a strict obligation to respect the privacy and protect the personal data of its Customers, workers, service providers, Suppliers, partners and other Stakeholders, as a fundamental commitment in all its activities along the value chain, in accordance with the General Data Protection Regulation (GDPR).

In 2023, it accordingly updated its Personal Data Protection Policy (available on the intranet) whereby it establishes a series of guidelines designed ensure compliance with the Regulation and to standardise procedures on this issue.

Review of this Policy resulted in a stronger protection system for personal data, involving all Employees in general, and in particular those processing personal data. This was complemented by specific training and awareness raising activities, in order to ensure that Navigator continues to operate in compliance with the GDPR, for the sake of legal security and privacy.

Human Rights

GRI 3-3, 2-23, 2-24, 2-26, 407-1, 408-1, 409-1
ESRS SBM-2,SBM-3, MDR-A, MDR-M, S1-1, S1-3, S1-17, S2-1, S2-3, S2-4, S3-1, S3-3, S3-4, S4-1

For Navigator, respect for human dignity as a fundamental right is an essential question of ethics and one of the foundational principles of our Group's culture and policy.

We believe in our role in building a better society, by conducting our operations and activities on the basis of a responsible corporate culture. This means we are committed to respecting Human Rights throughout our operations and value chain and are signatories to the English and Portuguese versions of the "**CEO Guide to Human Rights**", published by WBCSD and BCSD Portugal, alongside other international and Portuguese companies.

Putting our commitments into practice, we have a **Human Rights Policy** that envisages measures to ensure respect for the human and employment rights of all those who have dealings with the Navigator Group.

Our Policy also enshrines our commitment to due diligence on human rights issues, in line with the principles established in the Universal Charter of Human Rights, the OECD Guidelines for Multinational Corporations, the Fundamental Conventions of the International Labour Organisation and the United Nations Guiding Principles on Business and Human Rights. Navigator's responsibilities for upholding human rights also extend to the value chain, where the Company has increasingly adopted a tough stance on implementation of measures to provide appropriate protection. In order to strengthen this commitment, we signed up in 2024 to the UN Global Compact and we are taking part in the related Business & Human Rights Accelerator Program, in order to implement a continuous due diligence process aligned with the requirements of the Corporate Sustainability Due Diligence Directive (CSDDD) As part of the due diligence procedure being implemented, we signed a contract with a Third-Party Integrity Verification platform, through which we gather human rights information on 3,735 Navigator counterparties. In addition to the Human Rights Policy, the Code of Ethics and Conduct lays down a cross-group prohibition of forced and child labour, guaranteeing access to decent employment and ensuring that Employees enjoy a safe and healthy working environment, fair and equitable remuneration, personal development and ongoing training, privacy of their personal data, respect for rest times, access to the applicable welfare systems and respect for parental rights, encouraging a healthy work-life balance. The Code of Conduct for Suppliers also contains an absolute prohibition of child or forced labour of any kind, as defined in International Labour Organisation (ILO) Convention no. 138. It likewise determines that the personal dignity, privacy and personal rights of every individual must be respected, as well as establishing rules applicable to working hours, and to health and safety, in order to prevent job insecurity along the value chain. In connection with our efforts to uphold Human Rights, attention is also drawn to the receipt, analysis and investigation of reports received through the Whistleblowing Channel (see section on "Whistleblowing"), which is available on the Company website for any Stakeholder, including members of Communities affected and workers in the value chain. This allows for the reporting of human rights violations, in particular breaches of the Code of Ethics and Conduct and the Human Rights Policy, which enshrine non-discrimination and protection of these rights. In the areas where forestry operations are conducted in Mozambique, there are Community Liaison Officers (Chapter 6.4.3) who also assess issues related to Human Rights, such as the existence of child labour. It should be noted that, in the reporting period and on the basis of the different procedures instituted, there have been no confirmed cases of Human Rights violations.

Navigator implements new Third-Party Integrity Verification System




Targets 8.7, 8.8, 16.5 and 16.6

One of the internal Compliance Policies implemented in 2023 has to do with Third-Party Integrity Verification. In order to apply its principles, Navigator has signed a contract with a new platform that aggregates international data bases and information analysis technology, in order to optimise searches of entities and facilities the process of checking compliance with international sanctions.

The platform carries out automated and auditable searches, taking in indicators such as compliance with legislation, analysis of business and corporate risks, adverse media monitoring, verification of international sanctions, the Global Slavery Index and identification of Politically Exposed Persons (PEPs). It also comprehensively integrates financial, ESG and Compliance components, offering a robust all-round data base, especially in the areas of Compliance and Sustainability, due to inclusion of a specific ESG module. In 2023, Navigator used this platform to analyse the risk of 3,735 counterparties, and adopted enhanced analysis measures in relation to 222 entities.

The new Third-Party Integrity Verification Policy sets out Navigator's commitment to preventing and mitigating the risks of wrongdoing and fraud, in its dealings with investors, Employees, Suppliers and customers. Third-Party Integrity Verification System plays a crucial role in this area, providing the information necessary for a comprehensive and efficient analysis that helps to protect the Company and its Stakeholders from the risks involved in its business.

Diversity, equity and inclusion



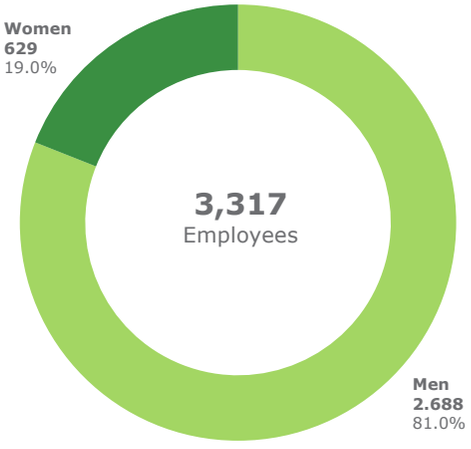
GRI 2-7, 3-3, 401-3, 405-1
ESRS MDR-A, S1-9, S-15

In its Human Rights Policy (see section on "Human Rights"), Navigator accepts a commitment to value **diversity, gender equality and inclusion**, as a way of effectively ensuring **equality of opportunities** at work, including with regard to migrant workers and disabled people. **Non-discrimination** is expressly enshrined in our Codes of Ethics and Good Conduct for Employees and Suppliers. We see respect for human dignity as a question of fundamental rights and one of the foundational principles of the Group's culture and policy. Our Employees accordingly accept a commitment to take action and report all practices that might amount to any type of discrimination.

In 2023, Navigator approved a new governance model for Diversity, Fairness and Inclusion (DFI). This identifies a manager and committee who report to the directors, supported by a broadly based multidisciplinary working party.
This decision was taken to provide a stronger basis for needs assessments, proposals and implementation of internal initiatives and projects in this area. In this new model, the previous working party for Equality has been overhauled in order to increase its diversity in terms of the gender, age, nationality and professional experience, with members representing the divisions most directly involved in designing and following through our strategy in this area.

Thirty nationalities are represented in Navigator's workforce, and 24 of these relate to Employees in operations in Portugal. In addition, it is largely male dominated, with women accounting for 19.0% of the Company's labour force in 2023. This disparity is essentially due to historical reasons associated with the industry and the operational structure - a male culture due to the physically taxing nature of most jobs in the forestry and industrial sectors.

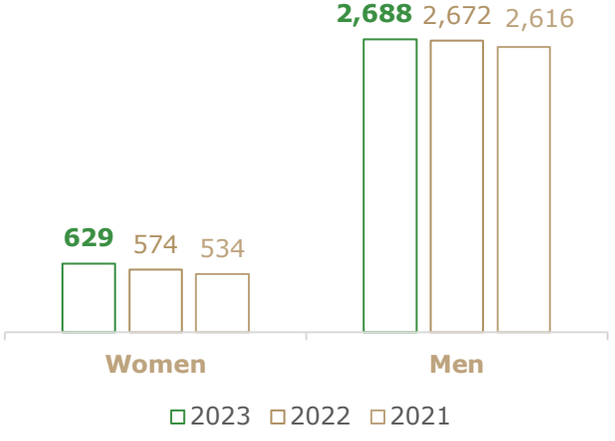
Workforce breakdown in 2023



9.6% more Women

(vs. 2022)

No. Employees by gender



NB: This figure does not include 150 employees at the new tissue unit in Ejea. These Employees are not included in reporting because they are still in the process of integration into our system. For further detail, see the notes to GRI 2-7.

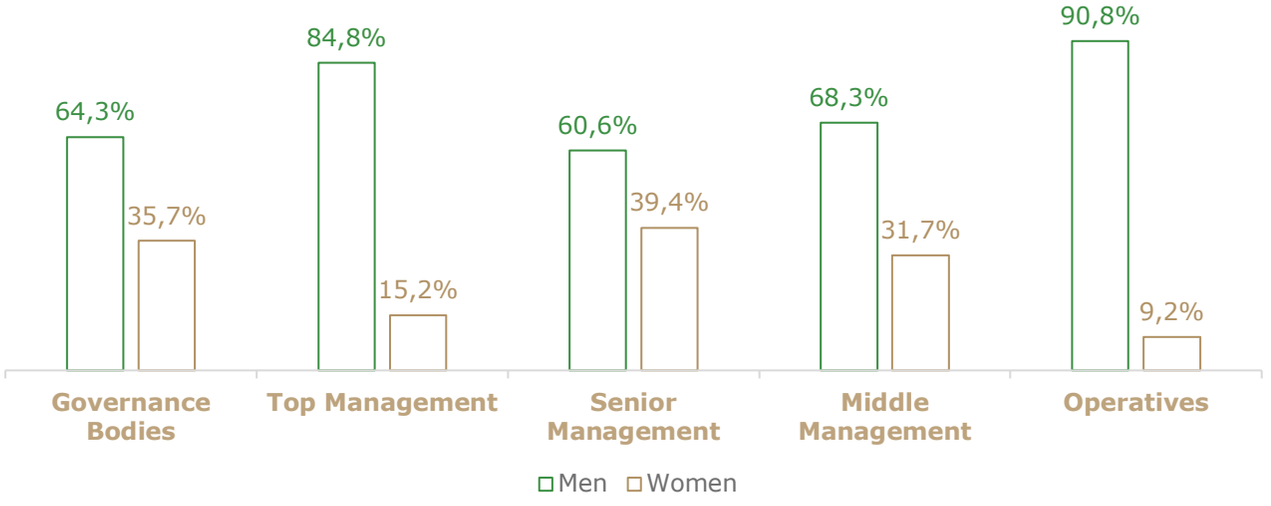
Although The Navigator Company continues to aim at **gender parity**, when it comes to recruitment, the organisation is still a male-dominated world. In more recent years, the growing number of women joining the company correspond, predominantly, to younger age ranges (under 30 years). These women are joining the Company in entry-level or mid-level positions, and may be expected to progress in their careers. The Company intends to continue increasing the number of women in its workforce, and will take steps internally so that women are able to grow into leadership roles.

In order to achieve greater gender equality, in its various dimensions, to strengthen the Group's practices in this area, and also to press ahead with policies to facilitate a better work-life balance, several measures envisaged in the "Gender Equality Plan 2023" were implemented and the "**Equality Plan 2024**" was drawn up.

Although the number of female managers corresponds to 15.2% of all women, it is expected that this indicator will rise over time, as women naturally progress in their careers. In 2023, new female directors were appointed for key Company sectors, with effect from January 2024, resulting in significant progress in the representation of women in senior management over the past five years.

Gender breakdown in functional categories in 2023

(%)



NB: See the GRI Table for detailed information on calculation of the indicator GRI 405-1.

As a Company, we believe it is our responsibility to be a catalyst for change and to bring a positive influence to bear on society, so that it achieves this aim. With this aim in view, we are continuously committed to taking the following action:

- **Inclusive working environment**: create a working environment that promotes diversity and inclusiveness, where everyone, irrespective of their gender, feels valued and respected;
- **Pay equity**: ensure pay equity in our organisation, ensuring that women and men receive fair pay for equal work or work of equal value;
- **Professional development**: investment in professional development of all people, encouraging women to seek leadership opportunities, ensuring equal access to training, promotion and bonuses;
- **Leave and flexibility policies**: implement policies that contribute to a better work-life balance, including fair maternity and paternity leave, as well as flexitime working;
- **Awareness-raising campaigns**: conduct campaigns to raise awareness of equality issues;
- **Continuous assessment**: regularly monitor and assess our initiatives to ensure that we are making our best endeavours to contribute to progress in promoting equality.

Because we are a Company listed on the stock exchange, we are subject to Law 62/2017 of 1 August, setting rules on **balanced representation of men and women on boards** of directors and audit boards. In order to promote diversity within Navigator, the Board of Directors has accepted and recognised the following diversity principles as appropriate to the composition of the company bodies and management positions:

- Inclusion of individuals with different academic qualifications and professional experience in different areas, when appropriate and relevant to exercise of the office in question;

- Promotion of gender diversity;
- Inclusion of individuals of different ages, combining experience acquired from new perspectives;
- Inclusion of individuals with life experiences in diverse geographical regions.

At Navigator recognise the benefits of diversity in our boards and management, in particular in the Board of Directors, the Audit Board and management positions, as a way of ensuring an improved balance in their composition, optimising the performance of each member and of each body as a whole, improving the quality of the decision-making process and contributing to the Company's sustainable development.

We are likewise committed to promoting gender equality across the Company. We recognise that contributing to the goal of parity between men and women requires a continuous focus on increasing the number of women in our staff, preparing the way internally, through improved policies and practices, for them to evolve increasingly towards leadership positions.

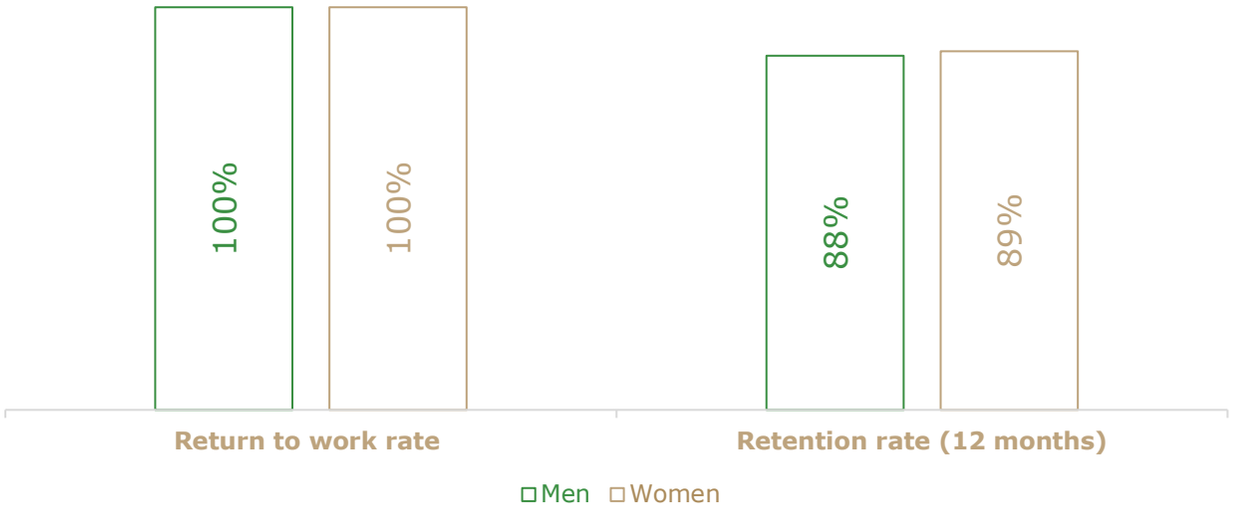
At Navigator we apply no **pay differential** between men and women, and the entry-level salary is the same for both genders, male and female. The pay ratio presented considers macro-level groupings, and for each of these, we have different salary levels resulting from different career pathways, with an impact on the average figures obtained for the reported pay ratio.

The Navigator Company remains committed to stepping up its policies and practices for promoting equal opportunities through a **meritocratic culture** and elimination of discrimination in any form, so as to improve the gender distribution in management positions. To this end it has sought to develop the skills of its leaders (actual and potential) through training and coaching programmes. These schemes, along with career paths and plans for women, including in operational roles, have helped to support professional women with the potential to rise to leadership positions and to bring about a better gender balance in all functions in the organisational pyramid. One example of these practices, as mentioned above, was the appointment, in 2023, of new female directors for key Company areas, with effect as from January 2024.

The figures for the **parental leave** indicator show that 100% of Employees who took parental leave returned to work afterwards, and there have been consistently high rates of retention in the subsequent 12 months (at around 89%).

Return to work and retention rates after parental leave in 2023

(%)



NB: See the GRI Table for detailed information on calculation of the indicator GRI 401-3.

A new measure was implemented in 2023 to protect parenthood, in the form of a Childbirth Bonus, applicable to the children of Employees born as from the start of the year. This bonus was awarded for 111 children born to Employees, in 2023, corresponding to investment of 160,953.51 euros.

Navigator's measures for fostering a **work-life balance** for its Employees complement its WFH policy, with a series of additional initiatives relating to working hours, 25 working days' holiday leave, family support programmes that include nursery allowance, school textbooks allowance, study grants, allowance for disabled children and a holiday camp. In 2023, the Company awarded 1,560 welfare allowances under its family support programmes in Portugal, representing investment of 673,210 euros.

Despite the cooperation agreements already established, Navigator is always looking for other partnerships which might help to provide increased support, in particular through the different initiatives of the "CRESCER" (Growing) project.

The following are examples of our initiatives in 2023 with the aim of promoting diversity, equity and inclusion, and guaranteeing equal opportunities:

- In its training programmes, Navigator has developed a specific module on Equality and Diversity issues, for implementation in 2024, and signed up key personnel in the organisation for with "Unconscious Bias" training provided by GRACE, with the aim of equipping the organisation to analyse and develop measures to eliminate biases that affect attitudes with regard to diversity issues.

- As part of efforts to strengthen a culture of equality between women and men, the celebrations for International Women's Day, featuring the Campaign "Women who Inspire us", served again to raise awareness of equality issues by recognising the professional achievements of a series of women in the Company, with very different personal and professional experiences, whose example has contributed to building a more inclusive society.

- **External partnerships and participation**:

    - Navigator has been a member of the new BCSD Portugal task force for Diversity, Equity and Inclusiveness (DEI) and has taken part in the "Study of DEI in Portuguese business", launched in partnership with EY, setting out to assess the level of maturity of Portuguese companies and the practices they have in place in this area, in order to contribute to the path to be travelled.

    - The Company continued its partnership with the responsible business association, GRACE, largely to promote engagement by key personnel in the organisation with the association's activities. We also accepted the invitation from AmCham Portugal to sign the Empower Her Declaration, which contains a series of commitments aligned with those made by Navigator, further consolidating its stance on these issues.

    - Outside Portugal, Portucel Moçambique has exercised its **corporate social responsibility** by continuing to support the GirlMove Academy, which works to empower young women and train them for leadership. These are values with which our Company is aligned and which it puts into practice in its everyday operations, taking every opportunity to further them. The Company has already provided training placements for two young women from the project. A traineeship was also awarded to the best female student at Unizambeze, in Mozambique.

    - In Mozambique, with the involvement of the International Labour Organisation, work started on a gender study in the country's wood processing sector, in order to identify opportunities for employment and decent work for women in companies in the sector.

With regard to Law 4/2019 of 10 January, which establishes a job quota system for **disabled persons** with an incapacity greater than or equal to 60%, and requiring companies in the private sector to hire disabled people, we are at the stage of transition to ensure that we comply with our legal obligations.

Discrimination incidents are investigated through the reception, analysis and investigation of reports received through the Whistleblowing Channel (see section on "Whistleblowing"), in accordance with the Whistleblowing Regulation. Instances of discrimination can be reported relating to other Employees, Suppliers, Customers, Service Providers, Local Communities or any other stakeholders, involving in particular breaches of the Code of Ethics and Conduct and the Human Rights Policy, which refer specifically to discrimination on the basis of race, religion, gender, sexual orientation, descent, age, language, territory of origin, political or ideological convictions, economic situation, social context or type of contract. In addition, harassment incidents are reported as a specific form of discrimination, as established in the **Code of Good Conduct for Preventing and Combating Harassment at Work**. Reports are processed as established in the Whistleblowing Regulation and responsibility for the procedure lies with the Whistleblowing Committee.

It should be noted that there were no confirmed cases of discrimination in the reporting period.

Advocacy activities

GRI 415-1
ESRS G1-5

In 2023, the Public Affairs Division (PAD) consolidated the work done in monitoring and reporting initiatives that have an impact on the life of Communities and the country and has taken the lead in The Navigator Company's initiatives concerning regulations (environmental and social issues), thereby contributing to a closer and better informed relationship with our institutional stakeholders.

The work of the DAP is overseen by the executive director responsible for legal, compliance and public affairs.

The Navigator Company has been registered, since 2020, with the EU Transparency Registry, with registration number **609473539427-24**, and has signed the EU Transparency Register Code of Conduct.

Its main activities in 2023 were aligned with the commitments and goals established on the material topics presenting challenges and also opportunities for Navigator's responsible management. These topics included climate change and CO_2 sequestration, energy and raw material management, water management, sustainable forest management, biodiversity conservation, the circular economy and research and innovation in the forest-based bioeconomy.

Attention is drawn to the following PAD activities in 2023:

- At European level, seeking to engage with a range of MEPs to address the most pressing issues on the European political agenda within the Company's field of activity - this includes Research and Development (R&D), the Carbon Border Adjustment Mechanism (CBAM), the European Taxonomy, the Green Deal, Fit for 55, the Renewable Energy Directive (RED III) and the Paper and Packaging Waste Regulation (PPWR).
- In Portugal, it has engaged with Members of Parliament and other leading figures, addressing topics in Navigator's Regulatory Agenda, in particular in the fields of forestry, the environment and energy.

Through engagement with this Stakeholder group (MPs), the Company has sought to raise awareness of the challenges and obstacles facing to the pulp and paper cluster, especially in the energy and forestry sectors. Navigator has also drawn attention to the importance of forest-based bioproducts to national and global decarbonisation endeavours (wood, cork, pulp and paper, furniture, biofuels, synthetic fuels such as e-SAFs and e-methanol, new packaging products or bio composites, among other things), stressing the idea that these renewably sourced products, which are recyclable and biodegradable or compostable, will gradually replace single use plastics, from fossil sources, thereby contributing to a more decarbonised society based on more sustainable patterns of consumption.

A deeper relationship with institutional stakeholders has been fostered through more regular and participative interaction and listening to their concerns.

It may be noted that Navigator makes no contributions to political parties.

WHAT NEXT?

- Third-Party Integrity Verification: assessment of counterparties using new risk assessment criteria and an action plan to address issues raised (2024).
- Implementation of procedures from Human Rights Policy in the fields of recruitment audit and procurement (2024).
- Internal training.
- Adaptation to the Corporate Sustainability Due Diligence Directive (2024).

6.5.2. Research and innovation in the forest-based bioeconomy

GRI 3-3
ESRS MDR-A, MDR-M, MDR-T

Investigation, innovation and the ability to apply knowledge to industry are what underpin Navigator's identity. At a time when society is looking for new, more sustainable development models, we have put our core strengths at the service of a low fossil carbon economy.

OUR IMPACTS

€14.2m
Investment in RDI[61]

5
Prototypes

5
New patents submitted and 2 approved, one national and one European

10
Proofs of concept

4
Potential bioproducts or businesses at the technical-economic assessment stage.

23
Scientific publications

89
Researchers and technicians, including 24 PhDs[62]

25
Doctorates in progress, of which 15 completed

3
Master's degrees, of which 1 in progress

[61] Navigator's total RDI spending on the basis of the amount eligible for SIFIDE (the figure stated is that for 2022, as the final value for 2023 will only be determined in June 2024)

[62] Figures at 31/12/2023.

At The Navigator Company we believe that scientific knowledge, people with talent and expert skills, combined with innovation and technology, offer a promising foundation for a sustainable future. These are the prerequisites for developing bio businesses and a new array of Portuguese industries that aspire to making a difference, by creating economic value in harmony with the Climate and Nature.

Innovation and technology, firmly anchored in Research and Development (R&D) activities, are the foundation of Navigator's business, ensuring that its products and processes are sustainable.

Creating Value Responsibly, the central concept in our 2030 Agenda (Chapter 6.2.4), presupposes designing and putting in practice solutions that create sustainable value and competitiveness in the long term. In our 2030 Roadmap we have therefore accepted the following **commitments:**

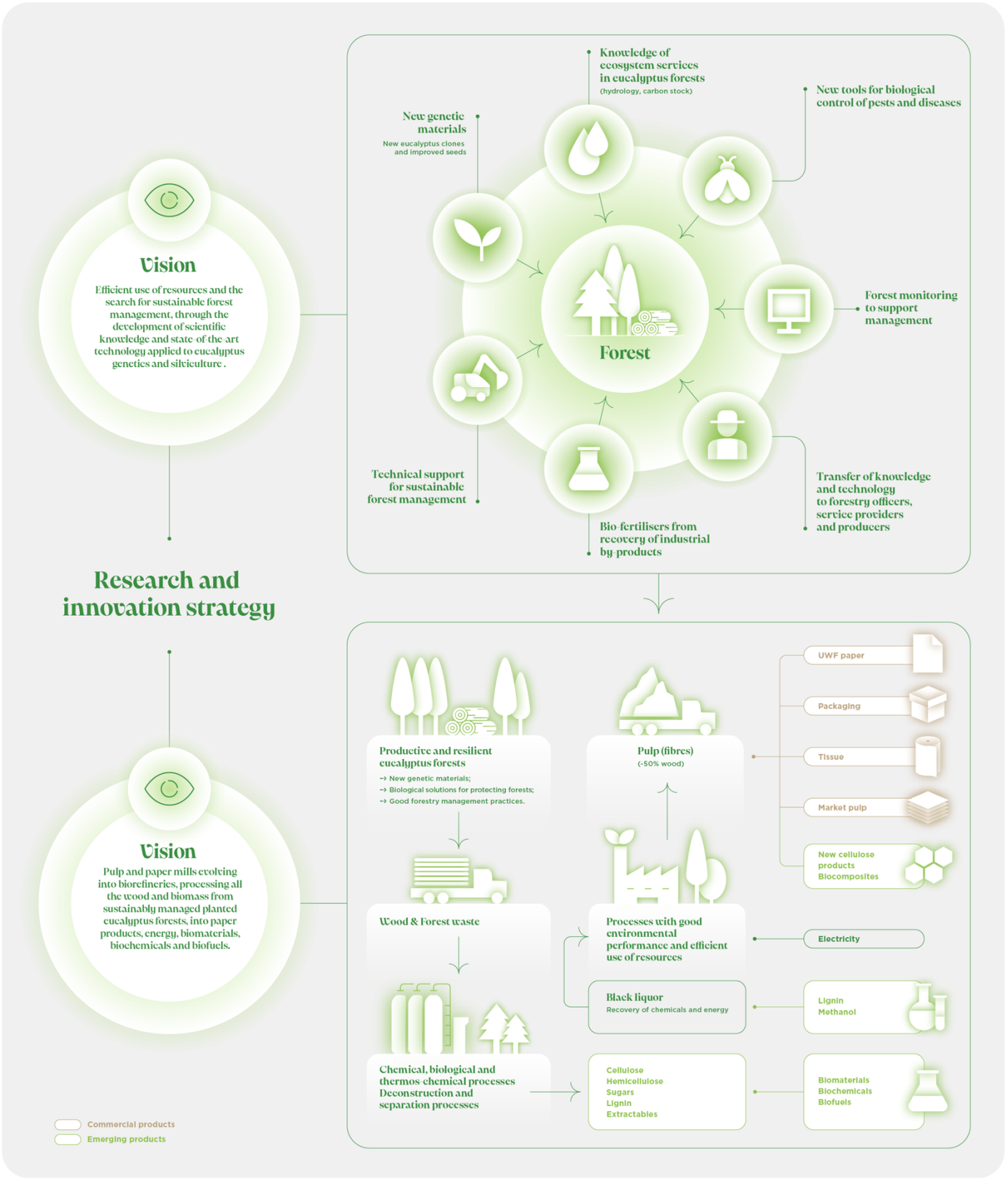
- Develop adaptive forestry practices, from a climate change perspective.
- Develop packaging papers with greater mechanical strength.
- Develop sustainable bioproducts, reducing dependence on fossil resources and working towards an economy free of fossil carbon.
- Promote scientific and technological co-creation in the field of the bioeconomy and bioproducts.

Mindful of the importance to our operations of scientific and technological expertise, Navigator took a pioneering step in Portugal in 1996 of setting up its own R&D centre in partnership with three Portuguese universities. This was **RAIZ, our Forestry and Paper Research Institute**.

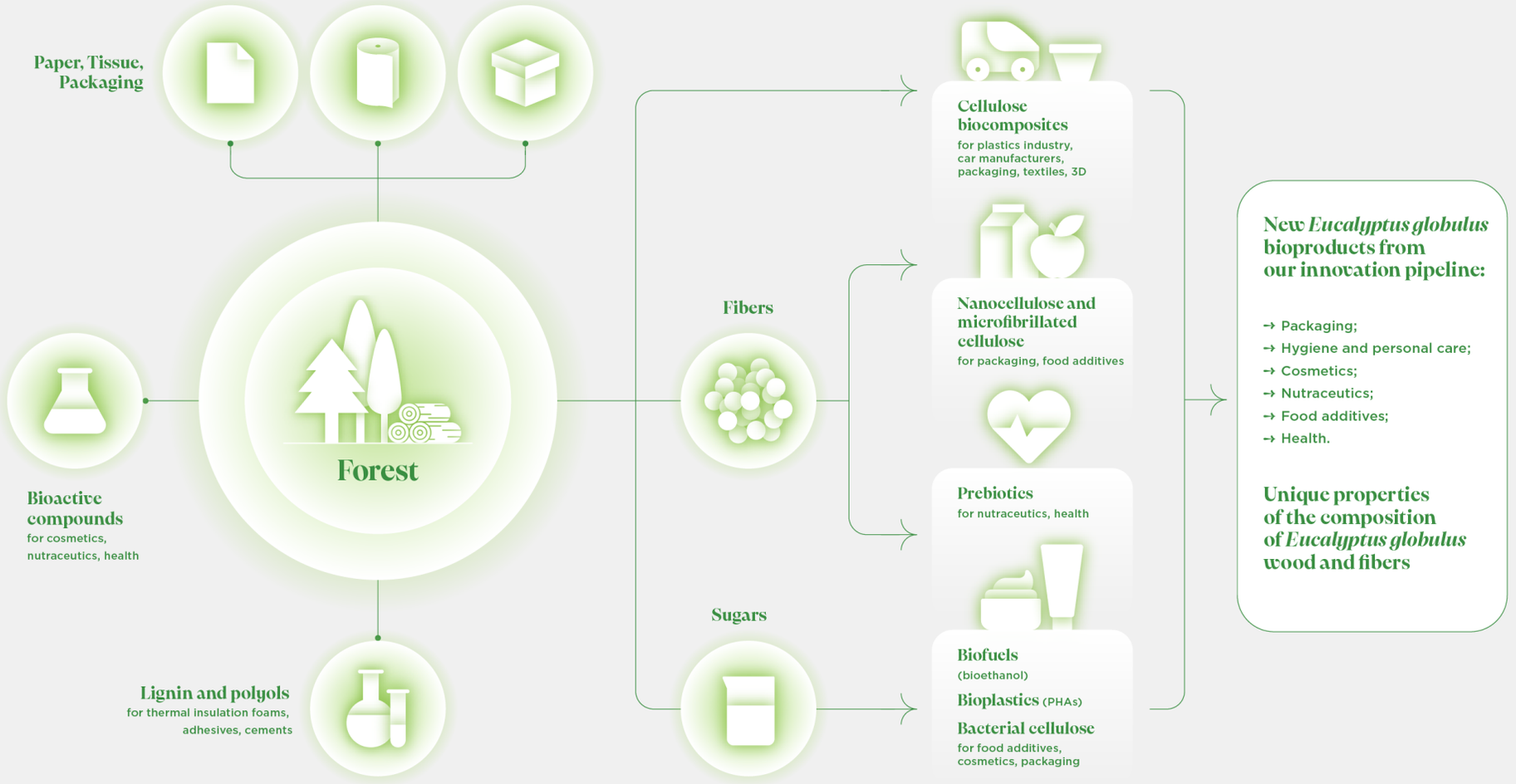
RAIZ is today a private non-profit organisation, recognised as an entity belonging to the National Science and Technology System and as an Interface Centre (Technology and Innovation Centre), contributing to the competitiveness of the Company and of the sector in general, with positive impacts throughout the value chain. It is the largest private institute in Europe, and one of the largest in the world, devoted to R&D in eucalyptus forests and their products.

RAIZ' work is aligned with our purpose and aim of optimising and diversifying processes and business. The ultimate aim is to create innovative solutions able to respond to the various challenges facing forests and forest-based products.

RAIZ' research covers the whole value chain, from the forest, through the production process, to the end product. Its forestry R&D is geared to increasing yields and improving resilience, aims it pursues by developing new genetic materials (*Eucalyptus globulus* or hybrids of different eucalyptus species), by cloning or seeding (natural selection, without genetic modification), solutions for fighting pests and diseases in the forest, improving the soil and nutrition, good practices and forest management tools, which include the environmental dimension, and especially the forest and water perspective. In technological R&D, RAIZ focuses on optimising procedures, efficient use of wood and water resources and environmental compliance, through the recovery of process by-products, development of new products based on cellulose fibre, as well as new bioproducts, resulting from implementation of the biorefinery concept at our pulp and paper mills. The expertise developed in this work is transferred to the operational sectors or, in the case of new bioproducts, scale up and technical-economic feasibility studies are conducted, involving our pilot laboratory.


Vision
Efficient use of resources and the search for sustainable forest management, through the development of scientific knowledge and state-of-the-art technology applied to eucalyptus genetics and silviculture.
Research and innovation strategy
Knowledge of ecosystem services in eucalyptus forests
(hydrology, carbon stock)
New genetic materials
New eucalyptus clones and improved seeds
New tools for biological control of pests and diseases
Forest
Forest monitoring to support management
Technical support for sustainable forest management
Transfer of knowledge and technology to forestry officers, service providers and producers
Bio-fertilisers from recovery of industrial by-products
Vision
Pulp and paper mills evolving into biorefineries, processing all the wood and biomass from sustainably managed planted eucalyptus forests, into paper products, energy, biomaterials, biochemicals and biofuels.
Productive and resilient eucalyptus forests
-> New genetic materials;
-> Biological solutions for protecting forests;
-> Good forestry management practices.
Pulp (fibres)
(~50% wood)
UWF paper
Packaging
Tissue
Market pulp
New cellulose products
Biocomposites
Wood & Forest waste
Processes with good environmental performance and efficient use of resources
Electricity
Black liquor
Recovery of chemicals and energy
Lignin
Methanol
Chemical, biological and thermos-chemical processes
Deconstruction and separation processes
Cellulose
Hemicellulose
Sugars
Lignin
Extractables
Biomaterials
Biochemicals
Biofuels
Commercial products
Emerging products

New bioproducts from our R&D programme



The science generated at Portuguese universities, in the field of **biotechnology and the bioeconomy**, has underpinned lasting partnerships that we are eager to carry forward. Our commitment to **working collaboratively** involves not only Stakeholders in the Portuguese science and technology system, but also international partners and leading players in our industry.

In order to advance our RDI activities, we therefore take part in networks and consortia, submitted applications to funds and external financing programmes (in Portugal and abroad), in addition to our own investment in this field. The knowledge resulting from these activities has a real economic impact, that can be seen in the creation of innovative and distinctive products, in addition to new technology and services. By supporting the work of a wide team of researchers, technicians and bursary holders, we are able to contribute to postgraduate training in Portugal and to generating **jobs in science**. We encourage the creation of **intellectual property** and **scientific publications** in the fields of forestry, pulp, paper and forest-based biorefineries. We also place this expertise at the service of society, through **forest literacy** programmes, as exemplified by RAIZ' "Floresta do Saber" (Forest of Knowledge) Project (Chapter 6.4.3).

In structural terms, our financing policy provides us with sound and consistent foundations for gradual implementation of projects, enabling us to act systematically in advance of programmed events. We have also been promoting partnership projects and applying for funding (Chapter 5) to leverage the transition to a low-carbon economy and to the bioeconomy, thereby boosting our contribution in this area.

Innovation, Technology and Forestry R&D

Significant work was carried out in 2023 under **RRP - TransForm**, notably in the areas of: genetic improvement of eucalyptus; circular economy through recovery of solid waste from the pulp and paper industry as an organo-mineral fertiliser and soil acidity conditioner; development of thematic mapping as a forestry management tool; implementation of a network of observation plots for monitoring the phytosanitary and nutritional state of the forest (ICP network at European level and ICNF in Portugal); valuation of ecosystem services so as to attribute a value to service provided by the forest, which are either not valued or else undervalued by the markets.

The project is expected to result in an increase in the levels of ecosystem services, including not only regulation and cultural services, but also an increase in forestry yields.

Main developments 2023

- In the **field of genetics**, biotechnology and plant production, important efforts are being made to increase genetic diversity in the Improvement Programme, with the aim of developing new materials, mainly hybrid clones which can make our plantations more resilient to high temperature and water stress, and more resistant to attack by pests and diseases.

- Work has started on selecting individuals with superior phenotypes in seeded stands of *Eucalyptus urophylla*, in order to increase the genetic variability of the materials available to Portucel Moçambique. This initiative has followed on from the previous year's review of the improvement programme guidelines by RAIZ and Portucel Moçambique. Alongside this, researchers have seeded further new plots of various eucalyptus species, and a series of cloning trials have been conducted with hybrids (not yet tested in the Mozambique's soil and climate conditions).

- In the **field of soils and plant nutrition**, important work has been done to monitor the nutritional state of eucalyptus forests, studies with water retention polymers, development of new techniques for land preparation and tillage, as well as recovering industrial solid waste as fertilisers and soil conditioners to correct acidity.

- After starting to harvest its forests in 2021, Portucel Moçambique has felt the need to learn more about management of its plantations on a coppicing basis. With help from RAIZ, it has designed and implemented the first trials of this approach, which will seek to determine the key criteria for managing this type of forests.

- In the area of IT or Supporting Technologies for Forestry Management, an area that links up with other fields studied by RAIZ and with Navigator's Forestry sector, including application of remote detection technologies, geographical information systems and data bases, work has been carried out in response to requests from other Navigator sectors, such as the survey of the burned area after the fire in Odemira and an estimate of the severity of the fire using Sentinel-2 satellite images (10m), landscape dynamics surveys such as detection of felled areas, identification of new plantations and the age of eucalyptus stands.

- In the **field of forestry management modelling and tools**, we made significant progress this year on developing models and tools to support forestry management. Examples of these are the 3PG physiological model and hybrid regression analysis models for estimating yields on the basis of soil and climate variables and improvements to the foracanta risk model.

A natural enemy to fight the eucalyptus snout beetle





Targets 15.2, 17.6

Close to 3 thousand *Anagonia lasiophthalma* flies were released during 2023 with the mission of controlling one of the most significant eucalyptus pests in Portugal and worldwide, the eucalyptus snout beetle.

In the work they have been doing on biological control of this pest, using the beetle's natural enemies, RAIZ, the University of Aveiro, the University of Coimbra and Instituto Superior de Agronomia (University of Lisbon), in collaboration and Altri Florestal, have pinpointed the effectiveness of this fly, which originated in Australia, as a parasite feeding on the beetle's larvae, making it a natural enemy.

Having secured import licenses from the Institute of Nature Conservation and Forests (ICNF), the researchers have built up a colony of Anagonia from insects gathered in Australia. It was first necessary to study and characterise the biology of the insect in order to conclude that Anagonia is an effective parasite against the eucalyptus snout beetle, reducing the damage caused by this pest. It was also important to establish that the risk of undesirable environmental effects, above all on other insects, would be negligible.

Anagonia were first released in the field in 2023, on a Company property in Castanheira de Pera, after obtaining authorisation from ICNF.

Further releases are planned for the years ahead, along with continuous monitoring of how they establish themselves in the wild, their ability to disperse and their effectiveness in controlling the eucalyptus snout beetle.

Innovation, Technology and Technological/Industrial R&D

The central focus for activity in 2023 was the RRP From Fossil to Forest Agenda, led by The Navigator Company and with RAIZ as a consortium member, pressing ahead with the work as planned. The consortium is seeking to develop, patent, product and market innovative packaging solutions to substitute existing fossil-based plastic packaging with products that are renewably sourced, biodegradable, recyclable and carbon neutral, based on a home-grown raw material derived from planted and sustainably managed forests (Eucalyptus globulus). Examples of products to be developed under this Agenda by December 2025 include: development of high-yield chemical pulps, needing to consumer less wood and process chemicals; brown kraftliner paper or flexible packaging; paper with barrier properties, for example against oils and fats and/or steam; biocomposites incorporating cellulose in their formulation in combination with thermoplastics (including bioplastics) for rigid packaging and other applications; sensors in paper for smart packaging; rigid packaging solutions in moulded cellulose for different segments.

From Fossil to Forest Agenda

The “From Fossil to Forest” Agenda envisages research, development and industrialisation of The “From Fossil to Forest” Agenda envisages research, development and industrialisation of packaging in cellulose-based materials, with a high level of value added packaging in cellulose-based materials, with a high level of value added

Substitution of single-use fossil-based plastic with **renewably sourced products** which are biodegradable, recyclable and carbon neutral

Packaging solutions **based on local raw materials**, obtained from planted forests (*Eucalyptus globulus*), managed on a sustainable basis

High level of value adding, making the most of Portugal’s eucalyptus forests

Work on the Agenda is expected to result in the following products:

- High-yield pulp (HYKEP)
- Brown paper for kraftliner
- Bags and other flexible packaging solutions
- Cardboard and other rigid packaging solutions
- Paper with high mechanical strength
- Paper with barrier properties
- Food packaging solutions
- Biocomposites
- Packaging solutions using biocomposites
- Sensors in paper
- Rigid packaging in moulded cellulose



27 Partners

€83 m Manufacturing Investment

€20 m in R&D and other investment

11 Products, Processes and Services

Raw materials and Services

The Navigator Company

RAIZ

R&D, Production and Manufacturing

The Navigator Company · Roclayer · emba · Soporcel · GLN · Universidade de Aveiro · Universidade da Beira Interior · Universidade de Coimbra · Universidade Católica Portuguesa · Universidade do Minho · NOVA · Almaden · CeNTI · citeve Textile Technology · piep · Filkemp · LITEL Packaging Solutions

Users

Grupo Nabeiro · rialto · Cerealis · Jerónimo Martins · INCM · Super Bock Group

Expected impacts on the Portuguese Economy

€103 m Investment

59.5 % Increased incorporation of renewable energy

76.2 % Reduction in GHG emissions

61 % Increased incorporation of recycled materials

€124.4 m Annual turnover from new products

€65 m Annual increase in exports and substitution of imports

more than **100** Direct jobs

12 Patents

Main developments 2023

- The Navigator Company has an ongoing programme of investment in the production of high-yield chemical pulps at its Industrial Complexes. This has involved a number of laboratory studies to establish the optimum conditions for producing these pulps, and also process simulations, which are essential for designing the changes to be made to the existing plant. These pulps will make it possible to consume less wood and process chemicals, contributing to The Navigator Company's development of brown kraftliner paper and other flexible packaging solutions.

- Work to develop barrier properties in paper for flexible packaging has included laboratory studies of paper coatings with different additives, to obtain paper with barrier properties against oils and fats, steam, absorption of liquids, oxygen or combinations of these barriers. Promising results have already been achieved for some of the barriers under study. A pilot facility has been acquired, under the RRP From Fossil to Forest Agenda, for future testing of additives already trialled in the laboratory, or others to be developed, in conditions close to those currently existing in industrial units equipped for coating paper using similar plant.

- A number of studies and laboratory trials have been conducted with a view to developing new and innovative tissue products, in line with new market trends and consumer preferences and to support The Navigator Company in its differentiation strategy for tissue products. RAIZ is also involved in the RRP be@t Agenda for the Bioeconomy in the Textile Industry, seeking to develop non-woven fabrics based on cellulose and using other components from sources more sustainable that the fossil-based components currently used to manufacture products of this type.

- In the field of water use, significant efforts have been made, in coordination with The Navigator Company’s operational divisions, with the aim of reducing use (Chapter 6.3.4), in line with the target set by Navigator for 2030. This has entailed studying and implementing a variety of measures, some more technically complex than others, at the Company’s various Industrial Complexes and monitoring their implementation and effectiveness. Examples of measures being studies or already implemented include: optimisation of pulp washing; closed circuits; substituting water with other liquid process currents and using emerging effluent treatment technologies to reintroduce them in the production process.

- In the field of effluent treatment, research has been conducted in coordination with the operational teams at The Navigator Company's various Industrial Complexes, in order to optimise the performance of waste water treatment plants, and to improve the operational stability of these facilities, their ability to respond to process disruptions and diagnosis capabilities, ensuring compliance with emission limits for liquid effluents and their impact on the environment. Research staff have also followed through the revamping of one of the waste water treatment plants at the Setúbal Industrial Complex, from drawing board through to start-up, commissioning and operation, ensuring it is prepared to treat the effluent generated both from the future production of high yield pulp, and from the production of brown paper.

Bioproducts

In the field of bioproducts, our **Pilot Laboratory** was fitted with new facilities in 2023, in particular pilot equipment for scaling up and demonstrating new cellulose packaging products with barrier properties, offering an alternative to single use plastics, especially for the food sector (see insert on "development of moulded cellulose products") These facilities also served for continued technical and economic feasibility studies of new bioproducts (indicated below).

Main developments 2023

- Production of cellulose sugars and conversion into bioethanol for use in biofuels.
- Production of cellulose fibre biocomposites and thermoplastic matrix materials, notably for bioplastics such as PLA, for use in injected plastic of thermoforming products, filaments, and technical textiles. These applications are being tested with potential end users.
- Production of essential oils and bioactive products extracted from eucalyptus bark and foliage for a range of applications, such as cosmetics and healthcare.

Moulded cellulose packaging: the new sustainable packaging solution

Targets 8.4, 9.5

The Navigator Company's ventures in sustainable packaging will move to a new level in the second half of 2024, with the start-up of an innovative industrial unit for integrated production of moulded cellulose parts from *Eucalyptus globulus* pulp. This will be a further stride forwards for the RRP From Fossil to Forest Agenda, which seeks to substitute the fossil-based packaging solutions currently on the market, in particular in the food packaging segment.

These thermoformed moulded cellulose products were developed in the laboratory and then piloted, which is being followed up by industrial-scale production of rigid packaging, for which the main raw material is the *Eucalyptus globulus* pulp produced by The Navigator Company.

In line with one of the goals of the From Fossil to Forest Agenda, a pilot facility has been acquired and installed at RAIZ, able to produce the prototypes for products of this type with different water-based chemical additives, in order to develop and select the formulations that best meet market requirements for barrier properties, especially against oils and fats.

The project has also involved intensive research and development activity in search of more effective solutions for obtaining a barrier to oils and fats. Performance tests have also been conducted on the prototypes, under real conditions of use.

Care has been taken for the products to be suitable for food contact, so as to ensure that the products developed meet the requirements currently in place in the different markets for which they are intended.

Research staff have also followed through the work on the industrial project to install a new production unit for this type of moulded cellulose products, ensuring the solutions developed in Research and Development are aligned with the technical solutions to be implemented in the new production unit.

WHAT NEXT?

- Development of new genetic materials and biological solutions to combat pests and diseases (ongoing, 1-2 new clones per year).
- Development of best management and silviculture practices, contributing to more productive forests, resilient to biotic and abiotic risks (ongoing).
- Development of new bioproducts (ongoing):
    - New packaging materials, in particular to replace single use plastics;
    - New tissue products for hygiene and health applications (1-2 new products per year);
- Further study of the technical and economic feasibility of potential biochemicals and biofuels derived from waste forestry biomass and biocomposites (2025).
- Identification and monitoring of opportunities in the field of synthetic fuels (e-fuels) produced from biogenic CO_2 generated at our mills (ongoing).
- More efficient use of water and wood resources in the industrial process (continuous improvement).

6.5.3. Customer Management

GRI 417-1/2/3
ESRS MDR-A, MDR-M, MDR-T, SBM-2, S4-4, S4-5

Our products and solutions start with our Customers. Because we listen to them actively and seek to understand their priorities, on the basis of a lasting partnership.

OUR IMPACTS

0
Incidents of nonconformity in marketing communications

0
Incidents of nonconformity in product labelling

64.2%
UWF sold with certification

90.4%
Pulp sold with certification

94.4%
Tissue sold with certification

64.7%
Packaging sold with certification

95%
Customer Satisfaction Index, paper – **Printing and writing papers**

67%
Customer satisfaction index - ***Tissue***

Management of our Customers is the key to the Company's success and has a direct impact on our strategy and business model. By monitoring market trends and listening to our Customers we are able to develop **innovative products and solutions**, adapted to their needs and expectations, and also to offer society **sustainable alternatives, with less environmental impact** than non-renewable products.

The main paper fibre used by the Company (*Eucalyptus globulus*) enjoys advantages over other species of trees, such as its ability to produce paper with a lower specific grammage and using a smaller area of forest, the possibility of being subsequently recycled, resulting in recycled products of higher quality, as well as the potential for use in new products.

In the **packaging** sector, the need to substitute fossil-based materials, such as plastic, with others obtained from renewable sources (such as pulp and paper), points to the road we have been travelling in the packaging segment, where the quality of eucalyptus fibre has been crucial to the successful take-up of our products on the market.

A wide variety of sustainable solutions are offered, ranging from products under the **gKraft™** brand (packaging papers in three macro-segments - BAG, FLEX and BOX - for paper bags, flexible packaging, corrugated cardboard boxes for higher value-added products and food packaging) to articles in moulded cellulose (for rigid packaging in the food service and food packaging market).

The growing trend towards digitisation has had an impact on paper consumption, especially in uses linked to commercial transactions, such as paper invoices and receipts, and in the use of printing paper for newspapers, magazines and advertising catalogues, which has had a negative effect on European output of UWF (Uncoated Woodfree) paper, also reducing the quantity of paper for recycling. Even so, Portuguese manufacturers have succeeded in countering this with increased output and market share in the graphic paper segment in which we operate, and in sales of chemical pulp to the tissue and packaging segments.

On the other hand, consumption of **printed books and notebooks** has held steady, and in some cases increased, thanks to the acknowledged importance of using paper in education and teaching. Specialist studies have pointed to the advantages of paper over digital media, as regards the cognitive and critical aspects of learning, both in reading (better comprehension, focus and memory) and in writing (motor and cognitive development in the brain).

In **tissue papers**, new segments have grown up with special attributes in the end products - soap for degreasing surfaces, absorption of fats from fried foods, essences for ambient perfume, and others.

In general, legislators and consumers alike have paid greater attention and attached more value to the sustainability attributes of the product, its manufacture and origin, and of its packaging. Our own direct Customers are particularly concerned with knowing the **carbon footprint of products**. In terms of the regulatory framework, the **European Union Anti-Deforestation Regulation (EUDR**, EU Regulation 2023/1115) came into effect in 2023. The EUDR applies to the origin of imported agricultural produce (such as soya, palm oil, beef and coffee, as well as to wood and rubber products) and their relationship with deforestation, in particular in Asia and Latin America, banning imports of products from regions deforested after December 2020.

In order to respond to the concerns of its Customers, in particular, and of its Stakeholders in general, the Company keeps up with these issues and takes an active part in developing tools and methodologies for implementing the new demands. Through its membership of CEPI, Navigator has contributed to providing a **full life cycle analysis** methodology, appropriate for paper products and able to offer comparability. Another example was its decision to sign up, in early 2024, to the European **Commission's pilot scheme for the EUDR Regulations**, demonstrating the Company's complete transparency and support for the fight against global deforestation.

In addition to the **quality, innovation and sustainability** credits associated with our products (Chapter 2.2), we offer our Customers and Consumers and additional guarantee through the **forestry certification label** and/or **EU Ecolabel** borne by our products.

With the ultimate aim of satisfying our Customers and the growing demand sustainability aligned products, our 2030 Roadmap (Chapter 6.2.4) sets out our **commitments** to:

- Cultivate lasting relations with Customers through active listening and through joint initiatives to respond effectively to their needs. In keeping with this, we have set ourselves the goals of maintaining or increasing the Customer Satisfaction Index (CSI) in each of the segments in which we operate: UWF, CSI > 90% by 2030; Packaging, CSI to be established after the first questionnaire in 2025; Tissue, CSI > 70% by 2030; and pulp, CSI > 63% by 2030.

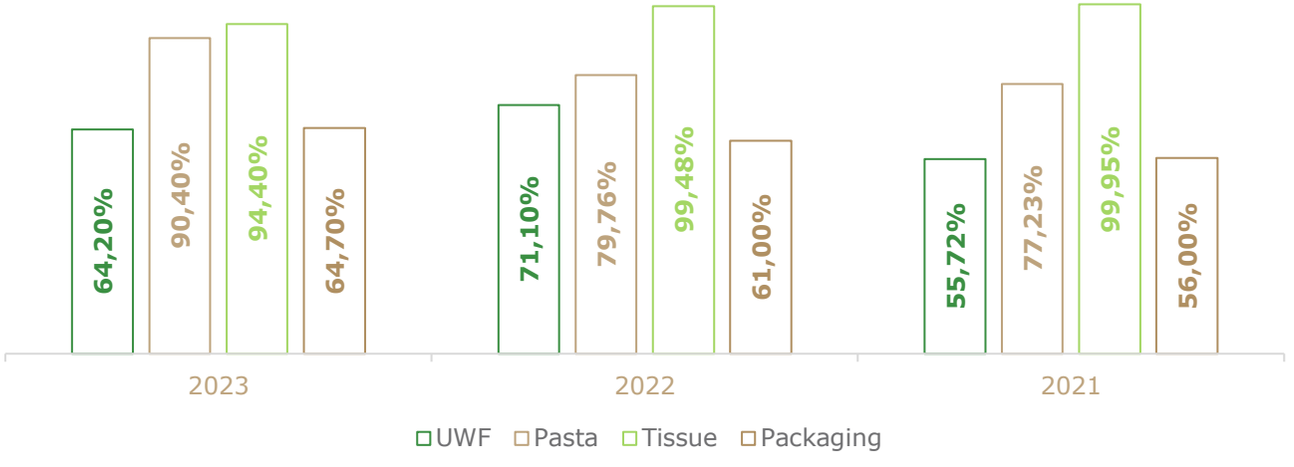
- Increase the number of certified products with forestry certification labels or the EU Ecolabel, setting the goals of maintaining or increasing the percentage of sales of products with environmental seals (Ecolabel, FSC® or PEFC), likewise differentiated by segment: UWF, > 70% by 2030; Packaging, > 60% by 2030; Tissue, > 99% by 2030; Pulp, > 80% by 2030.

With regard to our Customer relations and given that we operate on a **B2B (business to business)** basis, our procedures for customer engagement are centred on sales activities, periodic listening (notably using satisfaction surveys and complaints), meetings and visits to our mills and nurseries, as well as specialist webinars. The **satisfaction surveys** conducted in 2023 pointed to a Satisfaction Index of 95% for paper customers (printing and writing paper) and of 67% for Tissue customers. For pulp, the last survey referred to 2022 and found a Customer Satisfaction Index of 61%.

It should be noted that sales of products with certification (Ecolabel, FSC® or PEFC) have grown to a significant size.

Sales of Products with certification (Ecolabel, FSC® or PEFC)

(by product type)



In relation to **product information and labelling**, we comply with Regulation (EU) 453/2010, of 20 May, publishing a technical safety datasheet for each product detailing its main features, applications and recommendations for use and recycling. We accordingly use logos on all our products referring to certifications, such as Ecolabel, FSC®, PEFC, and others. There was no instance of nonconformity or incorrect use of labels for the FSC®, PEFC and EU Ecolabel certification schemes, nor any instance of nonconformity in marketing communications.

Printing and writing paper

Our brand portfolio divides into **office paper brands** and **brands for the printing industry**. The Navigator paper brand has consumers in more than 134 countries, and has been part of our customers' lives for more than thirty years.

We invest continuously in improving product characteristics, seeking to respond to our Customers' needs. By way of illustration, we are stepping up our sales operation in certain geographical regions, in particular in the United States.

In the professional printing sector, we have continued to promote and consolidate our brands, such as the Navigator Profession sub-brand. Recent launches of professional products - Navigator Premium Books, Navigator Premium Writing and Navigator Premium Envelopes - have proved to be a success in the books and notebooks market.

In office paper, a new brand is also being launched to respond more fully to our Customers' environmental concerns.

In 2023 we launched new products, conducted eye-catching campaigns and took part in leading trade fairs in the relevant sectors. These marketing initiatives contribute to the outstanding prestige enjoyed by our brands on the market.

Main marketing initiatives in 2023

Premium Writing Notebooks

- "One Planet, infinite ideas" is the slogan used for the new brand of Navigator notebooks, introduced in 2023. These are 100% recyclable and use FSC® certified paper.

Discovery Eco Switch Campaign

- The **Discovery Eco-Calculator** campaign raised awareness of an office paper that combines waste reduction with superior performance. The eco-calculated allows companies to quantify the natural and financial resources they save by switching to Discovery paper. The brand also organised a webinar on "Discover the Way of the Eco Switch", to discuss issues relating to sustainability.

Blank Paper Project

- The **Blank Page Project** offers a series of videos on the Navigator paper brand, in which each episode shows the relationship between the protagonists and a blank sheet of paper. Four episodes were launched in 2023, featuring figures such as Hugo van der Ding (copywriter, creative, illustrator and cartoonist), Marcelo Lourenço and Pedro Bexiga (founders of the Coming Soon marketing agency), Cândida Miranda (teacher and artisan) and Nadim Habib (lecturer at Nova SBE).

Big Buyer

- In November, we once again attended the BigBuyer fair in Bologna (Italy). This event brings together companies from the office supplies and stationery sector, for debates about different businesses, networking and sharing the latest trends. The 27th edition of this fair gave us the opportunity to introduce our Navigator Notebooks to the Italian market.

Paperworld Dubai

- In November we attended another edition of Paperworld Middle East, in Dubai (United Arab Emirates) the largest international trade fair for the stationery, paper, gifts and office suppliers' industry in the Middle East. As well as the usual brands on display, our focus was on the packaging segment - gKRAFT - and on PremiumWriting.

Support for good causes is another factor that consumers reward in consumer brands, and our Pioneer office paper brand again embraced the cause of cancer care, through the Pioneer Inspire Hope Campaign.

500 000€

Funding for iMM

Pioneer Inspire Hope





Targets 3.4, 17.16 and 17.17

Every year, thousands of women are diagnoses with breast cancer and for the past eighteen years the Pioneer paper brand, which is also inspired by women, has played an important role in supporting this cause. This takes the form of donations of tons of paper and funding worth more than 500,000€ for various initiatives and research projects at the Institute of Molecular Medicine (iMM), in Lisbon, in order to speed up the development of new therapeutic strategies for treating breast cancer.

The Pioneer **Inspire Hope** campaign started in 2020 and catches the public eye in October each year, international breast cancer awareness month, transforming the brand's DNA - paper - into flowers representing hope and paying tribute to those facing this disease. Alongside this, on the campaign website, available in Portuguese, French, English and Spanish – Pioneer Paper - Inspire Hope Against Breast Cancer - Join Now! – people can send special messages to whomever they choose. A total of 215 messages of support have been registered for everyone facing the challenge of breast cancer.

Every year, the brand launches a special edition of a flower, always designed and created by hand from Pioneer paper. No less than 6 700 flowers were presented to all the women in Navigator and to patients at the Hospital de Santa Maria, Fundação Champalimaud, researchers and the team at iMM Laço Hub, as well as during the international ABC7 conference, organised by the ABC Global Alliance. This conference was held in November 2023, using a hybrid format, at the Lisbon Conference Centre, bringing together 1,500 health professionals and patients from 90 different countries to discuss best practices in fighting this disease.

2023 was a year of new achievements, as we linked up with another international partners, ABC Global Alliance. True to the key idea of the campaign – *Together we turn hope into reality* - Pioneer will continue to work with iMM-Laço Hub and ABC Global Alliance to further scientific research and improve the lives of patients around the world.

Also in 2023, the brand decided to innovate and launch a new website – **https://pioneer-paper.com/** – fully aligned with its purpose, and in November it closed the campaign with Pioneer Inspire Hope webinar. The aim was to tell its own story and also to offer insights into what is being done to combat the disease, including the scientific research and achievements of iMM-Laço Hub and ABC Global Alliance. There were 86 participants: Employees of The Navigator Company, researchers and medical professionals.

Pioneer's communication features prominently the We Love Paper campaign, by Two Sides, and the brand is currently sold to more than 150 countries. The new partnerships and initiatives represented a major stride forward, taking our brand and the credibility of the Pioneer Inspire Hope campaign even further, beyond Portugal's borders.

The success of this campaign was due to the engagement and motivation of a team that extends beyond Navigator - including our Suppliers and partners who every year respond with enthusiasm and are ready to go the extra mile for the success story of Pioneer paper. Together, as a team, we can certainly inspire others to make hope into a reality.

Packaging

The launch of the gKRAFT brand in 2021 personifies a new generation of packaging papers featuring excellent levels of performance, printing quality and functionality, meeting high standards of safety and hygiene.

The raw material used to produce this paper means it is more recyclable and at the same time uses less wood per ton of paper produced, thanks to the use of *Eucalyptus globulus* fibre. This raw material means that 50% less wood is used per packaging volume (tons) - in comparison with *Pinus Taeda, Pinus sylvestris* –, at the same time as ensuring the production of packaging that is safe, hygienic, and more efficient in composting, requiring 20% less time than competing products using pine.

It should be noted Navigator's innovative packaging solutions earned it recognition at the IRGA Awards (Chapter 1.5).

Main marketing initiatives in 2023

LinkedIn gKRAFT

- In January, the gKraft brand joined **LinkedIn**. Brand manager for the past two years, Maria Sereno Soares values LinkedIn as "a channel where we can communicate what makes us different, and also share events that we are attending. The aim is to make contact with potential brand owners, who are at the end of the chain and are often the people who decide on the choice of materials. LinkedIn offers a unique opportunity for making direct contact with them".

gKRAFT Mockups

- Mockups were developed for the more representative applications of our gKRAFT paper.
  The main aim of this project is to show unambiguously that our paper meets the toughest demands of brand owners, offering superior printing quality, across a vast range of colours and printing techniques.

gKRAFT trade fairs

- The gKRAFT has consolidated its presence at several leading trade fairs in the packaging sector. One of the most significant of these was Packaging Innovations Birmingham, a key event for innovations in the packaging sector, held in February. In May, gKRAFT displayed its products at InterPack, a fair that brings together the global packaging sector in Dusseldorf. This was followed by participation in Packaging Première in Milan, the top trade fair for the luxury packaging sector.

Tissue

The tissue sector has invested in innovation, with several products offering disruptive features, such as: Amoos Air Sense™ (toilet paper), Amoos Naturally Soft™ (napkins and toilet paper), Amoos Aquactive™ (multipurpose) and Amoos Calorie Control™ (kitchen roll).

WHAT NEXT?

- Participation by the Company in the European Commission's pilot scheme for the new European Union Anti-Deforestation Directive (2024).
- Continued partnership with iMM-Laço Hub and ABC Global Alliance.
- Calculation of the Carbon Footprint on the basis of methodologies developed by CEPI and adopted, in the case of UWF paper, in the Eurograph manual (2024).

6.5.4. Supply Chain Management

GRI 3-3, 204-1
ESRS MDR-A, MDR-M, MDR-T, SBM-3, S2-1, S2-2, S2-4, G1-2

Sustainable management of the supply chain is increasingly relevant to our responsible business strategy. The profound and rapid change were are living through worldwide poses new challenges, but also new opportunities for growing together.

OUR IMPACTS

7,490
Suppliers

€1,793m
Total purchasing volume
(down 7% on 2022)

74%
Volume of **purchases from Portuguese suppliers**

69%
Wood used from woodlands with **certified forest management**

92.1%
Wood **suppliers** with **chain-of-custody certification**

65%
Paper dispatched by sea

€188.6m
Imported wood

- **144.4 M€** by sea
- **31.6 M€** by rail
- **12.7 M€** by road

44.7%
Renewably sourced electricity purchased (market-based)

154
Participants at **Suppliers' Day**

Aware of the impact of our purchasing policies on the creation and distribution of value, among the thousands of companies and workers belonging to our suppliers chain, we are committed to establishing partnerships and encouraging positive change.

The Company's operations require **supplies of wood, biomass, chemicals** and other products, used in the industrial process - for processing into finished products and by-products we market - and **energy**, which we produce and consume. The impacts associated with our supply chain have to do not only with the extraction and production of these resources, but also with their **transportation**.

Wood and biomass **logistics** are responsible for directly handling a large volume of wood, from our forest holdings (own and rented properties), logistical parks and ports to the mills, using a variety of means of transport (road, rail and sea).

We also ship our products to more than 130 countries and approximately 3,800 delivery points., using various means of transport (maritime, rail and road), prioritising sustainability of the transport chain and based on partnerships with our Suppliers in developing efficient solutions.

These activities have an environmental and also social impact (in the latter case, especially as regards the safety of the people involved), to which we may add the importance of ensuring a resilient supply chain able to respond to our needs, so that we can guarantee business continuity. As a result, **sustainable management of our supplier chain** is an issue that emerged with renewed importance in our last materiality analysis (Chapter 6.2.3), and so, in 2023, we established a series of commitments and goals in our 2030 Roadmap (Chapter 6.2.4). These include:

- Goals centred on suppliers of our main raw material, so as to increase certified wood and promote chain-of-custody certification of all our wood Suppliers (Chapter 6.3.3);
- Goals related to our commitment to increase the number of Suppliers with financial assessments and ESG criteria (decarbonisation, water management and respect for human rights).
- Goals related to our commitment to promote sustainability practices along the Suppliers Chain.

Our targets for reducing CO_2 emissions, approved in 2022 by the Science Based Targets initiative, involve an ambition to cut scope 3 carbon emissions associated with the value chain (Chapter 6.3.2).

An important focus has been on optimisation of inbound and outbound flows, seeking to achieve, in each logistical area, operational efficiency and the lowest cost for each place of origin/destination.

Sustainability also entails ensuring that the delivery modes of transport complement each other, and so whenever operationally and financial viable we use rail and maritime transport, although road haulage continues to represent a significant proportion of our logistical flows. Rules were established in 2023 for implementing the Emissions Trading System (EU ETS), the EU policy in maritime transport for combating climate changes and effectively reducing

Main Suppliers

Wood and biomass

Chemicals and packaging

Energy

Logistical services and transport

Specialist Service Providers

134
Countries to which our products are shipped

3,800
Delivery points (approx.)

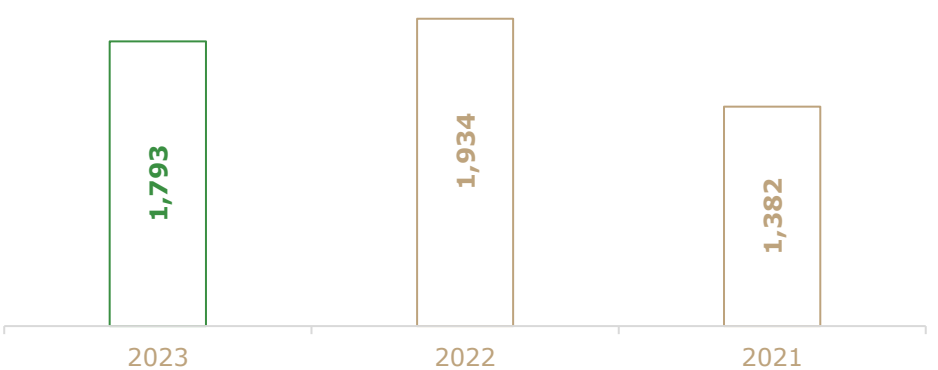
greenhouse gas emissions. Operators will now have to purchase licenses permitting CO_2 emissions, which may lead the industry to develop more efficient solutions both through alternative fuels and by redesigning ships, among other measures (e.g. reducing the speed of ships, choice of more efficient routes). This is a topic we will follow with interest.

Procurement practices and Supplier relations

At The Navigator Company we rely on more than 7,400 Suppliers and spend each year around 1,800 million[63] euros on supplies and services - a figure that points to the scale of the economic impacts, and also the social and environmental impacts, of our procurement decisions.

The fact that 74% of our purchasing is from Portuguese suppliers enables us to make a decisive contribution to the economy and job creation in Portugal, and we are one of the exporters creating the most gross value added for the country.

Supplier spend
(M€)



Note 1: See the GRI Table for methodological information on the calculation of the indicator (GRI 204-1).

[63] Average figure for the past three years

In line with our governing principles, we are committed to encouraging responsible conduct throughout our supply chain. The Company's position on these issues is set out in the **Code of Conduct for Suppliers**, **the Compliance Policies** and the **Human Rights Policy** (Chapter 6.5.1), which provide for implementation of due diligence procedures.

To this end we contracted a **Third-Party Integrity Verification** Service in 2023, so that a larger proportion of Suppliers undergo an ESG assessment, and we now include Compliance clauses in our contracts with Suppliers, through which we ensure adoption of these criteria - especially as regards prevention of corruption and related offences, prevention of money laundering and terrorist financing, compliance with international sanctions and protection of Human Rights.

These safeguards are complemented by specific practices by the different sectors that handle dealings with Suppliers, adjusted to the needs and circumstances of the arrangements with suppliers and service providers (described below). We have also established a series of criteria and practices to safeguard workers along our value chain who work at or visit our industrial facilities.

As required by our **certifications**[64], we seek to use our **ability to influence**, **engaging** with suppliers (including service providers and subcontractors) and **raising their awareness** of critical issues relating to safety, the environment, business integrity, quality and other matters. In order to contribute to closer commercial ties between Navigator and its main Suppliers, we have organised an annual Suppliers Day since 2015, which is important in promoting continuous improvement along our supply chain, by contributing to reduction in raw material costs, improved industrial efficiency and sustainability.

In our operations in Mozambique, our aim is to bring processes and procedures into line with practices in Portugal. An exchange and training were organised in 2023 to prepare the ground for alignment.
Portucel Moçambique has its own Code of Conduct for Suppliers.

Approach to Supplier Management

Code of Conduct for Suppliers

- Addresses topics such as prevention of corruption and bribery, respect for human rights, employment practices, health and safety and environmental practices.
- It is sent to all materially relevant Suppliers and made available in all market consultation procedures.

Third-Party Integrity Verification

- We have a Third-Party Integrity Verification System which we implement by gathering information on Human Rights, prevention of corruption, money laundering and terrorist financing, compliance with international sanctions, CO_2 emissions (scope 2 by Suppliers) and water management, using a platform contracted for this purpose.

Payment by confirming

- Suppliers are able to use a payments system on the basis of confirming, enabling them to be paid in advance and contributing to better cash flow management; this has been implemented for certain types of Suppliers.

[64] ISO 9001 (quality management), ISO 14001 (environmental management), ISO 45001 (management of occupational health and safety), FSC® – Forest Stewardship Council® (License no. FSC® - C010852); PEFC – Programme for the Endorsement of Forest Certification schemes (License no. PEFC/13-23-001).

Engagement and awareness raising

- Participation in Sustainability Forum (Chapter 6.4.3).
- Organisation of the Suppliers' Day to build closer ties with our main Suppliers.
- Visits to our mills and nurseries.
- Projects to improve eucalyptus forests and disseminate our good forestry practices (Chapter 6.3.3).
- Other specific initiatives in each area.

Suppliers' Day: Debate on new supply chain challenges





Targets 8.3, 8.4, 12.6

The main themes of the 2023 Suppliers Day, held in June at the Centro Cultural de Belém (Lisbon), were the challenges and opportunities of Navigator's supply chain, with a focus on raw material costs, industrial efficiency and sustainability.

In a rapidly changing world that poses new challenges, in particular those arising from sustainable operation along the value chain, the event was devoted to "New Challenges in the Supply Chain" and sought to underline the importance of sustainable sourcing.

This meeting helped to strengthen the Group's relations with its strategic suppliers and was attended by staff and managers from the procurement, wood supply and logistics divisions, as well as pointing to attention that the Company is paying to measures to reduce the carbon footprint of its Suppliers.
The event brought together 154 participants, including 117 Navigator Suppliers.

Suppliers' Day has been organised annually since 2015, with the aim of creating closer ties between Navigator and its supply chain partners, in line with Navigator's responsible management strategy: achieving economic success, in a fair and responsible way, responding to its Stakeholders' interests and encouraging cooperation.

Supplies of wood and biomass

Measures were consolidated in 2023 to support our Suppliers/partners in the Portuguese and Spanish wood market, comprising in particular:

- **Financial support** for purchasing machinery;
- **Cash flow support and Supplier segmentation;**
- Wider implementation of **confirming payment system**:

These measures are designed to foster a more sustainable suppliers chain, with higher levels of expertise and segmentation.

The year also saw the launch of the "Clube Produtores Florestais" (Forestry Producers Club), aimed at our strategic partners, who will be crucial in the change of mindset needed to promote sustainable management of forests, and who will be offered the innovative and distinctive schemes we will be implementing (Chapter 6.3.3).

Our concerns also extend to the domain of safety, not just for our internal Employees, but also for external workers who deal with us on a daily basis in commercial and logistical operations (Chapter 6.3.3, 6.4.2).

In 2023, we conducted a review of our procedures in Portugal and established stricter rules on roundwood handling operations. These have been communicated to all our suppliers, through their drivers, using leaflets setting out the required personal protective equipment and the safety rules that must be met, in order to contribute to the goal of zero accidents.

Forestry Operations

In forestry operations, our Operations Quality Control procedure checks that the practices of our Service Providers comply with the technical standards, legal, social and environmental requirements in force, minimising the risk of failure in the forestry operations carried out. The findings inform the selection of Service Providers for future operations.

In Mozambique, where at this stage our venture consists only of the forestry operation, these assessments are focused on forestry services providers, which are of material importance due to the significant involvement of persons and communities, the machinery and the level of investment made. This involves examining equipment, inspecting operational procedures, environmental conditions and worker behaviour, in order to ensure a safe working environment. Portucel Moçambique has implemented an operations quality control process, and also conducts safety inspections, to check compliance with the rules and stipulated requirements. In addition, the Community Liaison Officers (Chapter 6.4.3) also conduct assessments of work fronts, focusing more on social issues, to ensure balance and transparency in hiring and supervision of operations.

Contracting and purchase of land

The **contracting and purchase** of land in Portugal and Spain (Galicia) are essential for the sustainability of our own wood supplies in the Iberian Peninsula. In addition to simple rental of eucalyptus forest holdings, other complementary arrangements have been successfully implemented in the Portuguese and Spanish markets, serving the same objective of more and better forests and securing future wood supplies.

The various projects implemented seek to help and support landowners and producers in **improving the management and yields of their forest holdings**, providing technical support, from our great store of know-how in the Company, in work to rehabilitate low-yield areas that have been abandoned, but which present potential, and in reforestation, complementing the direct support to landowners for their investment in forestry.

We also provide information on our good forestry practices at meetings with Forestry Producers, visits to RAIZ and the mills, sharing our vision for forests and the opportunity for industry and landowners to work together, for the benefit of our forests.

In Mozambique, Portucel secured two licenses from the Mozambican government, in 2009 and 2011, for a total of 356 thousand hectares, permitting it to plant forests up to 240 thousand hectares for a renewable period of 50 years, in the provinces of Manica and Zambézia[65]. The physical demarcation of 352 thousand hectares of this land in these provinces was completed in 2021, corresponding to the areas for which the Company received the **land use rights (DUAT)**; it is entitled to plant eucalyptus on up to two thirds of this area.

On the basis of these **land use rights (DUAT)** awarded to Portucel Moçambique, the Company has developed a process of **communication and consultation** with the communities and families living in these areas, in order to gain access to the land and establish plantations in areas they make over voluntarily.

[65] Council of Ministers Resolutions nos. 86/2009 and 70/2011

In order to ensure that Communities and families reach their decisions in advance, on a free and informed basis, Community consultations are conducted at three different levels:

- Community consultations, in connection with the procedure for awarding land rights (DUAT);
- Public consultations, in connection with environmental and social licensing;
- Regular Community consultation at different levels, conducted internally, while the Land Access Procedure is implemented by Portucel.

Access to the land for planting forests is preceded by agreements with Communities and families, in a voluntary process witnessed by traditional leaders, the administrative authorities and Portucel Moçambique's land management officers. This procedure seeks to ensure reliable information, communication and transparency in the process, and is in line with the principles and criteria of our partner, International Finance Corporation (IFC). At year-end 2023, Portucel Moçambique had 5,541 agreements with families.

Energy

Management of energy contracts with our Suppliers is a topic of the highest importance, in view of its materiality. In line with our decarbonisation plan, we have here promoted the use of renewable energy sources. In 2023, approximately 44.7% of the power purchased was from renewable sources (market-based), including the supply of 115 GWh/year, 100% renewable, under a Power Purchase Agreement (PPA).

Materials management

We have been developing procedures and tools for monitoring operations with our Suppliers and for approving new suppliers. A new **sourcing and contracting procedure** was established in 2023 in order to incorporate ESG criteria in our scrutiny and initial assessments of suppliers. It should also be noted that the permission to use the European Union Ecolabel on our UWF and tissue paper products requires us to implement a **qualification process for Suppliers**, raw materials and consumables, setting high standards for performance on environmental and other criteria.

In addition to the approach outlined above, we apply eligibility requirements, for supplies of chemical raw materials, which deal with environmental and legal issues (e.g. microplastics, heavy metals, biocides, ecolabel).

In approving new suppliers of chemical raw materials, we carry out document checks and also take samples for laboratory and industrial testing.

Inbound logistics

Inbound logistics have a crucial role to play in ensuring supplies of wood from our own and rented holdings, from wood purchases in Spain (Galicia) and imports of roundwood/chips from outside the Iberian Peninsula.

This activity is geared to **optimising logistical flows and costs**, whether by road, rail or sea, and minimising environmental impacts.

The Company stepped up its commitment to safety in 2023, both in external yards and at port and forest locations, by taking concrete steps aiming at continuous improvement. Leaflets have been handed out in person on the procedures in force in the Company, ensuring improved safety awareness among those involved in handling and transporting wood and biomass to the mills.

Wood imports represented a value of 188.6 M€ in 2023; maritime transport predominated, followed by rail and then by road. This figures is influenced by the legislation currently in force in Portugal, which imposes limits on additional plantations in the country.

Outbound logistics

In 2023 we pressed ahead with our programme to boost haulier loyalty and to encourage renewal of fleets, in the quest for means of transport offering greater efficiency in terms of emissions. By committing to Navigator as principal partners, hauliers can plan investment on a more sustainable basis.

Efforts also continued to develop **maritime services at local ports**, consolidating the service to northern Europe, which started up in 2022, at the ports of Aveiro and Setúbal, reducing the distance travelled by road (and consequently cutting emissions). In 2023 we developed a new service at local ports connecting with the USA. Overall, this service has enabled us to optimise transport to local ports, resulting in a reduction of approximately 217,236 tCO_2 (191 thousand km).

An important development is a partnership with a shipping operator, offering direct connection to France. This has enabled us to **migrate road transport volumes to maritime**, thereby cutting carbon emissions by around 10,329 tCO_2.

We have also acquired a **container tracking platform**, which will enable us to measure carbon emissions from our exports shipped by sea.

In Mozambique, we have full (100%) control of the vehicle fleet using Car track GPS applications, providing online information on locations, distances travelled, fuel consumption and good driving practices. This has had a direct positive impact on vehicle safety.

WHAT NEXT?

- Redesign of Portucel Moçambique's purchasing procedures, in order to standardise processes with Navigator (2024).
- Increase migration from road haulage to maritime transport (2024-2025).
- Possible partnership for using biofuel in Navigator's maritime transport (2024-2025).

7. Proposed allocation of profits

Whereas:

a) The individual accounts show net income of 274,923,820.1 euros, determined on an IFRS basis;

The Board of Directors proposes that the net income not yet distributed in the individual accounts, totalling 274,923,820.1 euros, determined on an IFRS basis, be allocated as follows:

Dividends for outstanding shares ..... 149,995,621.1 euros
(0.21091 euros per share)

Retained Earnings ..... 110,928,199.0 euros

Employee profit sharing for the period up to ..... 14,000,000.0 euros
(already stated in financial statements).

8. Declaration required under Article 29-G.1 c) of the Securities Code

Article 29-G.1 c) of the Securities Code requires that each of the persons responsible for issuers, whose names and duties must be clearly indicated, make a number of declarations, as described in the sub-paragraph in question. In the case of The Navigator Company, a uniform declaration has been adopted, worded 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 management report, annual accounts, legal accounts certificate and other financial statements required by law or regulation, even if they have not been submitted for approval at the general meeting, of The Navigator Company, S.A., for the financial year of 2023, were drawn up in accordance with the relevant accounting rules, and provide a true and fair view of the assets and liabilities, financial affairs and profit or loss of the Company and other companies included in the consolidated accounts, and that the management report contains a faithful account of the business, performance and position of the Company and other companies included in the consolidated accounts, describing the main risks and uncertainties which they face."

As required by this rule, we provide below a list of the persons signing the declaration and their office in the company:

Ricardo Miguel dos Santos Pacheco Pires	Chairman of the Board of Directors
António José Pereira Redondo	Chief Executive Officer
José Fernando Morais Carreira de Araújo	Executive director
Nuno Miguel Moreira de Araújo dos Santos	Executive director
João Paulo Cabete Gonçalves Lé	Executive director
Dorival Martins de Almeida	Executive director
António Quirino Soares	Executive director
Ana Teresa Cunha de Pinho Tavares Lehmann	Non-executive director
Hugo Alexandre Lopes Pinto	Non-executive director
Maria Isabel da Silva Marques Abranches Viegas	Non-executive director
Maria Teresa Aliu Presas	Non-executive director
Mariana Rita Antunes Marques dos Santos	Non-executive director
Sandra Maria Soares Santos	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

9. Our performance

The tables in the following sub-chapters provide a summary of Economic, Environmental and Social indicators. For more information on our methodological notes relating to the GRI indicators, consult the GRI Table attached (Chapter 10.2.3).

9.1. Economic Indicators

Economic Indicators	2023	2022	2021	GRI
Total sales	**1,953**	**2,465**	**1,596**	
EBITDA[66]	**502**	**736**	**355**	
Operating profits (EBIT):	366	573	230	
Financial Results	-19	-57	-18	
Net Income	**275**	**393**	**171**	
Operating Cash Flow	410	555	297	
Free Cash Flow[67]	92	463	235	
Capital expenditure	187	113	80	
Interest Bearing Net Debt[68]	490	382	595	
EBITDA/Sales	**26%**	**30%**	**22%**	
ROCE[69]	21%	35%	14%	
ROE[70]	21%	34%	16%	
Interest Bearing Net Debt/EBITDA [71]	0.98	0.52	1.68	

[66] Operating profits + depreciation + provisions.
[67] Variation net debt + dividends + purchase of own shares.
[68] Interest-bearing liabilities - liquid assets (not including effect of IFRS 16).
[69] ROCE = Annualised operating income / Average Capital invested (N+(N-1))/2.
[70] ROE = Annualised net income / Average Shareholders' Funds (N+(N-1))/2.
[71] Interest-bearing liabilities - liquid assets) / EBITDA corresponding to last 12 months. Impact of IFRS 16: Net Debt / EBITDA in 2023 of 1.1; Net Debt / EBITDA in 2022 of 0.60.

Economic Indicators		2023	2022	2021	GRI
Direct Economic Value Generated - Revenues (I) (thousand €)		**2,033,559**	**2,535,783**	**1,627,251**	**201-1**
Direct Economic Value Distributed (II) (thousand €)		**1,848,089**	**2,122,950**	**1,370,996**	
Operating costs		1,294,457	1,514,271	1,077,385	
Employee pay and benefits		171,127	185,194	153,970	
Payments to capital providers		219,305	356,967	117,343	
Taxes		161,741	64,765	20,650	
Investments in the Community		1,459	1,752	1,649	
Accrued Economic Value (I-II) (thousand €)		**185,470**	**412,834**	**256,254**	
Financial implications of climate change					**201-2**
Number of CO_2 emission licenses		494,850	574,122	620,805	
Market value		38,628	46,785	50,068	
Financial assistance received from Government (thousand €)		**16,781**	**16,405**	**7,824**	**201-4**
Tax Incentives / Credits		1,701	2,557	5,121	
Subsidies		12,280	12,314	143	
Support for research and R&D		2,800	1,533	2,560	
Ratios of standard entry level wage to local minimum wage					**202-1**
Portugal	Men	1.09	1.13	1.07	
	Women	1.09	1.13	1.07	
Mozambique	Men	1.00	1.00	1.00	
	Women	1.00	1.00	1.00	
Total number of Suppliers		**7,490**	**7,303**	**7,172**	**204-1**
Percentage of local Suppliers (%)		**73**	73	74	
Total expenditure on Suppliers		**1,793,052**	**1,934,460**	**1,382,341**	
% expenditure on Local suppliers		**74**	72	74	

9.2. Environmental Indicators

Environmental Indicators	2023	2022	2021	GRI
Forest				
% certified of forest area managed	**100**	**100**	**100**	
Wood purchased with FSC® and PEFC™ certification				
% Portuguese	68	65	63	
% overall	69	68	71	
Materials				
Raw materials (tons)	**4,714,216**	**5,156,843**	**5,064,915**	**301-1**
Renewable	4,251,275	4,619,939	4,558,516	
Non-renewable	462,940	536,904	506,399	
% of renewable raw materials	90	90	90	
% of recycled materials used	**0.00**	**0.01**	**0.02**	**301-2**
Energy				
Energy consumption within the organization (GJ)	**39,746,832**	**41,165,471**	**41,246,701**	**302-1**
Primary energy from non-renewable sources	7,788,102	9,825,584	9,811,472	
Primary energy from renewable sources	31,688,941	31,802,148	31,962,573	
Electricity acquired for consumption	5,400,128	4,910,655	4,651,165	
Electricity sold	5,130,339	5,372,917	5,178,509	
% primary renewable energy consumed	80	76	77	
% primary renewable energy consumed in Portugal	81	76	77	
Energy intensity In Portugal (GJ/t output)	**12.9**	**12.0**	**12.5**	**302-3**
Energy intensity by turnover (TJ/million euros)	**23.0**	**18.9**	**29.1**	
Reduction in energy consumption (GJ)	**5,604**	**65,682**	**51,184**	**302-4**
Water				
Water intake (thousand m^3)	**61,989**	**63,503**	**65,897**	**303-3**
Industrial operations	60,096	61,857	64,876	
Forestry operations	1,892	1,647	1,021	
Water discharged - effluent (thousand m^3)	**48,610**	**52,161**	**54,302**	**303-4**

Environmental Indicators	2023	2022	2021	GRI
Water used (thousand m^3)	**13,378**	**11,343**	**11,595**	**303-5**
% of water returned to environment	**78**	**82**	**82**	
Specific water use in industrial operations in Portugal (m^3/t)	**21.2**	**19.1**	**20.9**	
Biodiversity				
Facilities in or close to protected areas and areas of high biodiversity value				**304-1**
National Network of Protected Areas (RNAP) (ha)	11,877	10,253	10,067	
% of total holdings managed	11	10	10	
Classified sites in Natura 2000 Network (ha)	44,990	43,699	43,498	
% of total holdings managed	42	41	42	
Special Protection Zones (ZPE) in the Natura 2000 Network (ha)	33,680	31,533	31,657	
% of total holdings managed	31	30	30	
Total classified areas (ha)	**56,684**	**53,738**	**53,563**	
% of total holdings managed	53	51	51	
Habitats protected or restored (ha)	**4,611**	**4,314**	**4,129**	**304-3**
Protected habitats (ha)	4,420	4,243	4,076	
Restored habitats (ha)	191.3	71.2	53.1	
Emissions				
Scope 1 (tCO_2e)	**509,494**	**592,428**	**584,090**	**305-1**
Assets at plants (CELE scope)	456,689	552,587	539,332	
Fluorinated gases	598	598	973	
Fuel for travel and kilometres travelled	2,421	2,143	2,114	
Natural Gas used in BPPs (auxiliary fuel)	11,235	3,304	2,578	
CH_4 resulting from industrial assets	4,724	4,342	3,719	
CH_4 resulting from BPPs	1,246	928	857	
N_2O resulting from industrial assets	21,355	18 996	24,530	
N_2O resulting from BPPs	3,272	2,439	2,941	
Diesel and gasoline consumed at plants	6,458	6,036	5,788	
Fertilisers and phyto-fertilisers in soil	1,495	1,056	1,259	

Scope 2 (tCO_2e)				**305-2**
Purchase of power (location based)	**234,597**	**352,517**	**389,919**	
Scope 3 (tCO_2e)	**1,396,835.7**	**1,589,137.6**	**1,570,567.2**	**305-3**
GHG emissions intensity per ton of output (tCO_2e/t output)	**0.176**	**0.181**	**0.186**	**305-4**
Portugal	0.175	0.181	0.186	
Spain	0.287	-	-	
GHG emissions intensity by turnover (tCO_2e/M€)	**445.6**	**383.3**	**610.3**	
Reduction in GHG emissions as direct result of initiatives undertaken (tCO_2e)	**12,230**	**4,576**	**184,606**	**305-5**
Atmospheric emissions (t)				**305-7**
NO_X	1,780	1,737	1,687	
SO_2	64	83	76	
Particles	198	261	262	
Waste				
Total waste generated	**441,642**	**410,717**	**398,022**	**306-3**
Reclaimed	296,348	279,862	280,599	
Disposed of	148,587	133,342	126,486	
Non-hazardous waste (t)	**440,709**	**410,021**	**397,457**	
Reclaimed	295,687	279,330	280,204	
Disposed of	148,316	133,177	126,316	
Hazardous waste (t)	**933**	**697**	**565**	
Reclaimed	662	532	396	
Disposed of	271	165	169	
Rate of disposal of waste in industrial landfill in Portugal (%)	**12**	**11**	**-**	

9.3. Social Indicators

Social Indicators	2023	2022	2021	GRI
Human resources				
Number of Employees	**3,317**	**3,246**	**3,150**	**2-7**
Permanent contract	**3,126**	**3,082**	**3,033**	
Men	2,550	2,549	2,537	
Women	576	533	496	
Fixed-term contract	**191**	**164**	**117**	
Men	138	123	79	
Women	53	41	38	
Full-time	**3,313**	**3,241**	**3,144**	
Part-time	**4**	**5**	**6**	
Entry rates (%)	**9**	**11**	**6**	**401-1**
Men	7	9	5	
Women	16	18	10	
<30 years	31	46	25	
30-50 years	8	8	5	
>50 years	1	1	1	
Departure Rates (%)	**7**	**8**	**8**	
Men	7	7	8	
Women	8	11	9	
<30 years	10	7	7	
30-50 years	5	6	5	
>50 years	9	13	15	
Safety and Health				**403-9**
Number of accidents at work	**228**	**262**	**147**	
Frequency rate	**5.8**	**7.3**	**6.6**	
Severity rate	**132.1**	**262.2**	**354.1**	
Index of fatalities as a result of work-related injury	**0.0**	**0.0**	**0.0**	

Social Indicators	2023	2022	2021	GRI
Index of high-consequence work-related injuries (excluding fatalities)	**0.0**	**0.1**	**0.3**	
Index of reportable work-related injuries	**23.4**	**25.8**	**15.1**	
Work ability index	**-**	**-**	**39.8**	
Training and development				
Training hours per Employee	**78**	**42**	**40**	**404-1**
By gender				
Men	84	44	41	
Women	53	32	31	
By occupational category				
Top Management	56	19	42	
Senior Management	46	37	33	
Middle Management	39	27	21	
Operatives	98	47	45	
Performance assessment (%)	**99**	**98**	**99**	**404-3**
By gender				
Men	99	97	99	
Women	100	98	98	
By occupational category				
Top Management	100	100	70	
Senior Management	100	99	99	
Middle Management	100	99	99	
Operatives	99	97	99	
Diversity				
Employees by category and gender (%)				**405-1**
Governance Bodies				
Men	64.3	75.0	76.9	
Women	35.7	25.0	23.1	
Top Management				
Men	84.8	89.5	83.3	

Social Indicators		2023	2022	2021	GRI
Women		15.2	10.5	16.7	
Senior Management					
Men		60.6	60.1	64.4	
Women		39.4	40.0	35.6	
Middle Management					
Men		68.3	72.7	74.9	
Women		31.7	27.3	25.1	
Operatives					
Men		90.8	91.2	90.0	
Women		9.2	8.8	10.0	
% of women in the organisation		**19.0**	**17.7**	**17.0**	
Employees by age (%)					**405-1**
<30 years		13.0	12.5	10.2	
30-50 years		61.8	61.1	61.5	
>50 years		25.2	26.4	28.3	
Gender pay ratio					**405-2**
Portugal	Governance bodies	0.25	0.31	0.28	
	Top Management	0.72	0.74	0.68	
	Senior Management	0.75	0.68	0.75	
	Middle Management	0.67	0.66	0.66	
	Operatives	0.84	0.89	0.88	
	Subtotal	**0.47**	**0.51**	**0.47**	
Mozambique	Governance bodies	-	-	-	
	Top Management	-	-	-	
	Senior Management	0.60	0.79	0.86	
	Middle Management	0.68	0.66	0.48	
	Operatives	0.98	1.10	0.96	
	Subtotal	**0.62**	**0.78**	**0.81**	

10. Annexes to the Sustainability Information

10.1. Detailed 2030 Roadmap

We here present our 2030 Roadmap with detailed information on Navigator's performance in Portugal in the past three years (2021, 2022 and 2023), thereby closing the assessment in relation to the goals and targets set for this reporting period (i.e. not presenting the new goals which will take effect as from 2024, and which are identified in Chap. 6.2.4).

The following key should be considered:

In progress, can be brought forward 

In progress, as planned 

In progress, with downward tendency, reflecting performance of the past two years 

Commitments	Goals	Interim Targets	Performance in 2021	Performance in 2022	Performance in 2023	Status in 2023	Location
1. Develop sustainable bioproducts, reducing dependence on fossil resources and working towards a decarbonised economy. *CORE*	1.1. Develop new cellulose materials and composites, which are recyclable and biodegradable.		New biocomposites made from cellulose fibres and bioplastics - new patent filed	Installation of equipment to produce cellulose biocomposites with thermoplastics as part of the start-up of the Bioproducts Pilot Laboratory. Scaling up of biocomposites production process. New biocomposites comprising only bioproducts, including more than 40% cellulose fibre - patent filed.	Development and optimisation of biocomposites formulations for market trial. Production of prototypes of applications with potential end-users.		Chap. 6.2.2 Research and innovation in the forest-based bioeconomy

Commitments	Goals	Interim Targets	Performance in 2021	Performance in 2022	Performance in 2023	Status in 2023	Location
 *SUPPORTIVE*	1.2. Develop biofuels, bioplastics and biochemicals from waste forestry biomass.		Integrated process for extracting bioactive compounds from eucalyptus biomass - new patent filed.	Installation of pilot equipment for extraction of essential oils as part of the start-up of the Bioproducts Pilot Laboratory. Scaling up of production process for essential oils. Optimisation of production of bioplastics (PHAs) from eucalyptus biomass hydrosylates.	Optimisation of preliminary treatment process for biomass and process for extracting essential oils from eucalyptus foliage.		
2. Promote scientific and technological co-creation in the field of the bioeconomy and bioproducts. *CORE*  *SUPPORTIVE*	2.1. Strengthen partnerships with Universities and Technology Centres in Portugal and abroad.		Consolidate partnership with Bioref and AlmaScience Collaborative Laboratories	The scope of our partnerships for the new RRP projects has been widened to include Universidade Católica Portuguesa, PIEP – Centre for Innovation in Polymer Engineering, a CeNTI – Centre for Nanotechnology and Smart Materials and CITEVE – Technological Centre for Textile and Clothing of Portugal.	Consolidation of network of partnerships with universities and R&D centres in the context of RRP projects.		
	2.2. Promote advanced training, in collaboration with universities: 30 doctorates by 2030		25 doctorates in progress, 0 completed In 2021, the goal was raised from 20 to 30 PhDs by 2030.	25 doctorates in progress, of which 2 completed	23 doctorates in progress, of which 15 completed		
	2.3. Promote registration of intellectual property: 50 patents by 2030.		8 patents filed out of total of 18 In 2021, the goal was raised from 20 to 25 patents by 2030.	20 patents filed out of total of 38 In 2022, the goal was raised from 25 to 50 patents by 2030.	5 patents filed out of total of 43		
	2.4 Promote projects on a co-creation basis with external organisations - with a view to tapping the economic value of knowledge generated through R&D: 15 projects completed by 2030.			Goal defined in 2022.	9 co-creation projects completed in field of forest-based bioeconomy with R&D centres, start-ups and SMEs.		

Commitments	Goals	Interim Targets	Performance in 2021	Performance in 2022	Performance in 2023	Status in 2023	Location
3. Develop adaptive forestry practices, from a climate change perspective. *CORE*  *SUPPORTIVE* 	3.1. Develop genetically improved clones and seeds, with gains of 30-50% in yields and resilient to climate change.		2 new cloned plants offering gains of 40% in tons of pulp / ha in relation to woodlands without genetic improvement. 2 kg of improved seeds delivered to nurseries, with gains of 25% in relation to traditional seeds.	New clone varieties delivered for production. Clone selection has had impacts on the resistance of eucalyptus to disease, in nurseries and in the field. Incorporation of new genetic materials in the programme (release of more than 100 individuals) Poor year for seed production.	Incorporation of 29 lots of seeds for 24 species through importation and collection at Portuguese "Escaroupim" arboretum, to increase diversity in Genetic Improvement Programme in the long term through hybridisation with *E. globulus*.	✓	
	3.2. Propose biological solutions for combating the main diseases and pests in Portugal's eucalyptus forests.		Release into wild of egg parasitoid (*Cleruchoides noackae*).	Increased release into wild of egg parasitoid (*Cleruchoides noackae*). Official approval for application to study risk of releasing Anagonia (a new natural enemy of Gonipterus).	Start of release of Anagonia, new natural enemy of snout beetle. Application for importation of Enogera, a natural enemy of traquimela, was approved by Institute of Nature Conservation and Forests (ICNF).	✓	
4. Develop innovative, competitive and sustainable products. *CORE*  *SUPPORTIVE* 	4.1. Develop innovative and distinctive paper products (pulp, UWF paper, tissue paper, packaging).		Launch of new gKraft range of packaging papers. 5 new tissue products (2 on market). New high yield *kraft* pulp for packaging.	Industrial trials with incorporation of microfibrillated cellulose for development of mechanical properties in packaging papers. Market launch of new product: Amoos Calorie Control. Optimisation of high yield pulp production conditions and support for industrial project. First laboratory trials conducted of production of Moulded Cellulose products for packaging and production of packaging papers with barrier properties.	Commitment discontinued in 2023.	-	
5. Promote efficient use of resources, minimising our ecological footprint. *CORE*	5.1 Cut specific use of water (m^3/t and product) in industrial operations by at least 33% by 2030 (baseline: 2019).		Reduction of 6.7%. (20.9 m^3/t vs. 22.4 m^3/t)	Reduction of 14.7%. (19.1 m^3/t vs. 22.4 m^3/t)	Reduction of 5.1%. (21.2 m^3/t vs. 22.4 m^3/t)	✓	Chap. 6.4.4 Water consumption

Commitments	Goals	Interim Targets	Performance in 2021	Performance in 2022	Performance in 2023	Status in 2023	Location
 *SUPPORTIVE*  OTHERS 	Specific use in baseline year: 22.4 m^3/t.						
	5.2 Propose solutions that make it possible to improve efficiency in use of water in the industrial process.		Continued development and implementation of measures defined in WURP (Water Use Reduction Programme).		In industrial context, continued development and implementation of measures defined in WURP (Water Use Reduction Programme). Notably new bleaching tower and pulp washing presses at Aveiro Pulp Mill, new wood preparation line and water recovery at Figueira da Foz and the new effluent ultrafiltration system at WWTP no. 2 at Setúbal Complex.		
	5.3 Optimise energy intensity, year after year.		12.5 GJ/t	12.0 GJ/t	12.9 GJ/t		Chap. 6.4.2 Climate change
	5.4 Propose solutions that make it possible to improve efficiency in use of wood in the industrial process.		Projects implemented to minimise wood wastage.		Operational start-up of new wood preparation line in the wood yard at the Figueira da Foz Industrial Complex.		Chap. 6.45 Use of resources and circular economy
6. Ensure sustainable use of soil and forestry resources, including biodiversity. *CORE*  *SUPPORTIVE* 	6.1 Achieve 80% use of certified wood by 2030.		71%	68%	69%		Chap. 6.4.3 Sustainable forestry management and conserving biodiversity
	6.2 Promote chain of custody certification for all our wood Suppliers by 2030.		78%	87%	92%		
	6.3 Help reduce wildfires, guaranteeing a burned area of less than 1% of area under management by 2030.		0.3%	0.3%	1.8%		

Commitments	Goals	Interim Targets	Performance in 2021	Performance in 2022	Performance in 2023	Status in 2023	Location
OTHERS 	6.4 Create positive impact on (or net gain in) biodiversity by taking action in keeping with Navigator's commitments in connection with the act4nature Portugal initiative.	The interim targets: were revised due, in most cases, to updating of commitments in context of Act4Nature Programme. • Execute annual species and habitat monitoring plans and work to maintain, improve the state of conservation and restore B&SE in the forestry holdings managed by the Company, in the following areas: (i) conservation; (ii) rehabilitation; and (iii) ecological restoration.	See **Progress Report - Act4nature Commitments 2021**.	900 species and subspecies of flora and 252 species of fauna identified in woodlands managed by the Company. Restoration or rehabilitation work was carried out over approximately 71 hectares, in order to maintain or improve the state of conservation of natural and semi-natural habitats. Zambujo reCover Project. RRP TransForm Project. **See Progress Report - Act4nature Commitments 2022**.	More than 20 properties monitored, including an important find consisting of a well-preserved community of rhododendrons, one of the habitats included in the Natura 200 Network, on a property in Oliveira de Azeméis. By the end of 2023, 1,057 species and sub-species of flora and 253 species of fauna had been identified in the forestry holdings managed by the Company, along with 51 different habitat types included in the Habitats Directive. A project has started in Espirra to sow pollinator plants in order to assess the impact on diversity and the increase in species numbers, leading to an almost doubling of the number of species in the areas seeded.		
		• In the field of ecological restoration, start and/or continue work on at least 110 hectares by 2030.			Restoration or rehabilitation work was carried out in 2023 over approximately 81 hectares, in order to maintain or improve the state of conservation of natural and semi-natural habitats and work started on ecological restoration; of the Zambujo estate, over an area of around 110 hectares, where the Company has converted 40 hectares from production forests to holm oak woodlands.		
		• Continue the other work to maintain and improve state of conservation (work on at least 30 ha/year) by 2030.					

Commitments	Goals	Interim Targets	Performance in 2021	Performance in 2022	Performance in 2023	Status in 2023	Location
		• Execute at least one project for recovery of a threatened species and support another by 2030.			Work started on the project for "Genetic improvement and forestry reproduction activities - RRP TransForm Project", involving genetic conservation and ecosystem rehabilitation, dealing in particular with some of the most severely endangered species in Portugal, such as the critically endangered *Quercus canariensis* (Monchique oak).		
		• By December 2024, complete the approach to integrating B&ES Conservation into corporate strategy, in line with available scientific knowledge and voluntarily accepted commitments;			Approach completed, and document is being discussed internally.		
		• By 2026, establish a simplified framework, in line with the key elements of the standard global frameworks (e.g. Natural Capital Protocol), for systematic assessment of B&ES impacts and dependencies, testing the approach in a pilot project.			Planned to start in 2024.		
		• By 2030, run training programmes with content relating to B&ES conservation topics and raise awareness of good business practices, for internal and external Employees.			A four-hour training session was held on "Identification and Characterisation of Flora, Vegetation and Habitats, Plant Biodiversity in Portugal", attended by 28 internal Employees from different divisions within the Company (including RAIZ) and 6 external workers. Note: For further detail, see the Progress Report on Meeting act4nature Portugal Commitments		

Commitments	Goals	Interim Targets	Performance in 2021	Performance in 2022	Performance in 2023	Status in 2023	Location
7. Promote circular bioeconomy, prioritising R&D solutions. *CORE*  *SUPPORTIVE* 	7.1 Achieve by 2030 a rate of waste disposal in industrial landfill of less than 10%.			Goal reformulated in 2022.	12%		Chap. 6.45 Use of resources and circular economy
	7.2 Develop sustainable applications and added value for by-products from industrial process (sludges, ash and other inorganic waste).		Increase quantity of sand incorporated in process at Secil Britas (manufacture of aggregates). Tests successfully completed on using techno soils for restoration of mining areas.	Continued partnership with Specialty Minerals Inc., enabling us to use approximately 991 tons of carbonate sludges at the Figueira da Foz Pulp Mill. Three successful applications for trial areas, in conjunction with two market leaders in the construction sector. Taken together, these partnerships enabled us in 2022 to send 28,395 tons of sands for incorporation in the construction industry. First edition of a new Co-creation Programme for Promotion of Scientific and Technological Knowledge in the Forest-Based Circular and Digital Bioeconomy.	We maintained our partnership with Specialty Minerals Inc. at Figueira da Foz, enabling us to reclaim approximately 4,800 tons of carbonate sludges, up by around 3,800 tons from 2022. Through partnerships with the construction sector, involving incorporation of sands from fluidised bed biomass boilers (by-product) in the production of concrete blocks, Navigator was able to make use of approximately 35.6 thousand tons of sands in 2023 (up 25.5% on 2022).		
8. Invest in low carbon solutions leading to carbon neutrality. *CORE*  *SUPPORTIVE* 	8.1 Cut direct CO_2 emissions from industrial complexes by 86% by 2035 (baseline: 2018)[72]. Emissions baseline year: 774,464 t CO_2	• Cut direct CO_2 emissions (EU ETS) from industrial complexes by 31.5% by 2027 (baseline: 2018).	Reduction of 30.4%. (539,332 t CO_2 *vs.* 774,464 t CO_2)	Reduction of 28.6%. (552,587 t CO_2 *vs.* 774,464 t CO_2)	Reduction of 41.0%. (456,689 *vs.* 774,464 t CO_2) In 2023, the interim target for a reduction of 31.5% in direct EU ETS CO_2 from the industrial complexes by 2027, in relation to 2018, was exceeded.		Chap. 6.4.2 Climate change
	8.2 Cut scope 1 and 2 GHG emissions by 63% by 2035 (baseline: 2020).[73] Emissions baseline year: 937,710 t CO_2e			Goal defined in 2022.	Reduction of 26%. (697,408 *vs.* 937,710 tCO_2e)		

[72] Emissions reported under EU ETS (European Emissions Trading Scheme).

[73] The emissions value for the baseline year is in accordance with the figures submitted to and approved by SBTi in 2022. In order to calculate performance on the target to reduced Scope 1+2 emissions, in keeping with the baseline defined for SBTi, we have excluded emissions associated with fluorinated gases, own fleet, CH_4 and N_20 and fertilisers, which represent approximately 7% of the inventory.

Commitments	Goals	Interim Targets	Performance in 2021	Performance in 2022	Performance in 2023	Status in 2023	Location
	8.3 Cut scope 3 GHG emissions by 37.5% by 2035 (baseline: 2020).[74] Emissions baseline year: 958,266 tCO_2e			Goal defined in 2022.	Increase of 6.8%. (1,023,331 *vs.* 958,266 tCO_2e)		
	8.4 Use renewable energy representing 80% of total primary energy consumption by 2030.		77% Note: Includes production for own consumption by the solar power facilities.	76%	81% Goal achieved.		
9. Promote development and upskilling of human capital in line with the Company's present and future needs *CORE* *SUPPORTIVE* OTHERS	9.1. Reach 80% of Employees with development plans customised to their needs and professional plans, in alignment with Navigator's succession needs, by 2030.	• 60% of all Employees with Development Plan in 2025. • 80% of Technicians/Specialists/ Managers with Development Plan in 2025.	38% of workforce.	37% of all Employees with Individual Development Plan. 76% of Technicians/Specialists/Managers with Individual Development Plan. In 2022, the interim targets were adjusted.	26% of all Employees with Individual Development Plan. 38% of Technicians/Specialists/Managers with Individual Development Plan.		Chap. 6.5.1 Talent management and developing human capital

[74] Calculation of performance on the target for reduction of scope 3 emissions, in keeping with the baseline defined for SBTi, Category 1 is considered, excluding emissions associated with the acquisition of PCC, pulp, services, wood and waste forestry biomass. We also consider categories 3, 4, 9, emissions relating to processing of pulp into UWF and tissue (Category 10) and 50% of the emissions associated with landfill disposal (category 12).

Commitments	Goals	Interim Targets	Performance in 2021	Performance in 2022	Performance in 2023	Status in 2023	Location
10. Contribute to the skills and employability of young people in the regions where we operate. *CORE*  *SUPPORTIVE*  OTHERS 	10.1. Have active partnerships with educational institutions in all regions where we operate in Portugal, including curricular and vocational internships, as well as participation in teaching activities, events and fairs.	• Continue to take part in job fairs, at the same time as designing and implementing programmes for engagement with students, in specific projects run by the Company, over the course of their academic career.	Participation in 25 job fairs.	Participation in 19 job fairs (in-person and online). 6 Pitch sessions. 10 presentations of Company and Junior Recruitment Programmes. 6 seminars/workshops on topics related to the Company's business.	Participation in 26 initiatives at universities (fairs, pitches and presentations).		
		• Keep the partnerships with technical colleges active and up to date, and offer at least 1 internship for each course identified as being of interest.	13 partnerships with Technical Colleges, in areas around Navigator plants.	3 Open Sessions for master's degree finalists at FCTUC, NOVA FCT and ISA. 11 meetings between representatives of Navigator and teaching staff and educational institutions to expand synergies. 2 Merit Bursaries awarded at FCT NOVA. Cooperation Agreement with Altri, Corticeira Amorim and Sonae Arauco for 100% funding of 22 bursaries in the field of forestry engineering at UTAD/FEUP, ISA and ESAC. 8 Visits by student groups to our mills (242 students).	31 Curricular Internships/Dissertation Projects. 3 Open Sessions for master's degree finalists at FCTUC, FCT Nova and UA. 8 study grants awarded. 23 visits by student groups to Navigator mills (636 students).		
		• Integrate 20% of internships at management level.	30 management-level internships.	104 internships, of which: 49 professional management-level internships (47%); 55 professional internships for Technical Operatives (53%); 35 summer internships. 9 long-term Trainees (24 month programme) hosted.	109 vocational internships, of which: • 51 vocational internships for graduates with first and master's degrees, with 27.4% then joining the company; • 58 vocational internships for future operatives, with 67.2% then being hired as Technical Operatives. Hiring of approximately 50% of vocational interns. 3 long-term Trainees (24 month programme);		
		• Integrate 50% of internships for Technical Operative positions.	60 internships for technical operatives.				

Commitments	Goals	Interim Targets	Performance in 2021	Performance in 2022	Performance in 2023	Status in 2023	Location
					48 summer internships.		
11. Promote an inclusive organisational culture able to integrate internal and external challenges. *CORE* *SUPPORTIVE* OTHERS	11.1. Monitor on a continuous basis the main motivational stimuli for Employees to arrive at more appropriate management practices, policies and processes implemented.		Straight to the Top Programme (communication channel for Employees' suggestions for improvement).	Straight to the Top Programme. Employer Branding activities: Onboarding, Semapa event. Open days, with total of 69 sessions for new Employees and others already integrated in the organisation in order to share knowledge across different sectors. Launch of the "CRESCER" (Growing) project, including listening sessions with involvement of 200 individuals, whose input will give rise to a Roadmap of initiatives and measures for gradual and consistent implementation.	Straight To The Top Programme – covered 4 Industrial Complexes, with the following results: • 35 ideas submitted; • 1 idea selected for prize. The organisational climate rate recorded a participation rate of 73% (the highest ever in Navigator's surveys).	✓	
12. Provide a safe and healthy environment for Employees, ensuring their well-being. *CORE* *SUPPORTIVE* OTHERS	12.1. Achieve the Zero Accidents Target through continuous improvement in safety, with the new OHS Strategy 2021-2023: • Frequency index ≤ 2 in 2030 (internal and external Employees).	• Achieve Frequency index of = 4 in 2024.	Frequency index = 6.6.	Frequency index = 7.3.	Frequency index = 5.9. The interim target was not achieved, and has been carried forward to 2024 with the same KPI.	✓	Chap. 6.5.2 Health, safety and well-being
	12.2. Develop the Occupational Health programme up to 2030:		WAI = 39.8%	Insofar as this index is monitored every 4 years, the WAI will be reassessed in 2025.		✓	

Commitments	Goals	Interim Targets	Performance in 2021	Performance in 2022	Performance in 2023	Status in 2023	Location
	• Work Ability Index (WAI): 45% in 2030.						
	• Assessment of Employee satisfaction with programme > 95%.		98.8%	97%	97%		
	12.3. Develop the Ergonomics Action Area: • 100 workstations redesigned by 2030.		32 workstations redesigned (to date).	52 workstations redesigned (to date).	72 workstations redesigned (to date).		
13. Engage with national, international and local Community institutional Stakeholders, listening to their expectations and aligning them with Navigator's strategy and needs. *CORE*  *SUPPORTIVE*  OTHERS 	13.1 Hold 10 events each year for interaction with representatives of relevant Stakeholder groups around the country or internationally, or five meetings of the Community Monitoring Committees in the areas around the Aveiro, Figueira da Foz, Setúbal and Vila Velha de Ródão industrial units.		Goal defined in 2021.	More than 10 interactions with Portuguese members of parliament and MEPs. 3 Meetings of Environmental Liaison Committees. Resumption of Navigator Tour - programme of guided tours of Navigator, involving secondary schools and higher education establishments, as well as national and international institutions in different sectors. - 56 visits to 4 industrial units, nurseries and RAIZ, involving 1,350 participants.	More than 10 interactions with Portuguese members of parliament and MEPs. 8 Meetings of Environmental Liaison Committees.		Chap. 6.2.1 Sustainability Governance

Commitments	Goals	Interim Targets	Performance in 2021	Performance in 2022	Performance in 2023	Status in 2023	Location
14. Develop community relations, promoting knowledge transfer and public awareness of the economic, social and environmental importance of forests. *CORE*  *SUPPORTIVE*  OTHERS 	14.1 Run Forest Literacy initiatives for primary school children, adolescents and adults, in order to contribute to better knowledge of Portugal's forests, and their environmental, social and economic importance, through the "Dá a Mão à Floresta" (Give the Forest a Hand), My Planet and Florestas.pt projects. • No. initiatives/year (digital and in-person): 10	• Organise a roadshow for the "Dá a Mão à Floresta" (Give the Forest a Hand) project, aimed at primary schools, by 2024.	12 initiatives: 2 roadshows, 6 magazine editions; 3 interactive games, 5 episodes of the series Portugal nas Alturas, 3 cartoon episodes on SIC KIDS and 12 competitions	29 in-person initiatives: 7 editions of magazines; 880 digital content items; 9 competitions.	19 in-person initiatives: 5 editions of magazines; 1,012 digital content items; 11 competitions.	✓	Chap. 6.5.3 Community relations
	• No. children reached/ year: 20 thousand		8 thousand children reached: 2 roadshows; 20 thousand interactive games and cartoons; 14,800 copies of each edition of the "Dá a Mão à Floresta" (Give the Forest a Hand) magazine.	7,225 children reached: 17 in-person initiatives; 4 editions of "Dá a Mão à Floresta" (Give the Forest a Hand) magazine with average print run of 14 thousand copies.	5,236 children reached: 12 in-person initiatives; 3 editions of magazine with average print run of 15 thousand copies.	—	
	• No. teenagers and adults reached/year: 40 thousand		Teenagers and adults reached: 13 thousand copies of each edition of *My Planet* magazine.	12,050 teenagers and adults reached: 12 in-person initiatives; 3 editions of My Planet magazine with average print run of 15 copies.	4,824 teenagers and adults reached: 7 in-person initiatives; 2 editions of magazine with average print run of 16 thousand copies.	—	
	14.2 Promote and disseminate technical information about forestry production, helping to share best practices, through the Forestry Producers project.	• 40 initiatives for contact with forestry producers by 2025. • Step up the impact on a community of 20 thousand Forestry Producers by 2025 (interim target discontinued in 2023).	6 initiatives: 3 magazines with a print run of around 30 thousand per edition and 3 campaigns to contract land; 500 digital content items	11 initiatives: 3 editions of magazine with average print run of 15 thousand copies.	8 initiatives: 3 editions of magazine with average print run of 15 thousand copies; 200 online content items and 2 campaigns to contract land (in Portugal and Spain).	✓	

Commitments	Goals	Interim Targets	Performance in 2021	Performance in 2022	Performance in 2023	Status in 2023	Location
	• No. initiatives/year (digital and in-person): 10						
	• No. forestry producers reached/year: 10 thousand		Impact on a community of 10 thousand Forestry Producers.	Impact on a community of 12,500 forestry producers.	Impact on a community of 15 thousand Forestry Producers.	✓	
15. Promote knowledge transfer and public awareness of the economic, social and environmental importance of forests. *CORE* *SUPPORTIVE* OTHERS	15.1 Implement "Floresta do Saber" (Forest of Knowledge) project, in partnership with Calouste Gulbenkian Foundation.		Project launched in October 2021, with initiatives in the field.	Approximately 6,500 participants; 280 activities; 8 Think Tanks; 3 exhibitions.	10,510 in-person participants; 753 activities in 191 in-person events; 7 Think Tanks; 2 exhibitions.	✓	
	15.2 Develop the Florestas.pt platform.	• 35 Initiatives with academe (online and in-person) by 2025 • 4 in-person initiatives by 2025. • Organise a conference on the topic of Portuguese Forests, by 2025.	19 sessions with Academe; four editions of newsletter; 18 authored articles; 52 specialists involved in developing technical and scientific content. High-profile website, with prime position in Google search.	12 sessions with academe. 4 (thematic) editions of newsletter; 18 authored articles; 5 new partnerships (12 partnerships established in 2020 and 2021). 6 dissemination events (2 in-person).	10 sessions with academe. 4 (thematic) editions of newsletter; 23 authored articles; 5 new partnerships (24 partnerships established since 2020). 9 in-person information events (reaching approx. 350 people).	✓	
	15.3 Consolidate the e-globulus platform.		10,500 platform hits; 560 registered users. More than 44 thousand hits.	14,883 users accessed platform; 687 registered users. 63,394 hits. (accumulated figures)	More than 20 thousand users accessed platform; 850 registered users. More than 82 thousand hits. (accumulated figures)	✓	

Commitments	Goals	Interim Targets	Performance in 2021	Performance in 2022	Performance in 2023	Status in 2023	Location
			New functions.				
	Consolidate the Forestry Producers project.		Information materials on best forestry practices, genetic materials and contracting forestry land.		Now included under goal 14.2.		
	15.4 Consolidate the Biodiversity by The Navigator Company project.	• Establish 4 partnerships by 2025. • Raise the profile of Navigator's biodiversity conservation strategy by 2025 with urban adults and Portuguese NGOs.		Goal defined in 2022.	Information materials on best forestry practices, genetic materials and contracting forestry land. 100 posts on Facebook and Instagram and 37 content items/articles on website; Partnership with Expresso newspaper.		

10.2. Consolidated non-financial statement

Non-financial and consolidated statements under the terms of articles 66th-B and 508th-G of the Commercial Companies Code.

10.2.1. DNFI Table (Disclosure of Non-Financial Information)

This table shows the correspondence between the content of Navigator's 2023 Management Report and the information required in the report template for disclosure of non-financial information, recommended by CMVM (Portuguese Securities Exchange Commission). This template applies to issuers of securities admitted to trading on regulated markets and reflects the applicable legal rules.

A. Information about policies adopted

Chapters	Sub-chapters	Corresponding Content
A. INTRODUCTION	1. Description of the Company's general policy regarding sustainability issues, indicating any changes to previously approved policy.	Chap. 6.2.4
	2. Description of non-financial information reporting methodology and reasons for its adoption, including any changes in relation to previous years and reasons for them.	Report drawn up in accordance with the GRI standards, 2021 version. Chap. 6.1 GRI Table: 2-4
B. BUSINESS MODEL	1. General description of the Company's/Group's business model and form of organisation, stating the main business areas and markets of operation (if possible, using organisational charts, graphs or functional diagrams).	Chap. 2.2, 3.1
C. MAIN RISK FACTORS	1. Identification of the main risks relating to the matters under report and arising from the Company's activities, products, services or business relations, including, where applicable and possible, supply and subcontracting chains.	Chap. 3.3, 10.6 GRI Table: 2-12 and 2-13
	2. Indication of how the Company identifies and manages these risks.	
	3. Explanation of the functional division, including governing bodies, commissions, committees, or departments responsible for identification and management/monitoring of risks.	
	4. Express indication of any new risks identified by the Company in relation to those reported in previous years, and also of risks no longer identified.	
	5. Indication and brief description of the main opportunities identified by the Company regarding the matters subject to reporting.	
D. IMPLEMENTED POLICIES		
I. ENVIRONMENTAL POLICIES	1. Description of the Company's strategic objectives and key actions taken to achieve them.	Chap. 6.2.1, 6.2.4, 6.3.2. 6.3.3, 6.3.4, 6.3.5, Annex – Detailed 2030 Roadmap
	2. Description of the established key performance indicators.	Chap. 6.2.4, 6.3.2. 6.3.3, 6.3.4, 6.3.5 GRI Table: 301-1 to 306-5
	3. Indication, on a year-over-year basis, of the degree to which these objectives were achieved, by reference to at least:	Chap. 6.2.4, Annex – Detailed 2030 Roadmap
	i. Sustainable use of resources	Chap. 6.3.2, 6.3.4, 6.3.5

Chapters	Sub-chapters	Corresponding Content
		GRI Table: 301-1/2, 302-1/3/4, 303-1/2/3/4/5
	ii. Pollution and climate change	Chap. 6.3.2 GRI Table: 305-1/2/3/4/5/6/7
	iii. Circular economy and waste management	Chap. 6.3.5 GRI Table: 306-3/4/5
	iv. Protection of biodiversity	Chap. 6.3.3 GRI Table: 304-1/2/3/4
II. SOCIAL AND TAX POLICIES	1. Description of the Company's strategic objectives and key actions taken to achieve them	Chap. 6.2.1, 6.2.4, 6.4.3, 6.5.3, 6.5.4, Annex – Detailed 2030 Roadmap
	2. Description of the established key performance indicators	Chap. 6.2.4, 6.4.3, 6.5.3, 6.5.4 GRI Table: 2-25, 201-1, 203-1, 204-1, 207-4, 308-1/2, 413-1 and 414-1/2
	3. Indication, on a year-over-year basis, of the degree to which these objectives were achieved, by reference to at least:	Chap. 6.2.4, Annex – Detailed 2030 Roadmap
	i. Company's commitment to the community	Chap. 6.4.3 GRI Table: 413-1/2
	ii. Subcontracting and Suppliers	Chap. 6.5.4 GRI Table: 2-6, 204-1, 308-1/2, 414-1/2
	iii. Consumers	Chap. 6.5.3 GRI Table: 417-1/2/3
	iv. Responsible investment	Chap. 5 GRI Table: 204-1
	v. Stakeholders	Chap. 6.2.6 GRI Table: 2-29
	vi. Tax information	Chap. 4.10 GRI Table: 201-1, 207-1/2/3/4
III. EMPLOYEES AND GENDER EQUALITY AND NON-DISCRIMINATION	1. Description of the Company's strategic objectives and key actions taken to achieve them	Chap. 6.2.1, 6.2.4, 6.5.1, Annex – Detailed 2030 Roadmap
	2. Description of the established key performance indicators	Chap. 6.2.4, 6.4.1, 6.4.2, 6.5.1 GRI Table: 2-7, 2-30, 202-1, 401-1/3, 403-1/2/3/4/5/6/7/8/9/10, 404-1/3, 405-1/2, 406-1
	3. Indication, on a year-over-year basis, of the degree to which these objectives were achieved, by reference to at least:	Chap. 6.4.1, 6.4.2, 6.5.1, Annex – Detailed 2030 Roadmap
	i. Employment	Chap. 6.4.1 GRI Table: 2-7, 2-20, 401-1, 404-1, 405-1/2, 406-1
	ii. Organization of work	Chap. 6.4.1 GRI Table: 401-2/3
	iii. Health and Safety	Chap. 6.4.2 GRI Table: 403-1/2/3/4/5/6/7/8/9/10
	iv. Social relations	Chap. 6.4.1 GRI Table: 2-30

Chapters	Sub-chapters	Corresponding Content
	v. Training	Chap. 6.4.1 GRI Table: 404-1/2/3
	vi. Equality	Chap. 6.5.1 GRI Table: 401-3, 405/1/2
IV. HUMAN RIGHTS	1. Description of the Company's strategic objectives and key actions taken to achieve them	Chap. 6.2.1, 6.2.4, 6.5.1 GRI Table: 2-23, 406-1, 407-1, 408-1, 409-1, 410-1
	2. Description of the established key performance indicators	
	3. Indication, on a year-over-year basis, of the degree to which these objectives were achieved, by reference to at least: i. Due diligence procedures ii. Risk prevention measures iii. Judicial proceedings	
V. ANTI-CORRUPTION AND ANTI-BRIBERY	1. Corruption prevention: measures and instruments adopted to prevent corruption and bribery; policies implemented to deter workers and Suppliers from engaging in these practices; information on the compliance system, indicating the relevant functional managers, if any; indication of legal proceedings involving the Company, its directors or employees related to corruption or bribery; measures adopted in relation to public procurement, if relevant.	Chap. 6.5.1 GRI Table: 2-23, 2-26, 205-1/2/3 / Corporate Governance Report
	2. Prevention of money laundering (for issuers subject to these rules): information on measures to prevent and combat money laundering; indication of number of cases reported each year.	Chap. 6.5.1 GRI Table: 2-23, 2-26, 205-1/2/3 / Corporate Governance Report
	3. Codes of ethics: indication of any code of ethics to which the Company may have acceded or which it may have implemented; indication of the respective mechanisms for implementation and monitoring of compliance with the code, if applicable.	Chap. 6.5.1 GRI Table: 2-23, 2-26, 205-1/2/3 / Corporate Governance Report
	4. Management of conflicts of interest: measures to manage and monitor conflicts of interest, namely requiring managers and employees to sign declarations of interest, incompatibilities and impediments.	Chap. 6.5.1 GRI Table: 2-15 / Corporate Governance Report

B. Disclosures on standards followed

1. IDENTIFICATION OF THE STANDARDS FOLLOWED FOR REPORTING NON-FINANCIAL INFORMATION	Identification of the standards / guidelines followed for preparation of non-financial information, including the respective options, and other principles considered in the Company's conduct, if applicable. If the Company refers to the United Nations 2030 Agenda Sustainable Development Goals (SDGs), include identification of those to which the Company is committed to contribute, indicating the measures taken each year to achieve the goals set for each of these SDGs. In other words, identify concrete actions, projects or investments with a view to attaining these SDGs. In other words, identify concrete actions, projects or investments with a view to attaining these SDGs.	Report drawn up in accordance with the GRI standards, 2021 version. Chap. 6.1, 6.2.5 Annex – Correspondence Tables
2. IDENTIFICATION OF THE SCOPE AND METHODOLOGY FOR CALCULATING INDICATORS	Description of the scope and calculation methodology (including the calculation formula) for the indicators presented, including any limitations on this reporting. Where possible, a table should be presented showing correspondence between the indicators presented and principles or objectives considered, indicating where the information is detailed (e.g. the page of the stand-alone report on non-financial information, the annual report, any other document or the Company's website).	Chap. 6.1 GRI Table
3. EXPLANATION OF NON-APPLICATION OF POLICIES	If the Company does not apply policies with respect to one or more issues, the non-financial reporting provides an explanation of the reasons for this.	Not Applicable
4. OTHER INFORMATION	Additional data or information that is not included above but is relevant to understanding and explaining non-financial information and the respective background, in particular regarding networks/groups of entities in the field of sustainability and responsibility to which it belongs, at national or international level, and sustainability commitments that the Company has made voluntarily, at local or global level.	Chap. 6.2.2, 6.2.4, 6.2.5 GRI Table: 2-28 Progress Report on Meeting Act4nature Portugal Commitments (see online)

10.2.2. GRI Correspondence Table

Material Topic	Definition	GRI Standards (1)	GRI Indicators (1)	Location
Responsible Governance	Ensuring best management practices which promote responsible conduct throughout the Company's value chain, through internalisation of business ethics by Employees at all levels, enabling the Company to act in conformity with the law, standards and internal regulations in this area. Implementation of policies centred on people and their rights, from guarantees for human rights to a contribution to a fairer society by promoting diversity and inclusion, in the Company and throughout its value chain. Identification, assessment and management of operational, strategic and reputational risks, drawing up contingency plans, including for environmental, social and governance risks and the impact of regulatory provisions on business.	GRI 2: General Disclosures	2-9, 2-10, 2-11, 2-12, 2-13, 2-14, 2-15, 2-16, 2-17, 2-18, 2-19, 2-20, 2-21, 2-23, 2-24, 2-25, 2-26, 2-27	Chap. 3.3 Chap. 6.2.1 Chap. 6.5.1 GRI Table
		GRI 205: Anti-corruption	205-1, 205-2, 205-3	
		GRI 206: Anti-Competitive Behaviour	206-1	
		GRI 405: Diversity and Equal Opportunity	405-1, 405-2	
		GRI 406: Non-discrimination	406-1	
		GRI 407: Freedom of Association and Collective Bargaining	407-1	
		GRI 408: Child Labour	408-1	
		GRI 409: Forced or Compulsory Labour	409-1	
		GRI 410: Security Personnel trained in Human Rights Property Rights Policies or Procedures	410-1	
		GRI 415: Public Policy	415-1	
Creating Sustainable Value	Generating value and sharing with society. Financial strategies for maximising returns and long-term business stability., adopting a sustainable financing model by integrating ESG (Environmental, Social and Governance) performance criteria.	GRI 201: Economic Performance	201-1, 201-2, 201-3, 201-4	Chap. 5 Chap. 4.10 GRI Table
		GRI 202: Market Presence	202-1	
		GRI 203: Indirect Economic Impacts	203-1, 203-2	
		GRI 207: Tax	207-1, 207-2, 207-3, 207-4	
Innovation, Technology and R&D	Development of new strategies, products, services or processes that enable the Company, in the course of pursuing its core business, to increase its positive impacts and reduce its negative impacts, boosting profits and cutting the associated costs. Promotion of short-medium term and/or future-focussed activities, related to science or technology.	GRI 201: Economic Performance	201-1, 201-4	Chap. 6.5.2 GRI Table
Bioproducts	Development of businesses, outside the current core business, based on the use of renewable, non-fossil biological resources, for producing materials and energy. Generated in a context of medium-long term research and development and cooperation on a global scale, these businesses may provide answers to our current challenges on the basis of innovative solutions intended to substitute fossil-based products.	---	---	Chap. 6.5.2

Material Topic	Definition	GRI Standards (1)	GRI Indicators (1)	Location
Talent Management and Developing Human Capital	Development, retention and attraction of talent in the workplace, ensuring access to training and career plans for Employees, integrating the needs of younger generations and end-of-career plans. Alignment of expectations through an arena for dialogue between management and Employees. Building individual responsibility and teamwork capacity, creating a positive organisational climate. Promotion of initiatives to engage Employees with the Company's Purpose. Arrangements for feedback from Employees and participation in work organisation processes.	GRI 2: General Disclosures	2-7, 2-30	Chap. 6.4.1 GRI Table
		GRI 401: Employment	401-1, 401-2, 401-3	
		GRI 402: Labour/Management Relations	402-1	
		GRI 404: Training and Education	404-1, 404-2, 404-3	
Health, Safety and Well-being	Promoting practices that foster and promote the health, safety and well-being of all our Employees (whether permanent or otherwise) and of the Company's Suppliers.	GRI 403: Occupational Health and Safety	403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10	Chap. 6.4.2 GRI Table
Supply Chain Management	Incentives for sustainable management of supply chain, through traceability, making it possible to prevent and minimise possible negative impacts and to implement good environmental and social practices. Develop measures that help to improve sustainability in the supply chain and the procedures for selecting and assessing Suppliers.	GRI 2: General Disclosures	2-6	Chap. 6.5.4 GRI Table
		GRI 204: Procurement Practices	204-1	
		GRI 308: Supplier Environmental Assessment	308-1, 308-2	
		GRI 414: Supplier Social Assessment	414-1, 414-2	
Community relations	Management of local risks and impacts. Measures that encourage and contribute to local development and to nurturing neighbourly relations with local communities, helping to improve the quality of life.	GRI 413: Local Communities	413-1, 413-2	Chap. 6.4.3 GRI Table
Customer Management	Considering the opinion of Customers in developing innovative solutions and products. Offering society renewable options with less environmental impact, making it possible to substitute non-renewable products.	GRI 417: Marketing and Labelling	417-1/2/3	Chap. 6.5.3 GRI Table
Climate Change and CO_2 sequestration	Implementation of strategies for measuring and reducing the carbon footprint and promoting mitigation and adaptation to the risks generated by climate change, including sequestration of CO_2 in the product value chain. Investment in projects based on use of renewable energy sources, in particular biomass and solar.	GRI 201: Economic Performance	201-2	Chap. 6.3.2 GRI Table
		GRI: 305: Emissions	305-1, 305-2, 305-3, 305-4, 305-5, 305-6, 305-7	

Material Topic	Definition	GRI Standards (1)	GRI Indicators (1)	Location
Sustainable Forestry Management	Continued certification of the management system for our own forests, ensuring that economic returns are conciliated with mitigating environmental and social impacts, protection of woodlands, conservation of wildlife, social assets and cultural heritage, and incentives for the use of local manpower. Investment in forestry certification programmes and in training and employment of forestry producers, encouraging them to adopt good forestry management practices.	---	---	Chap. 6.3.3 GRI Table
Biodiversity Conservation	Promotion of practices for monitoring and conserving the natural assets that lead to preservation and/or improvement of the state of biodiversity conservation and of ecosystem services in the woodlands managed by the Company. Protection and improvement of healthy ecosystems, securing economic prosperity and helping to mitigate and adapt to climate change and its impact.	GRI 304: Biodiversity	304-1, 304-2, 304-3, 304-4	Chap. 6.3.3 GRI Table
Water Management	Identify and manage risks related to scarcity of water. Control and reduction of water consumption through techniques that lead to greater value for money in reusing water, production processes less dependent on this resource and also compliance with the regulations in force. Application of the appropriate treatment for effluents, optimising discharge quality.	GRI 303: Water and effluents	303-1, 303-2, 303-3, 303-4, 303-5	Chap. 6.3.4 GRI Table
Energy and Raw Material Management	Promote control and reduction of our consumption of resources, in particular wood and energy, through practices and mechanisms that make for efficient use. Ensure appropriate treatment of atmospheric emissions and odours, with a view to minimising impacts.	GRI 301: Materials	301-1/2	Chap. 6.3.5 GRI Table
		GRI 302: Energy	302-1/3/4	Chap. 6.3.2 GRI Table
Circular Economy	Promotion of strategies and mechanisms for reducing waste during the entire life cycle of products and substitution of raw materials Appropriate waste management, geared to avoidance of production. Adoption of best practices to minimise impact of waste produced on the environment and human health.	GRI 306: Waste	306-1/2/3/4/5	Chap. 6.3.5 GRI Table

(1) In addition to the standards and indicators listed above: GRI 3 - Material topics, applicable across all issues; the indicators in GRI 3 - General disclosures, which must be reported.

10.2.3. GRI Table

This index identifies the GRI Standards and indicators to which Navigator is responding, referring to the respective sections of the Report (or other external resources) and detailing the response, in the table, wherever applicable.

Statement of use	The Navigator Company has reported in accordance with the GRI Standards for the period from 1 January 2023 to 31 December 2023
Reporting in accordance with:	GRI 1: Grounds 2021
Applicable GRI Sector Standard(s):	Not Applicable

UNIVERSAL CONTENT

GRI 2: GENERAL DISCLOSURES 2021

THE ORGANISATION AND ITS REPORTING PRACTICES

Organizational Details

Name of the organisation: The Navigator Company S.A.

Location of headquarters: Península da Mitrena, Setúbal

Nature of ownership and legal form: The Navigator Company, SA is a public limited company registered with the Setúbal Companies Registry. The Navigator Company, S.A. is listed on the Lisbon Stock Exchange (Euronext Lisboa), and included in its market index, the PSI 20.30.

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

In the reporting of non-financial information in 2023, **all indicators are consolidated in alignment with the financial reporting perimeter, except for the following groups of indicators.**

Perimeter	GRI Indicators
Operations in Portugal	2-21, 302-4, 304-1, 304-2, 304-3, 304-4, 305-5, 403-1,403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10
Operations in Portugal and Mozambique	2-8, 202-1, 203-1, 401-3, 405-2
Operations in Portugal and Spain*	301-1, 301-2, 302-1, 302-3, 305-1, 305-2, 305-3, 305-4, 305-7, 306-3, 306-4, 306-5
Operations in Portugal, Spain* and Mozambique	303-1, 303-2, 303-3, 303-4, 303-5, 306-1, 306-2
Operations in Portugal, Mozambique and International Offices	2-7, 401-1, 404-1, 404-3, 405-1

*Includes only new industrial unit in Ejea

The differences between the perimeter considered in our 2022 reporting and the perimeter considered in 2023 are due essentially to the fact that, in 2023, we considered, wherever possible, information on activities in Mozambique, as well as activities relating to the new tissue unit in Spain (Ejea), acquired in April 2023. The integration of data from these geographical regions is still in progress, and the process has not yet been consolidated for all the indicators in this report. For further information on the calculation of each of the indicators, see the respective methodological notes.

2-3 Reporting period, frequency and contact point

Chap. 6.1 Technical disclosures

2-4 Restatements of information

Chap. 9 Our performance

In order to respond better to the GRI standards, the following indicators have been adjusted/reviewed in relation to the information contained in the last Sustainability Report. In addition, some of the figures have been reviewed on the basis of information which became available after publication of that report.

Adjusted/updated indicators: 2-7 Employees; 2-30 Collective bargaining agreements; 303-3 Water withdrawal; 303-5 Water consumption; 305-1 Direct GHG emissions (Scope 1); 305-2 Indirect GHG emissions (Scope 2); 305-5 Reduction of GHG emissions; 306-3 Waste generated; 306-4 Waste diverted from disposal; 306-5 Waste directed to disposal; 401-1 New employee hires and employee turnover; 401-3 Parental leave; 404-1 Average hours of training per year per employee; 405-1 Diversity of governance bodies and Employees.

The information reviewed is identified in the respective indicators in this GRI Index.

2-5 External verification

Chap. 10.5 Verification of information - Independent Limited Reliability Assurance Report – KPMG

The sustainability information has been verified by an external firm, which has issued an independent limited assurance report.

ACTIVITIES AND WORKERS

2-6 Activities, value chains and other business relationships

Chap. 2 Our Identity

Chap. 6.5.4 Supply chain management

More information at:

Brands: http://www.thenavigatorcompany.com/

Markets served: http://www.thenavigatorcompany.com/Pasta-e-Papel/Papel/O-nosso-Papel-no-Mundo

In 2023, the most significant change was the acquisition of a new Consumer Tissue business in Spain (Ejea unit), in the second quarter of the year, increasing our industrial and commercial capacity.

2-7 Employees

Chap. 6.4.1 Talent management and developing human capital

Chap. 9.3 Our performance (Social Indicators)

Total no. of Employees by duration of employment contract, by gender		**2023**	**2022**	**2021**
Permanent contract	Men	2,550	2,549	2,537
	Women	576	533	496
	Subtotal	**3,126**	**3,082**	**3,033**
Fixed-term contract	Men	138	123	79
	Women	53	41	38
	Subtotal	**191**	**164**	**117**
Total	Men	**2,688**	**2,672**	**2,616**
	Women	**629**	**574**	**534**
	Total	**3,317**	**3,246**	**3,150**

Total number of employees by contract duration and geographical distribution		2023	2022	2021
Permanent contract	Cacia	509	504	476
	Figueira da Foz	1,011	991	971
	Vila Velha de Ródão	230	229	227
	Setúbal	1,046	1,026	1 049
	Others	145	142	122
	Subtotal: Portugal	**2,941**	**2,892**	**2,845**
	Spain	20	-	-
	Mozambique	120	121	119
	Other regions	45	74	75
	Subtotal: global	**3,126**	**3,087**	**3,039**
Fixed-term contract	Cacia	81	44	45
	Figueira da Foz	36	40	29
	Vila Velha de Ródão	14	4	3
	Setúbal	42	53	21
	Others	6	6	1
	Subtotal: Portugal	**179**	**147**	**99**
	Spain	0	-	-
	Mozambique	10	10	10
	Other regions	2	2	2
	Subtotal: global	**191**	**159**	**111**
Total	Cacia	**590**	**548**	**521**
	Figueira da Foz	**1,047**	**1,031**	**1,000**
	Vila Velha de Ródão	**244**	**233**	**230**
	Setúbal	**1,088**	**1,079**	**1,070**
	Others	**151**	**148**	**123**
	Total: Portugal	**3,120**	**3,039**	**2,944**
	Spain	**20**	-	-
	Mozambique	**130**	**131**	**129**
	Other regions	**47**	**76**	**77**
	Total: global	**3,317**	**3,246**	**3,150**

Total no. of Employees by type of employment contract, by gender.		2023	2022	2021
Full-time	Men	2,688	2,672	2,615
	Women	625	569	529
	Subtotal	**3,313**	**3,241**	**3,144**
Part-time	Men	0	0	1
	Women	4	5	5
	Subtotal	**4**	**5**	**6**
Total	Men	**2,688**	**2,672**	**2,616**
	Women	**629**	**574**	**534**
	Total	**3,317**	**3,246**	**3,150**

Note 1: The figures refer to the number of Employees at 31 December each year. This does not include the 150 Employees at Navigator Tissue Ejea, as well as interns/bursary holders and company officers.

Note 2: The Group has no Employees on zero hours contracts (i.e. employees who are not guaranteed a set number of hours of work per day, week or month, but who have to be available to work if necessary).

Note 3: The figures for 2021 and 2022 were corrected due to consolidation of the categories "fixed term" and "temporary contracts", previously reported separately, and also due to the inclusion of Employees in Mozambique.

In 2023, the Talent Attraction Programme worked with 326 young people, including vocational interns, trainees and summer interns over the year. At 31 December, there were 113 interns/trainees in the company

2-8 Workers who are not Employees

At 31 December 2023, the Company had approximately 12,863 external workers in Portugal, performing duties either in the industrial complexes or in forestry operations. In addition to resident external workers, the count also included casual workers, who provide support to the organisation in the form of varied services, in particular in maintenance, cleaning and work relating to annual shutdowns.

In Mozambique, there were 145 external workers, contracted for services of a technical and operational nature, forestry and social development. It was not possible to calculate this indicators for other geographical regions in 2023.

GOVERNANCE

2-9 Governance structure and management

Chap. 3.2 Governance Model

Chap. 6.2.1 Sustainability Governance

Description of governance structure:

The Company's Articles of Association provide for a unitary management model, with a Board of Directors comprising executive and non-executive members and an Audit Board and a Statutory Auditor, in accordance with Articles 278.1 a) and 413.1 b) of the Companies Code. At 31 December 2023, the Board of Directors comprised a chairman and thirteen members, elected by the Company's General Meeting for a renewable three-year term of office (2023-2025). The General Meeting consists of all the shareholders (who wish to attend - there are no limits in the Company on exercise of voting rights by its shareholders. Under Navigator's Articles of Association, each share in the company carries one vote). An external auditor is appointed (at present, KPMG & Associados). The following internal committees exist in the Company:

a) Attached to the board of directors:

(i) Executive Board (EB)
(ii) Corporate Governance Committee
(iii) Talent Committee
(iv) Risk Management Committee
(v) Environmental Council
(vi) Sustainability Forum

b) Not attached to the board of directors:

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

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

The following powers are delegated to the Executive Board:

(i) To propose the company's policies, aims and strategies to the Board of Directors;
(ii) To propose to the Board of Directors operating budgets and medium and long term investment and development plans, and to implement the same once approved;
(iii) To approve budget alterations during the year, including transfers between cost centres not exceeding twenty million euros each year;
(iv) To approve contracts for the acquisition of goods and services of a value each year no greater than twenty million euros;
(v) 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;
(vi) 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;
(vii) To lease or let any immoveable property;
(viii) 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;
(ix) To acquire, dispose of or encumber holdings in other companies, of a value of no more than twenty million euros each year;
(x) To resolve on executing acquisition and disposal of own shares, when this has been resolved on by the general meeting, in keeping with the terms of such resolution;
(xi) To manage holdings in other companies, in conjunction with the Chairman of the Board of Directors, namely by designating, with the latter's agreement, the representatives to sit on the respective company boards, and setting guidelines for the acts of these representatives;
(xii) To enter into, amend and terminate employment contracts;
(xiii) To open, transact and close bank accounts;
(xiv) To appoint Company attorneys;
(xv) In general, all powers which may lawfully be delegated, with any limitations deriving from the provisions of the preceding paragraphs.

In conjunction with the Chairman of the Board of Directors, the Executive Board may also resolve on the matters indicated in sub-paragraphs iv), v), vi) and ix) above when the respective values, calculated on the terms set out therein, are greater than twenty million euros but no greater than fifty million euros.

The Chairman of the Board of Directors has the powers assigned to him by Law and the Articles of Association. The powers to alter any terms of contracts previously concluded and covered by the provisions of iv), v), vi) and ix) lie with the body or bodies who would have powers to enter into them. The Executive Board may discuss all matters within the sphere of competence of the Board of Directors, notwithstanding that it may only resolve on matters delegated to it. The Executive Board Regulations, approved by the Board of Directors, also establish rules on the actions of executive directors.

Decisions relating to definition of company strategy, and to the company's general policies and the corporate structure of the Navigator Group, are the province of the Board of Directors, and the Executive Board has no delegated powers to this effect. The non-executive directors accordingly take part in designing strategy, central policies and the business structure and in reaching decisions that are to be considered strategic by virtue of the sums or risks involved, and also in assessing execution of these decisions. The management of the Company is centred on the relationship between the Board of Directors and the Executive Board. The composition of these boards is announced and updated at: http://www.thenavigatorcompany.com/Investidores/Governo-da-Sociedade.

Further information: sections 15 -18 and 21, Corporate Governance Report | Part I – Information on Capital structure, Organisation and Corporate Governance

2-10 Nominating and selecting the highest governance body

Case:

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

Under the Articles of Association, the company's audit body comprises three full members, one of whom is Chairman, and one alternate member.

Appointment criteria:

The Company has approved principles on Diversity and Gender Equality in relation to the composition of its boards and officers: The Navigator Company recognises the benefits of diversity in its boards and officers, in particular on the Board of Directors, the Audit Board and the Management, as a way of ensuring an improved balance in its composition, optimising the performance of each member and of each body as a whole, improving the quality of its decision making process and contributing to its sustainable development. In order to promote diversity within The Navigator Company, the Board of Directors has accepted and recognised the following Diversity Principles as appropriate to the composition of the company bodies and officers:

- Inclusion of members with different academic qualifications and professional experience in different areas, when appropriate and relevant to exercise of the office in question;

- Promotion of gender diversity;

- Inclusion of members of different ages, combining experience acquired from new perspectives, and

- Inclusion of members with life experiences in diverse geographical regions.

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

2-11 Chair of the highest governance body

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

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

Chap. 6.2.1 Sustainability Governance

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

Strategic planning and investment policy (notwithstanding the field of responsibility in question) are naturally areas where non-executive directors are more active and where the Chairman of the Directors is significantly involved. The non-executive directors accordingly take part in designing strategy, central policies and the business structure and in reaching decisions that are to be considered strategic by virtue of the sums or risks involved, and also in assessing execution of these decisions. In the field of sustainability, the Sustainability Division works in conjunction with the other divisions and the Sustainability Forum, setting up various working parties to address specific topics. The Division's activities have been overseen by the Executive Board and involved all companies across the Group. Reflecting this activity, the Company draws up an "Annual Report" which, in line with legal requirements introduced by Decree-Law 89/2017, of 18 July, provides a consolidated and detailed analysis of the Company's approach and commitment to sustainability issues. By implementing and executing these strategic principles, as more fully described in the Sustainability Report, the Company is able to ensure long-term success, making a significant contribution to the wider community. The Company's arrangements and organisational processes for identifying its impacts on the economy, the environment and people are overseen by the directors belonging to the Executive Board, who also review the effectiveness of organisational processes and the frequency of review, with support from Navigator staff, principally in the areas of risk management, internal audit, environment and sustainability, and then report to the Board of Directors. As a non-executive body, the Board of Directors oversees the measures adopted, but is not actively involved in implementing them.

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

2-13 Responsibility for managing impacts

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

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

In conjunction with the Chairman of the Board of Directors, the Executive Board may also resolve on the matters indicated in sub-paragraphs c), d), e) and i) above when the respective values, calculated on the terms set out therein, are greater than twenty million euros but no greater than fifty million euros.

The Chairman of the Board of Directors has the powers assigned to him by Law and the Articles of Association. The powers to alter any terms of contracts previously concluded and covered by the provisions of c), d), e) and i) lie with the body or bodies who would have powers to enter into them. The Executive Board may discuss all matters within the sphere of competence of the Board of Directors, notwithstanding that it may only resolve on matters delegated to it. The Executive Board Regulations, approved by the Board of Directors, also establish rules on the actions of executive directors.

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

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

2-14 Role of highest governance body in sustainability reporting

Chap. 6.2.1 Sustainability Governance

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

These rules were introduced by Decree-Law 89/2017, of 28 July, which altered the Companies Code, transposing Directive 2014/95/EU of the EU of the European Parliament and the Council of 22 October 2014 ("NFR Directive"), which introduced the requirement for disclosure of non-financial information and information on diversity by certain large companies and business groups, in order to increase the relevance, consistency and comparability of information disclosed by those companies and groups. The Board of Directors is responsible for drawing up and signing the draft Annual Report to be submitted to shareholders each year at the General Meeting, for approval by the same by a simple majority. The Sustainability Division works in conjunction with the other divisions and the Sustainability Forum, and its activities are overseen by the Executive Board and involve all companies across the Group.

2-15 Conflicts of interest

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

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

In order for conflicts of interests to be duly prevented, identified and resolved, Managers are required to:

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

These regulations also govern related party transactions.

Approved by:

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

Procedures:

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

Disclosure:

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

Exemptions:

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

More information in the Regulations on Conflicts of Interest and Related Party Transactions:

http://www.thenavigatorcompany.com/var/ezdemo_site/storage/original/application/46016a2e3fa07b850cca05dac9dcaddf.pdf

See also Section 10, Corporate Governance Report | Part I - Information on Shareholder Structure, Organisation and Corporate Governance | A. Shareholder Structure | 1.1.2 Holdings of Shares and Bonds and sections 89, 90 and 91 in the Corporate Governance Report | Part I - Information on Shareholder Structure, Organisation and Corporate Governance | E. Related Party Transactions and Conflicts of Interests | I. Control Mechanisms and Procedures

2-16 Communicating critical concerns

Chap. 6.2.1 Sustainability Governance

Chap. 6.5.1 Responsible business conduct

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

Navigator has several channels for communication with Stakeholders, enabling it to identify critical concerns. We therefore identify below the respective communication procedures:

a) Under the Human Rights Policy in force, the Executive Board is required to determine the measures to resolve or remediate any non-conformities identified, and also to process information transparently, namely by disclosing it in the annual management report. The Board of Directors is responsible for overseeing the annual planning of measures to promote and enforce the policy.
b) The Audit Board is informed of all communications received through the whistleblowing channel and, whenever they involve a member of the Board of Directors or Audit Board, the Ethics and Integrity Committee is also informed. When the investigation is completed, the proposed course of action and the respective report are sent to the Executive Board and the Audit Board, or else to the Board of Directors and the Audit Board, when the subject matter of the whistleblowing report lies outside the scope of the powers delegated to the Executive Board;
c) The Ethics and Integrity Committee is also sent reports of conduct amount to breach of the Code of Ethics and Conduct, which might constitute critical concerns, and meets to assess these reports. It also meets at least once a quarter, or whenever called by its Chairman or the Chairman of the Board of Directors or the Chief Executive Officer. Minutes are drawn up of each meeting of the Ethics Committee, setting out the main issues discussed and the conclusions approved. Once approved, the minutes are recorded in the minutes book, signed and available for consultation by members of the Board of Directors, at the Company's head office.
d) The Sustainability Forum, headed by the Chief Executive Officer, monitors critical concerns expressed in the course of Forum meetings. Minutes are drawn up of each meeting of the Sustainability Forum, setting out the main issues discussed and the conclusions approved. Once approved, the minutes shall be recorded in the minutes book, signed and distributed to all members of the Board of Directors.
e) The Environmental Council, appointed by the Board of Directors, deals directly with the Navigator Group's business divisions, through meetings at industrial sites, in the main forestry plantations and at the Group's research institute, RAIZ.

Further information in sections 50-55, Corporate Governance Report | Part III – Internal Control and Risk Management.

2-17 Collective knowledge of highest governance body

Chap. 6.2.1 Sustainability Governance

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

Training was provided in 2023 for directors on ESG (Environmental, Social and Governance) requirements.

2-18 Evaluation the performance of the highest governance body

The Board of Directors conducts an annual self-evaluation and is also evaluated by the Remuneration Committee, which verifies whether and to what extent the members of the BD (and EB) have attained their specific targets.

The performance assessment for each executive director follows an internal process structured under the leadership of the respective manager (i.e. the person heading the team, in the case of members of Executive Board, and led by the Chairman of the Board of Directors, in the case of the Chief Executive Officer), with the participation of the non-executive directors as the manager responsible sees fit.

The basic criteria for assessing the performance of executive directors (in force 2023-2025) are those defined in item 2.2 of chapter 2 of the Remuneration Policy for setting the variable remuneration component. These criteria are applied by using a system of qualitative and quantitative KPIs, related to the performance of the Company and the director in question. The most important of these general business indicators are EBITDA (with a 35% weighting), net income (10% weighting), cash flow (10% weighting) and Total Shareholder Return vs. Peers (10% weighting). In terms of behavioural skills, importance it attached to each director's alignment with the Company's long term interests and sustainability.

In addition to these criteria, in line with the commitments made by the Company in its sustainability strategy, and in recognition of the importance of efficient use of energy and the need to reduce emissions of fossil CO_2 from business operations, the weighting also takes into account implementation of the corporate programme for energy efficiency, approved in 2016. This means that the specific aims will always include ESG indicators, such as the results of the annual organisational climate in the Company, reduction of CO_2 emissions, certified wood and consumption of water, energy and wood.

Assessments of Executive directors and also the self-assessment of the Board of Directors and its committees were undertaken in 2023, in relation to performance in 2022, and will take place in 2024 in relation to performance in 2023.

Further information in sections 24-25, Corporate Governance Report | Part I - Information on Shareholder Structure, Organisation and Corporate Governance | A. Shareholder Structure | 1.1.2 Holdings of Shares and Bonds

2-19 Remuneration policies

Chap. 6.2.1 Sustainability Governance

The way in which the remuneration of company officers was structured and the basis for the performance evaluation of the executive directors in 2023 was in line with the model and principles - duties performed, the economic situation of the company and market criteria - stated in the Remuneration Policy (2021-2024) for Navigator's directors and auditors, in particular in chapters III, IV and V, to which reference is made.

The remuneration system in place at Navigator guarantees its business strategy and also the long-term alignment of directors' interests with those of the company and its sustainability, in particular because this remuneration is designed to be fair and equitable under the principles stated and because it creates a link between directors and results through a variable remuneration component in which profits are the primary factor, whilst also taking into account the behavioural skills of each director, and their alignment with the company's long term interests and sustainability.

Detailed information in Remuneration Policy drawn up by Remuneration Committee and approved at the annual General Meeting in May 2023. Read at: https://www.thenavigatorcompany.com/var/ezdemo_site/storage/original/application/6dc99aa6e4043503620f263494fa98a2.pdf

Further information in Section 70, Corporate Governance Report | Part I - Information on Shareholder Structure, Organisation and Corporate Governance | D. Remuneration | III. Remuneration structure

2-20 Process to determine remuneration

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

At the 2023 General Meeting, the remuneration policy was approved by 530,116,401 votes in favour, corresponding to 97.67% of the capital present or represented, with 12,673,205 votes against, corresponding to 2.33% of the capital present or represented, with the abstention of shareholders present or represented holding 25,035 votes.

Further information in Sections 66 and 67, Corporate Governance Report | Part I - Information on Shareholder Structure, Organisation and Corporate Governance | D. Remuneration | II. Remuneration Committee

Remuneration Policy approved at GM:

http://www.thenavigatorcompany.com/Investidores/Assembleias-Gerais

http://www.thenavigatorcompany.com/var/ezdemo_site/storage/original/application/9799f2a25b850530e95ef5bd83bc3cd4.pdf

Information published on Navigator website:
http://www.thenavigatorcompany.com/var/ezdemo_site/storage/original/application/8632d5ee1fd19f732fe3d631507c9443.pdf

2-21 Annual total compensation ratio

In Portugal, the ration of the total annual compensation for the best paid individual to the median of total compensation for all other Employees is 37.40. There was no change in 2023 in the annual compensation of this individual, in relation to the remuneration of the other Employees.

It was not possible to calculate this indicator for other geographical regions, but there are plans to align methodologies in future.

STRATEGIES, POLICIES AND PRACTICES

2-22 Statement on sustainable development strategy

Chap. 1.1 Message from the Chairman

Chap. 1.2 Message from the Chief Executive Officer

Chap. 6.2.4 Our 2030 Agenda and Roadmap

2-23 Policy commitments

Chap. 6.2.1 Sustainability Governance

Chap. 6.2.4 Our 2030 Agenda and Roadmap

Chap. 6.5.1 Responsible business conduct

Our commitments are set out in the Group’s internal documents, which are approved by the Board of Directors or the Executive Board, taking into account their respective spheres of competence under the Internal Regulations.

Once approved, these documents are communicated to all Employees, business partners and other stakeholders, through publication on the website and the intranet, in management reports and specific contractual clauses; their content is explored in training, aimed at all Employees, irrespective of location or position.

The precautionary principle is integrated with risk management and included in the Environmental Policy, Detailed information on risk management, available in Section 50, Corporate Governance Report | Part I - Information on Shareholder Structure, Organisation and Corporate Governance | C. Internal Organisation | III. Internal Control and Risk Management.

2-24 Embedding policy commitments

Chap. 6.2.1 Sustainability Governance

Chap. 6.2.4 Our 2030 Agenda and Roadmap

Chap. 6.5.1 Responsible business conduct

The commitments to responsible business conduct are made out in the various Group Codes and Policies and have been adopted by the Board of Directors, Navigator's governing body.

In order to implement these Codes and Policies for responsible business conduct, Navigator has implemented an effective and efficient governance model for the compliance system, which clearly identifies the powers of the different parties involved in the business processes and fosters appropriate coordination and communication between them, on the basis of simple processes and procedures guided by corporate goals, in order to avoid red tape and a loss of speed and flexibility in doing business.

The structure and organisation of the Navigator Group's compliance system is based on coordinated action by the functional units in the Group's internal structure, articulated with the management and supervisory bodies and in keeping with generally accepted best practices, in order to support the decision-making process.

Navigator has set up a Compliance Unit, as part of the Legal, Compliance and Public Affairs Division, responsible for implementing a compliance policy that addresses its activities throughout the legal and regulatory value chain, in accordance with the values of transparency and fairness, in order to prevent and combat wrongdoing.

The compliance system is intended to ensure compliance with the applicable legal requirements, reflected in the Group's internal policies, especially as regards preventing corruption, money laundering, terrorist financing, breach of international sanctions, conflicts of interests, protection of human rights and protection of personal data, and also to strengthen the ethical culture of the Company and many of its Stakeholders, in particular, officers, Employees and Suppliers, through promotion of training and communication initiatives concerning matters of legal compliance and ethical conduct.

Navigator has a Code of Conduct for Suppliers, addressing topics such as prevention of corruption and bribery, respect for human rights, employment practices, health and safety and environmental practices. This Code is distributed to all materially relevant Suppliers and made available in all consultation procedures.

Compliance clauses were drafted in 2023 which establish obligations for Navigator's counterparties on matters of money laundering, preventing corruption, human rights and international sanctions.

In 2023, Navigator implemented a Third-Party Integrity Verification System, enabling it to assess counter party risk through due diligence procedures, with a view to preventing corruption and money laundering, violations of international sanctions and Human Rights.

Navigator offers a range of training on Ethics and Integrity for all its Employees, designed to stress the importance of the rules established in the Code of Ethics and Conduct and other internal regulations addressing issues of Human Rights, Whistleblowing and Fair Competition. In 2023, it developed training on Prevention of Corruption and Related Offences, laying down guidelines for ethical and transparent conduct, in keeping with the fundamental principles set out in the internal policies governing Navigator's operations, in particular the Corruption Prevention and Related Offences Policy, Policy for Compliance with International Sanctions and Restrictive Measures, Policy for the Prevention of Money Laundering and Financing Terrorism, the Third-Party Integrity Verification Policy and policy documents on the issue of conflicts of interests.

2-25 Processes to remediate negative impacts

Chap. 6.2.6 Stakeholder Engagement

Chap. 6.3.3 Sustainable forestry management and conserving biodiversity

Chap. 6.5.1 Responsible business conduct

Navigator has established policies and procedures to ensure appropriate communication between the Company and its Stakeholders. The communication channels that affected Stakeholders can use, for remediation of the negative impacts of these operations, include **The Navigator Company**'s official website and the **Whistleblowing Channel**. In the event of negative impacts resulting specifically from out forestry operations, any Stakeholders affected can also approach Company Employees, or contact us by email or telephone: **cadastro.florestal@thenavigatorcompany.com**; Tel. 265 709 000.

The Whistleblowing channel is a means for communicating irregularities, managed by an external entity on behalf of Navigator and intended for reports from Employees, Suppliers, Customers, Service Providers, Local Communities or any other interested parties, as established in the **Whistleblowing Regulation**. It can be accessed online or on the Company intranet and guarantees anonymity, confidentiality, safeguarding and non-retaliation in dealings with reporters, whilst also complying with all data protection and information security standards.

In order to follow up the reports received, Navigator has a multidisciplinary team appointed by the Whistleblowing Committee, comprising the Director of Legal, Compliance and Public Affairs, the Risk Management Director and the Compliance Officer. In cases where the report may relate to any member of this committee, it is forwarded to the Audit Board.

The investigation either concludes that there is no real issue, and so is closed, or else it proposes application of measures appropriate to the irregularity in question, in a report to the Executive Board and the Audit Board, or else to the Board of Directors when the measures to be applied lie outside the powers of the Executive Board. If situations with negative impacts are confirmed, the necessary measures are adopted to correct the situation and avoid similar situations recurring.

The procedures undertake to remedy negative impacts are described over the course of the 2023 non-financial reporting, in the response to each of the material topics, describing the actions and initiatives taken to manage and remedy the impacts resulting from its activity.

2-26 Mechanisms for seeking advice and raising concerns

Navigator has implemented a **Whistleblowing Channel** allowing for irregularities to be reported by Employees, Suppliers, Customers, Service Providers, Local Communities or any other interested parties, as established in the Whistleblowing Regulation. The issues to be reported through this channel include breach of rules of good conduct or ethics, fraud, corruption and related offences, discrimination, bullying and harassment, Human Rights and employment rights, protection of privacy and personal data, health and safety, and environmental protection. In other words, it is intended in general for reporting of breaches of the rules established in the Code of Ethics and Conduct and other internal regulations, as well as non-compliance with the legislation and external regulations to which Navigator is subject. It can be accessed through the Company website intranet and guarantees anonymity, confidentiality, safeguarding and non-retaliation in dealings with reporters, and also compliance with all data protection and information security standards, as stipulated in the Whistleblowing Regulation.

In order to follow up the reports received, Navigator has a multidisciplinary team appointed by the Whistleblowing Committee (WC), comprising the Director of Legal, Compliance and Public Affairs, the Risk Management Director and the Compliance Officer. In cases where the report may relate to any member of this committee, it is forwarded to the Audit Board. In any case, under the Whistleblowing Regulation, any persons with an interest conflicting with the situation reported are excluded from the investigation and decision-making process, so as to ensure that reports are received, sorted, analysed and closed independently, autonomously and impartially.

The Audit Board must be informed of all communications of irregularities received and, whenever they involve a member of the Board of Directors or Audit Board, the Ethics Committee must also be informed, as required by the Whistleblowing Regulation.

The investigation either concludes that there is no real issue, and so is closed, or else it proposes application of measures appropriate to the irregularity in question, in a report to the Executive Board and the Audit Board, or else to the Board of Directors when the measures to be applied lie outside the powers of the Executive Board. Copies of the decision to take action must be sent to the Audit Board, the Whistleblowing Committee and the Board of Directors, except when those bodies are responsible for the decision.

This channel, managed by an external body in Navigator's service, ensures that irregularities are reported in an effective and fast-working system, able to detect, investigate and resolve them, in line with the rules of conduct established by Navigator and the applicable legislation (Law 93/2021, of 20 December, establishing the general rules on protection of whistleblowers).

2-27 Compliance with laws and regulations

No. significant occurrences	2023	2022	2021
No. significant instances of non-compliance with laws and/or regulations in reporting period	0	0	2
No. instances in which fines were incurred	0	0	2
No. instances in which non-monetary sanctions were incurred	0	0	0

Fines paid for instances of non-compliance	2023	2022	2021
Total no. of fines for instances of non-compliance with laws and regulations paid during reporting period	0	0	2
Total monetary value of fines for instances of non-compliance with laws and regulations paid during reporting period (€)	0	0	21,000

NB: The two occurrences in 2023 related to Navigator's activities in Portugal.

2-28 Membership of associations

Name of Association	Details of participation
AEM – Association of Portuguese Issuers of Listed Securities	Member of Management Board
AIFF - Association for the Competitiveness of Forest Based Industries	Associate Member
AIP-CCI – Portuguese Industrial Association – Chamber of Commerce and Industry	Associate Member
AlmaScience	Chair of General Meeting | Member of Audit Board | Instituto RAIZ - Member of Board of Directors Associate Founding Members
APA - Portuguese Environment Agency	Associate Member
APE - Portuguese Energy Association	Member of Management Board
APIGCEE - Portuguese Association of Major Industrial Power Consumers	Secretary of General Meeting
APIGRAF – Portuguese Association of Printers and Paper Manufacturers	Associate Member
AISET - Setúbal Peninsula Industrial Association	Chair of General Meeting
APLOG – Portuguese Logistics Association	Associate Member
APQ – Portuguese Quality Association	Associate Member
APREN - Portuguese Renewable Energy Association	Member of Management Board
APPLSSA - Local Protected Landscape Association, Serras do Socorro e Archeira	Member of Advisory Board
Asociación Española de Fabricantes de Pasta, Papel y Cartón (ASPAPEL)	Associate Member
CECOLAB – Collaborative Laboratory Towards Circular Economy	Instituto RAIZ - Member of Board of Directors Founding Member
Minho-Lima Association for Forestry Certification	Member of Management Board
ASWP - Smart Waste Portugal	Associate Member
BCSD Portugal – Business Council for Sustainable Development	Chair of the Management Board
Biobased Industries Consortium	Instituto RAIZ - Associate Member
BIOND – Association of Forest-Based Bioindustries	Chair of Management Board | Chair of Executive Board | Chair of General Meeting | Member of Management Board | Member of Audit Board
BIOREF	Instituto RAIZ – Vice-Chair of Board of Directors | Founding Associate Member
Associate Member	Associate Member
CBE – Biomass for Energy Centre	Chair of General Meeting
Centro Habitat – Sustainable Habitat Cluster	Associate Member
CEPI - Confederation of European Paper Industries	Member of Energy and Environment Committees
CIP - Confederation of Portuguese Industry	Vice-chair of National Environmental Strategy Committee and member of National Energy Strategy Committee
Circular Bioeconomy Alliance	Associate Member
Galicia Wood Cluster	Associate Member
CPA - Aveiro Port Community	Member of Management Board
CPC – Portuguese Shippers' Council	Member of Management Board
CPFF - Figueira da Foz Port Community	Chair of General Meeting
CPS - Setúbal Port Community	Member of Audit Board
COGEN Portugal – Portuguese Association for Energy Efficiency and the Promotion of Cogeneration	Member of Management Board
COTEC Portugal – Business Association for Innovation	Member of General Board | Member of Strategy Committee

Name of Association	Details of participation
European Business Network (EBN)	Instituto RAIZ - Associate Member
EFI - European Forest Institute	Instituto RAIZ - Associate Member
EUROGRAPH – European Association of Graphic Paper Producers	Board Member| Chair of the Environmental Working Group
FORESTIS – Portuguese Forestry Association	Member of the Higher Board
FpC - Forum for Competitiveness	Member of the Management Board
FSC International	Associate Member
FSC Portugal - Forest Stewardship Council	Associate Member Instituto RAIZ - Alternate Member of Audit Board
ICNF– Forestry Conservation	Instituto RAIZ - Associate Member
Institut Européen de la Forêt Cultivée	Instituto RAIZ - Associate Member
Higher Technical Institute - University of Lisbon	Instituto RAIZ - Associate Member
ISQ – Welding and Quality Institute	Member of General and Supervisory Board
IUFRO – International Union of Forestry Research Organizations	Instituto RAIZ - Associate Member
Paper Profile – Environmental Product Declaration for Paper	Associate Member
PEFC Portugal – Council for the Portuguese Forestry Sector	Chair of the Management Board Instituto RAIZ – Member of Audit Board
Print Power Portugal	Member of Marketing Group
PRODEQ – Association for the Development of Chemical Engineering	Instituto RAIZ - Associate Member
RELACRE - Association of Portuguese Accredited Laboratories	Instituto RAIZ - Associate Member
TECNICELPA – Portuguese Association of Cellulose and Paper Industry Technicians	Instituto RAIZ - Associate Member
TFD - The Forest Dialogue	Member of Steering Committee
WBCSD - World Business Council for Sustainable Development	Member do Forest Solutions Group
WWF International – Forests Forward Program	Programme Member (continued Founder Member of New Generation Plantations Platform, NGP)

STAKEHOLDER ENGAGEMENT

2-29 Approach to stakeholder engagement

Chap. 6.2.6 Stakeholder Engagement

2-30 Collective bargaining agreements

Chap. 6.4.1 Talent management and developing human capital

No. significant occurrences	2023	2022	2021
Total no. of workers covered by collective bargaining agreements	3,120	3,039	2,944
Total no. of workers	3,317	3,246	3,150
Percentage of workers covered by collective bargaining agreements (%)	**94%**	**94%**	**93%**

Note 1: It should be noted that a collective agreement applies at Navigator Tissue Ejea (Convenio Colectivo Estatal de Pastas, Papel y Cartón). However, we were not able, in the reporting year, to provide consolidated data in response to this indicators, as the data is still in the process of being integrated into the Group's internal system.

Note 2: There are no collective bargaining agreements in Mozambique.

Note 3: The figures for 2021 and 2022 were corrected due to the inclusion of Employees in Mozambique.

GRI 3: MATERIAL TOPICS

3-1 Process to determine material topics

Chap. 6.2.3 Double Materiality

Chap. 10.2.2 GRI Correspondence Tables

3-2 List of material topics

Chap. 6.2.3 Double Materiality

As a result of the double materiality process, 15 material topics were identified, of which 6 topics are considered strategic for Navigator and 9 topics are considered relevant.

Material Topics
• Creating sustainable value • Responsible governance (encompasses the topics of diversity, equity and inclusion, human rights, ethics and transparency, and risk management and business continuity) • Bioproducts • Innovation, technology and R&D • Health, safety and well-being • Supply chain management • Customer Management • Community relations • Talent management and development of human capital • Climate change and CO_2 sequestration • Water management • Sustainable forest management • Energy and raw material management • Biodiversity conservation • Circular economy

3-3 Management of material topics

Chap. 6.2.3 Double Materiality

Chap. 6.2.4 Our 2030 Agenda and Roadmap

Chap. 10.2.2 GRI Correspondence Tables

The material topics are expressed as corporate goals which take material form in the aspirations set out in our 2030 Agenda and Roadmap, a tool which permits the Company to guide its course over the decade 2020-2030, contributing to creation of sustainable value.

The sub-chapters for each material topics present information on its relevance to The Navigator Company and our Stakeholders, as well as on the approach taken (including policies and commitments made, reflecting the way the Company is managed. They also present a selection of specific action taken, such as projects, programmes and initiatives, which we describe in some detail, in order to illustrate the management approach in the area, promoting positive impacts and minimising negative impacts, whenever applicable.

At The Navigator Company we conduct regular monitoring and assessment of our performance on each of the goals, targets and indicators associated with the material topics and established in the 2030 Roadmap. In order to assess the effectiveness of the management approach and the associated impacts, we also have the findings of audits (internal and external), as well as the assessment of action taken to address risks and opportunities, feedback from Stakeholders and external performance ratings.

GRI 200: ECONOMIC PERFORMANCE

GRI 201: ECONOMIC PERFORMANCE

201-1 Direct economic value generated and distributed

Chap. 5 Creating sustainable value

Chap. 9.1 Our performance (Economic Indicators)

Thousand euros	2023	2022	2021
I) Direct Economic Value Generated	**2,033,559**	**2,535,783**	**1,627,251**
II) Direct Economic Value Distributed[1]	**1,848,089**	**2,122,950**	**1,370,996**
Operating costs	1,294,457	1,514,271	1,077,385
Employee pay and benefits	171,127	185,194	153,970
Payments to capital providers	219,305	356,967	117,343
Taxes[2]	161,741	64,765	20,650
Investments in the Community	1,459	1,752	1,649
III) Accrued Economic Value (I-II)	**185,470**	**412,834**	**256,254**

[1] In 2021, the figures were revised due to alteration in employee salaries and benefits account.

[2] Change in reporting methodology for "taxes" in order to be consistent with Navigator's "Tax footprint", moving away from the previous approach centred on cash and corporation tax. The values considered were the final values stated in IRC Form 22, in 2020.

NB: The figures for 2021 were corrected from those published in the 2021 Sustainability Report, as follows: the direct economic value generated and the value of taxes for 2021; and the values of Employee pay and benefits, payments to capital providers and investment in the Community relating to 2021. The accumulated economic value for 2021 was consequently also corrected for both years.

201-2 Financial implications and other risks and opportunities due to climate change:

Chap. 10.6. Alignment with TFCD recommendations (Task Force on Climate-related Financial Disclosures)

Chap. 9.1 Our performance (Economic Indicators)

Financial implications of climate change	2023	2022	2023
Number of CO_2 emission licenses (unit)	494.850	574,122	620,805
Market value (thousands euros)	38,628	46,785	50,068

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

In 2022, Navigator embarked on a project to implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and designed a roadmap for the years ahead. The progress made in 2023 is reported in Annex 10.6.

201-3 Defined benefit plan obligations and other retirement plans

Chap. 5 Creating sustainable value

Chap. 6.4.1 Talent management and developing human capital

Employees of Group companies based in Portugal are entitled to a complementary retirement pension (old age or invalidity) and, in the event of death while still actively in employment, a survivor's pension; these are awarded under defined benefits plans or defined contribution plans. The plans are funded through a closed-end Pension Fund, managed by an external body, which subcontracts management of their assets from external asset managers. In the case of defined benefit Pension Plans, the Group is liable to defined benefit plans for a small group of Employees who opted to stay in the Defined Benefit Plan or who, having converted their plan to a Defined Contribution Plan, opted to maintain a safeguard clause. In practice, the safeguard clause entitles the Employee to opt, on retiring, for payment of a pension as envisaged in the Defined Benefit Plan. For those opting to trigger the safeguard clause, the amounts accumulated in the Defined Contribution plan will be use to fund the liability of the Defined Benefit Plan. In the case of defined contribution Pension Plans, at 31 December 2023 three Defined Contribution plans were in force for the benefit of employees, in which the Pension Fund assets funding these plans are under the management of AGEAS – Pensions, Schroders, Santander AM and Julius Baer.

Further information in the 2023 Consolidated Financial Statements | 7. Personnel – 7.2. Employee Benefits

201-4 Financial assistance received from government

Chap. 9.1 Our performance (Economic Indicators)

Thousand euros	2023	2022	2021
Financial assistance received from government	**16,781**	**16,405**	**7,824**
Tax Incentives / Credits [1]	1,701	2,557	5,121
Subsidies	12,280	12,314	143
Support for research and R&D	2,800	1,533	2,560

[1] The figure for 2023 corresponds to an estimate of the expected value of tax benefits deductible that year.

GRI 202: MARKET PRESENCE

202-1 Ratios of standard entry level wage by gender compared to local minimum wage

Chap. 9.1 Our performance (Economic Indicators)

Ratio of standard entry level wage to local minimum wage (%)		2023	2022	2021
Portugal	Men	1.09	1.13	1.07
	Women	1.09	1.13	1.07
Mozambique	Men	1.00	1.00	1.00
	Women	1.00	1.00	1.00

Note 1: In Portugal, Navigator has no Employees on the national minimum wage, and entry-level pay is set higher. In 2021, the entry-level salary for was 712 €, as compared to national minimum wage of 665 €. In 2022, the entry-level salary for was 795 €, as compared to national minimum wage of 705 €. In 2023, the entry-level salary for was 825 €, as compared to national minimum wage of 760 €.

Note 2: The minimum wage in Mozambique depends on the industrial sector, and when converted into euros is adjusted to the exchange rate in December of the year in question.

Note 3: It was not possible to calculate this indicator for other geographical regions, but there are plans to align methodologies in future.

GRI 203: INDIRECT ECONOMIC IMPACTS

203-1 Infrastructure investments and services supported

Chap. 6.3.3 Sustainable forestry management and conserving biodiversity

Chap. 6.4.3 Community relations

In Portugal, in order to mitigate the impacts of fires for Navigator and local Communities, we invest in prevention, helping to ensure woodlands become more resilient to this issue. Work we carry out on a regular basis:

- Maintenance of paths and fire breaks;
- Control of vegetation;
- Reduction of fuel load and creating areas to halt the spread.

Our resources are deployed with Afocelca, an organisation through which The Navigator Company and the Altri Group join forces to support fire fighting efforts, with its own Special Rural Fire-Fighting Brigade. We also provide support for the recovery of burned areas, by taking part in the pilot recovery programme organised by Biond (Forest Fibers from Portugal).

Investment in infrastructures and services for forest fire defence (Million euros)		2023	2022
Portugal	Afocelca Activities	2.60	2.40
	Clearance and vegetation control activities	6.52	1.97
	Maintenance of paths and fire breaks	0.087	0.36
	Subtotal	**9.21**	**4.73**
Mozambique	Human resources, fire-fighting resources and protective equipment	0.14	-
	Harrowing, path maintenance, controlled burning	0.66	-
	Subtotal	**0.80**	**-**
Total		**10.01**	**-**

Reference is also made to the amounts corresponding to investment in the Community, presented in indicator 201-1.

Donations of paper are one of Navigator's most direct ways of supporting communities, making a material contribution to the smooth administrative workings of the institutions in question, in the areas where the Company operates, such as schools and civil parish councils. In 2023, paper donations in Portugal totalled 44.6 tons, representing investment of 60,600 euros. Plants from our Aliança Nurseries are another important way in which we support Communities. In 2023, 2,740 tree and shrubs of 16 different species were donated to four organisations, namely the Miyawaki Woods of the Polytechnic Institute of Setubal (IPS), the Sarrazola Park of Cacia Civil Parish Council, the World Youth Days and the Association for Wildlife Protection in the Serra da Estrela.

Investment through the Portucel Moçambique Social Development Programme (PDSP) in 2023 totalled 600 thousand euros, in the areas of food security, promotion of livestock and fish farming, income generations and improved quality of life for Communities through access to drinking water, renewable energy, rehabilitation of schools, support for construction of hospital facilities, construction and rehabilitation of access roads and bridges. Infrastructure work included improvement/construction of bridges and aqueducts, with a value of 119 thousand euros in 2023. Agricultural extension work included implementing 14 school vegetable gardens, in order to encourage students to grow food, and the produce obtained was used for distribution at the schools themselves. Purchases of constructions materials (such as cement, roof sheeting, beams, paint and doors) for schools in the two provinces totalled 14 thousand euros.

203-2 Significant indirect economic impacts

Chap. 5 Creating sustainable value

GRI 204: PROCUREMENT PRACTICES

204-1 Proportion of spending on local Suppliers

Chap. 6.5.4 Supply chain management

Chap. 9.1 Our performance (Economic Indicators)

Expenditure on local suppliers	2023	2022	2021
Total no. of Suppliers	7,490	7,303	7,172
Local suppliers (%) [1]	73	73	74
Total expenditure on Suppliers (thousand euros) [2]	1,793,052	1,934,460	1,382,341
Expenditure on local Suppliers (%)	74	72	74

[2] Suppliers in Portugal.

[2] Includes VAT, unlike the figures for operational costs reported under indicator GRI 201-1. Expenditure is consistent with the Statement of Cash Flows and the accounts.

GRI 205: ANTI-CORRUPTION

205-1 Operations assessed for risks related to corruption

In the reporting period, 15 specific operations were submitted for assessment of corruption risks.

Operations are considered to be the departments of the organisation involved in processes of hiring, payments or institutional relations, identified in the Risk Prevention Plan for Corruption and Related Infractions, in accordance with the criteria relevant to corruption risk.

Significant risks are deemed to be those identified in the Risk Prevention Plan for Corruption and Related Infractions as "high" or "critical". No significant corruption risks were identified in 2023.

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

Chap. 6.5.1 Responsible business conduct

	2023		
	No. of Employees to whom communicated	Total no. of Employees	%
Communication of Anti-Corruption Policies			
Top Management	34	34	100
Senior Management	691	691	100
Middle Management	484	484	100
Operatives	2,108	2,108	100
Trainees	113	113	100
Total	**3,430**	**3,430**	**100**
Anti-Corruption Training			
Top Management	21	34	62
Senior Management	545	691	79
Middle Management	383	484	79
Operatives	1,210	2,108	57
Trainees	68	113	60
Total	**2,227**	**3,430**	**65**

Our Corruption Prevention and Related Offences Policy is that communicated to all Employees, business partners and other stakeholders through publication on the Company's websites and intranet.

In addition, the Navigator Group offers a series of training options on Ethics and Integrity. These are available to all Employees, irrespective of site or duties, in an e-learning format, on the online platforms. A specific training course in Prevention of Corruption and Related Offences was developed in 2023.

205-3 Confirmed incidents of corruption and actions taken

Chap. 6.5.1 Responsible business conduct

	2023	2022	2021
Total no. confirmed incidents of corruption	0	0	0
Total no. of confirmed incidents in which Employees were dismissed or disciplined due to corruption	0	0	0
Total no. of confirmed incidents in which contracts with business partners were terminated or not renewed due to violations caused by corruption	0	0	0

Confirmed cases of corruption are established through the receipt, analysis and investigation of reports through the Whistleblowing Channel. Reports are processed as established in the Whistleblowing Regulation and responsibility for the procedure lies with the Whistleblowing Committee.

Following on from events in 2020 and 2021, borne out by the criminal investigation in 2020 into alleged corruption in wood reception activities at one of our production centres, leading to dismissal of the employees involved, judicial proceedings are still in progress in the labour and criminal courts. As a result of that investigation, Navigator continued in 2023 to follow through the cases in the labour courts where 28 workers allege unfair dismissal; no further progress has been made in these proceedings. At the same time, in the criminal courts, Navigator, as a civil party, has followed the finding of facts, which led to confirmation that the case will proceed to trial.

GRI 206: ANTI-COMPETITIVE BEHAVIOUR

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

Chap. 6.5.1 Responsible business conduct

The United States Department of Commerce brought anti-dumping proceedings against Portugal (in this particular case against The Navigator Company, S.A., as the only Portuguese manufacturer), which started on 21 January 2014 when a group of US office paper manufacturers and a group of industry trade unions submitted a complaint leading to investigation of alleged dumping practices in imports of paper in different formats from five countries - Australia, Brazil, China, Indonesia and Portugal.

As a result of these proceedings, Portuguese exports to the United States of certain types of paper marketed by Navigator are now subject to an anti-dumping duty. A deposit is first made with the customs authorities, which is then subject to adjustments, in line with the latest decisions published by the Department of Commerce.

In mid-2022, the final rate for the 5th review period (2020-2021) was set at 5.81%. The definitive setting of this rate led Navigator to pay additional amounts on top of the deposits initially made, in a process completed in March 2023. In August 2023, the preliminary rate for the 6th review period (2021-2022) was set at 7.11%. This is also the rate that is being used for deposits that Navigator has to make on each import operation, albeit subject to subject adjustment, in line with the effective rates calculated in subsequent periods.

GRI 207: TAX

207-1 Approach to Tax

Chap. 4.10 Navigator Group tax policy

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

207-2 Tax governance, control, and risk management

Chap. 4.10 Navigator Group tax policy

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

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

Navigator takes a pro-active stance in its dealings with the Tax Authority (TA), pursuing dialogue, in particular with staff in the Major Taxpayers Unit (in relation to inspections and to judicial proceedings). It applies to the authority for binding information on matters where the application of tax legislation is not clear. Company Employees also take an active part in organisations such as the Major Taxpayers Forum, organised by the TA, and in a number of associations and the respective taxation sections (such as Business Roundtable Portugal, the Issuers Association [AEM] and the Portugal Fiscal Association), as well as in academic initiatives, as both speakers and participants (such as IDEFF, at the Lisbon Law Faculty, Católica Tax, at the Portuguese Catholic University, and, at international level, WU Wien) and professional associations such as the Portuguese Fiscal Association (with active participation on its management committee and in its online magazine). Closeness to these Stakeholders makes it possible to debate and develop the Company's tax strategy.

207-4 Country-by-country reporting

Chap. 4.9 Contribution to State tax revenues

Chap. 4.10 Navigator Group tax policy

Navigator's business model is based on production operations in Portugal and the sale of its products from Portugal. The Company has a network of sales subsidiaries in several countries, allowing it to provide Customer assistance in a series of international markets. Navigator is a Company of structural importance to Portugal's economy, meaning that this model entails it being subject to a variety of taxes, contributions and levies in Portugal, with a significant impact at national level, to the benefit of the Portuguese State.

Further information on our tax footprint: Consolidated Financial Statements | 6. Corporation tax

GRI 300: ENVIRONMENTAL PERFORMANCE

GRI 301: MATERIALS

301-1 Materials used by weight or volume

Chap. 6.3.5 Use of resources and circular economy

Chap. 9.2 Our Performance (Environmental Indicators - Materials)

	2023	2022	2021
Raw materials (t)	**4,714,216**	**5,156,843**	**5,064,915**
Renewable [1]	4,251,275	4,619,939	4,558,516
Non-renewable [2]	462,940	536,904	506,399

[1] Renewable materials comprise: wood; starch; eucalyptus fibre; long fibre; recycled fibre; and packaging paper.

[2] Non-renewable materials comprise chemicals (i.e. sodium hydroxide, sodium chlorate, sulphuric acid and others).

NB: The 2023 figures include Navigator's operations in Portugal and Spain (Ejea). Those for previous years include only Portugal.

	2023	2022	2021
Renewable raw materials (%)	90	90	90

301-2 Recycled input materials used

Chap. 9.2 Our Performance (Environmental Indicators - Materials)

	2023	2022	2021
Recycled materials (%)	0.00	0.01	0.02

Note 1: The calculation considers the quantity of recycled fibre as a proportion of total fibre used.

Note 2: The 2023 figures include Navigator's operations in Portugal and Spain (Ejea). Those for previous years include only Portugal.

GRI 302: ENERGY

302-1 Energy consumption within the organization

Chap. 6.3.2 Climate change

Chap. 9.2 Our performance (Environmental Indicators – Energy)

	2023	2022	2021
Energy consumption within the organization (GJ)	**39,746,832**	**41,165,471**	**41,246,701**
Primary energy from non-renewable sources	7,788,102	9,825,584	9,811,472
Primary energy from renewable sources	31,688,941	31,802,148	31,962,573
Electricity acquired for consumption	5,400,128	4,910,655	4,651,165
Electricity sold	5,130,339	5,372,917	5,178,509

Renewable primary energy consumed (%)	**2023**	**2022**	**2021**
Portugal	81	76	77
Spain	0	-	-
Total	80	76	77

Note 1: Since 2021, renewable primary energy consumed has included power produced by solar facilities.

Note 2: As from 2022, energy figures now include consumption of petrol and propane at other Company facilities, as well as fuel for the vehicle fleet.

Note 3: The 2023 figures include Navigator's operations in Portugal and Spain (Ejea). Those for previous years include only Portugal.

302-2 Energy consumption outside of the organization

It was decided to discontinue reporting of this indicator, in the light of reflection after the new materiality analysis; it is deemed that the relevant information is already being calculated and monitored through indicator 305-3, on scope 3 greenhouse gas emissions, in line with the goals of reducing the Company's carbon footprint.

302-3 Energy intensity

Chap. 6.3.2 Climate change

Chap. 9.2 Our performance (Environmental Indicators – Energy)

Energy intensity		**2023**	**2022**	**2021**
Energy intensity per ton output (GJ/t produced)[1]	Portugal	12.9	12.0	12.5
	Spain	5.2	-	-
	Total	**12.8**	**12.0**	**12.5**
Energy intensity by turnover (TJ/M€)[2]		23.0	18.9	29.1

Note 1: The calculation of energy intensity took into consideration consumption by primary resources (excluding primary energy from Biomass Power Plants - BPP) and the total quantity of products manufactured. The energy used by BPPs is included in total energy consumed, but these figures are not included in the calculation of energy intensity, because that consumption is not allocated to the production process.

Note 2: The calculation of energy intensity by turnover took into consideration energy consumption by primary sources and the electricity acquired. The 2023 figures include Navigator's operations in Portugal and Spain (Ejea). Those for previous years include only Portugal.

302-4 Reduction of energy consumption

Chap. 6.3.2 Climate change

Chap. 9.2 Our performance (Environmental Indicators – Energy)

	2023	2022	2021
Reduction of energy consumption (GJ)	5,604	65,682	51,184

Note 1: Calculation of reductions in energy consumption is based on energy efficiency projects concluded in 2023. Figures are calculated for one year of operation, on the basis of project information, using a methodology validated in connection with the Energy Management System certified under ISO 50001.

Note 2: The figures include only Navigator's operations in Portugal.

GRI 303: WATER AND EFFLUENTS

303-1 Interactions with water as a shared resource

Chap. 6.3.4 Water consumption

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

Navigator’s water intakes are licensed by the National Water Resources Authority, and water is withdrawn in strict compliance with the upper limits authorised. It should be noted that in Setúbal the intake is managed from a network of 23 boreholes, operated with assistance from a specialist hydro-geology firm, in order to minimise pressure on this resource and the consequent environmental impact of these intakes. Navigator has established a

wide-ranging system for monitoring and controlling its used of this resources at all phases of the production process, so as to keep checks on quality and conduct systematic reassessments of the potential for reuse in different processes. The water disposed of in each process undergoes treatment (primary, secondary and sludge treatment), minimising the potential impacts of discharge in the environment. The water used in production processes is drawn not just from intakes, but also from the raw and subsidiary materials, including wood and chemicals. The water used is returned to nature in the form of water vapour and treated effluent, but wastes, products and by-products also contain significant volumes of water. Navigator monitors the availability of water resources on a systematic basis, in its intake areas; the situation currently inspiring the greatest concern is the occasional scarcity of water in the River Tagus. It should be noted that Navigator Tissue Ródão does not withdraw water directly, and water is instead supplied by Biotek S.A. - an ALTRI group company. As well as supplying pulp for producing tissue paper, Biotek withdraws and treats water from the River Tagus, supplying treated water to Navigator Tissue Ródão.

At the Vila Velha de Ródão mill, where only tissue paper is produced, the treated effluent is returned to the River Tagus.

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

The impacts of climate change on water are felt both on the supply side, and also in demand. As regards supply, climate change has brought alterations to rainfall patterns, leading to changes in the volume and availability over time of surface and ground water. On the demand side, there have been changes in volumes consumed by different activities, and changes to the distribution of this consumption over time. Navigator has established commitments and targets for water use in its 2030 Roadmap. In view of the specific features of each plant, an organisational structure has been set up which oversees, promotes and provides the human, technical and financial resources needed for:

- Identification of water reduction/reuse measures in each process and at each plant;
- Technical and financial assessment of the measures identified, prioritised on a value-for-money basis;
- Planning and scheduling of the measures for implementation at each plant, each year;
- Execution of measures and assessment of impact (real gain);
- Adjustments to plan as originally established, tailoring the reduction measures to the proposed goals.

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

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

In its forestry operations, in order to preserve water resources, improve conservation of habitats and the services provided, Navigator follows a series of good forestry management practices applied on two fronts - protection and rehabilitation/restoration, and maintenance. These two fronts are based on the precautionary principle, and general care has to be taken in work nearby or in protection strips for water courses, by implementing mitigation measures during the forestry operations.

Current R&D activities include drip fertigation trials, seeking to find solutions to mitigate wood yield losses in areas where water is scarce, through more efficient water use. It is important to note that these field trials comply with the specific legislation and may be interrupted in the event of extreme drought. At Viveiros Aliança, the various irrigation methods (mainly sprinklers) are being changed to drip irrigation, to minimise water losses and cut consumption. In Mozambique, the drilling of boreholes for water and the repair of others (constructed by the government and/or other partners, which since stopped working) has made drinking water available to a large number of families and other individuals who no longer have to take water from rivers, with high levels of coliform bacteria. This in turn means they no longer need to boil the water, and so consume less timber from native woodlands.

303-2 Management of water discharge-related impacts

Chap. 6.3.4 Water consumption

At all The Navigator Company's industrial units, effluents undergo treatment at the facility's own IWWTPs (Industrial Waste Water Treatment Plants), except at Navigator Tissue Ejea, where effluent is treated in an external WWTP. This makes it possible to achieve quality standards in the treated effluent compatible with the admissible emissions values (AEV) under the BREF P&P (2015). Effluent discharges comply with the strict terms of industrial waste water disposal licenses, which impose stringent monitoring obligations.

In terms of the minimum standards established, all the plants are subject to discharge standards regulated by a Water Resources Utilisation License for discharge of industrial effluent. As the mills' Effluent Discharge Licenses were renewed in 2019 and 2020, it was necessary, as a first step, to comply with very stringent rules, both on effluent quality, and on the level of monitoring required. Navigator has implemented capex projects and other initiatives to improve the IWWTPs, in order to ensure they have the capacity to respond to the new requirements. The quality of the receiving environment is guaranteed by monitoring coastal waters in areas potentially influenced by outfall discharges. The quality requirements established for effluent discharges are significantly disproportionate for the characteristics of the receiving environment, insofar as discharges from Navigator's large industrial units (Aveiro, Figueira and Setúbal) and made in the Atlantic Ocean or the Sado estuary, with strong tidal influence, where there is consequently great capacity for dispersion.

303-3 Water Withdrawal

Chap. 6.3.4 Water consumption

Chap. 9.2 Our performance (Environmental Indicators – Water)

Industrial operations (ML[1])		**2023**	**2022**	**2021**
Surface water	Setúbal	0	0	0
	Aveiro	11,732	11,848	12,636
	Figueira da Foz	22,627	23,875	25,605
	Vila Velha de Ródão	673	590	653
	Subtotal: Portugal	**35,032**	**36,313**	**38,895**
	Spain	0	-	-
	Subtotal: global	**35,032**	**36,313**	**38,895**
Groundwater	Setúbal	24,837	25,487	25,917
	Aveiro	0	0	0
	Figueira da Foz	15	3	5
	Vila Velha de Ródão	0	0	0
	Subtotal: Portugal	**24,852**	**25,489**	**25,922**
	Spain	0	-	-
	Subtotal: global	**24,852**	**25,489**	**25,922**
Acquired from third parties	Setúbal	4	2	2
	Aveiro	5	5	16
	Figueira da Foz	45	35	31
	Vila Velha de Ródão	10	12	10
	Subtotal: Portugal	**63**	**54**	**59**
	Spain	149	-	-
	Subtotal: global	**212**	**54**	**59**
Total industrial operations	**Portugal**	**59,947**	**61,857**	**64,876**
	Spain	**149**	**-**	**-**
	Total: global	**60,096**	**61,857**	**64,876**

Forestry operations (ML[1])		**2023**	**2022**	**2021**
Surface water	Mozambique	106	106	-
Groundwater	Portugal	1,768	1,520	994
Acquired from third parties	Portugal	18	21	27
Total forestry operations	**Portugal**	**1,786**	**1,541**	**1,021**
	Mozambique	**106**	**106**	**-**
	Total: global	**1,892**	**1,647**	**1,021**

Total water withdrawn (ML[1])	**2023**	**2022**	**2021**
Surface water	35,138	36,419	38,895
Groundwater	26,620	27,009	26,916
Acquired from third parties	231	75	86
Total	**61,989**	**63,503**	**65,897**

[1] megalitres.

Note 1: Figures for 2023 include water withdrawal for the Ejea Tissue mill, which has been part of the Navigator group since April 2023. Total water withdrawal for 2023 now includes forestry operations (in Mozambique and Portugal) and the figures for 2021 and 2022 were similarly revised.

Note 2: The figures for Mozambique include only nursery operations and are not available for 2021.

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

303-4 Effluents

Chap. 6.3.4 Water consumption

Chap. 9.2 Our performance (Environmental Indicators – Water)

Total effluents discharged by receiving waterbody (ML[1])		**2023**	**2022**	**2021**
Discharge of effluents into surface water	Setúbal	0	0	0
	Aveiro	0	0	0
	Figueira da Foz	0	0	0
	Vila Velha de Ródão	421	394	390
	Subtotal: Portugal	**421**	**394**	**390**
Discharge of effluents into marine environment	Setúbal	17,672	19,191	19,695
	Aveiro	11,071	11,586	11,544
	Figueira da Foz	19,352	20,988	22,672
	Vila Velha de Ródão	0	0	0
	Subtotal: Portugal	**48,095**	**51,766**	**53,912**
Discharge of effluents for treatment by third parties (e.g. municipal management bodies)	Spain	93	-	-
Total		**48,610**	**52,161**	**54,302**

(1) Megalitres.

NB: Figures for 2023 include water withdrawal for the Ejea Tissue mill, which has been part of the Navigator group since April 2023.

The treatment levels applied at each plant are those which respond to the legal requirements set out in the Discharge Licenses for each industrial unit and incorporate the Best Available Techniques (BATs) for the sector, in accordance with Commission Implementing Decision 2014/687/UE, of 26 September 2014, which establishes the Emission Levels Associated with the Best Available Techniques (BAT-AELs).

Effluent undergoes primary and secondary treatment at the industrial complexes in Setúbal, Figueira da Foz and Aveiro, whilst in Vila Velha de Ródão industrial effluent is treated using an advanced primary and secondary treatment system. Substances considered by ECHA (European Chemicals Agency, the relevant EU authority) as of very high concern are regularly monitored and are reported whenever detected in effluents, even in quantities below the quantification limits in the analytical methods, due to the high volume of outflow.

Total effluents discharged by type of treatment (ML)		**2023**	**2022**	**2021**
Discharge of effluents into surface water	Primary + secondary treatment	421	394	390
Discharge of effluents into marine environment	Primary + secondary treatment	48,095	51,766	53,912
Total		**48,517**	**52,161**	**54,302**

303-5 Water Consumption

Chap. 6.3.4 Water consumption

Chap. 9.2 Our performance (Environmental Indicators – Water)

Volume of water consumed (ML[1])		**2023**	**2022**	**2021**
Portugal	Setúbal	7,169	6,298	6,224
	Aveiro	666	266	1,108
	Figueira da Foz	3,335	2,925	2,969
	Vila Velha de Ródão	261	208	273
	Forestry operations (nurseries and trials)	1,786	1,541	1,021
	Subtotal	**13,216**	**11,237**	**11,595**
Spain		**56**	**-**	**-**
Mozambique		**106**	**106**	**-**
Total		**13,378**	**11,343**	**11,595**

(1) megalitres.

Note 1: Figures for 2023 include water withdrawal for the Ejea Tissue mill, which has been part of the Navigator group since April 2023. Total water consumed for 2023 now includes forestry operations (in Mozambique and Portugal) and the figures for 2021 and 2022 were similarly revised.

Note 2: The figures for Mozambique include only nursery operations and are not available for 2021.

A large proportion of the water withdrawn by the industrial units, along with the water introduced into the production processes by the raw materials (wood and chemicals), is returned to the environment in the form of treated effluent and steam. A part of the water used accompanies the products and process waste produced by the various industrial units. In accordance with the methodology described in guidance for disclosure 303-5, the volume of water consumed corresponds to the differential between the volume of water withdrawn and the volume of water discharged. It should be noted that this figure does not include the water discharged as steam because, although this is not measurable, it is in fact returned to the environment.

GRI 304: BIODIVERSITY

304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas

Chap. 6.3.3 Sustainable forestry management and conserving biodiversity

Chap. 9.2 Our performance (Environmental Indicators – Biodiversity)

Facilities in or close to protected areas and areas of high biodiversity value		2023	2022	2021
National Network of Protected Areas (RNAP)	Area (ha)	11,877	10,253	10,067
	Proportion of total holdings managed (%)	11	10	10
Classified sites in Natura 2000 Network (ZEC)	Area (ha)	44,990	43,699	43,498
	Proportion of total holdings managed (%)	42	41	42
Special Protection Zones (ZPE) in the Natura 2000 Network	Area (ha)	33,680	31,533	31,657
	Proportion of total holdings managed (%)	31	30	30
Total classified areas	**Area (ha)**	**56,684**	**53,738**	**53,563**
	Proportion of total holdings managed (%)	**53**	**51**	**51**

304-2 Significant impacts of activities, products, and services on biodiversity

Chap. 6.3.3 Sustainable forestry management and conserving biodiversity

There is no record of any occurrences with significant impacts.

The potential impacts on biodiversity, negative or positive, are duly identified and preventive and mitigation measures have been defined for the potential negative impacts. Measures have also been designed to help maintain or improve the biodiversity existing on our land holdings and the respective state of conservation. These measures are implemented in forestry projects and operations, from planning through to execution in the field.

304-3 Habitats protected or restored

Chap. 6.3.3 Sustainable forestry management and conserving biodiversity

Chap. 9.2 Our performance (Environmental Indicators – Biodiversity)

Habitats protected or restored In Portugal (ha)	2023	2022	2021
Protected habitats	4,420	4,243	4,076
Restored habitats	191.3	71.2	53.1
Total	**4,611**	**4,314**	**4,129**

NB: The reduction in area in 2021 was largely due to the smaller area of properties under management and adjustments to the boundaries of habitat areas.

304-4 Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations

Chap. 6.3.3 Sustainable forestry management and conserving biodiversity

No. species by degree of extinction risk in Mainland Portugal	2023	2022	2021
Critically endangered	5	5	4
Endangered	17	13	13
Vulnerable	43	39	36
Near threatened	26	24	21
Least concern	192	195	182

GRI 305: EMISSIONS

305-1 Direct (Scope 1) GHG emissions

Chap. 6.3.2 Climate Change

Chap. 9.2 Our performance (Environmental Indicators – Emissions)

Direct GHG emissions – Scope 1 (tCO_2e)	2023	2022	2021
Assets at plants (CELE scope)	456,689	552,587	539,332
Fluorinated gases	598	598	973
Fuel for travel and kilometres travelled	2,421	2,143	2,114
Natural Gas used in BPPs (auxiliary fuel)	11,235	3,304	2,578
CH_4 from combustion processes	5,970	5,270	4,576
N_2O from combustion processes	24,627	21,435	27,471
Diesel and gasoline consumed at plants	6,458	6,036	5,788
Fertilisers and phyto-fertilisers in soil	1,495	1,056	1,259
Total	**509,494**	**592,428**	**584,090**

Note 1: The GHG Protocol guidelines have been followed.

Note 2: The baseline (2018) figure considered for calculating direct CO_2 emissions, in the Climate and Nature focus area, is 774,464 t CO_2, corresponding to emissions recorded for EU ETS (European Emissions Trading Scheme) purposes. Since 2020, Navigator has adopted the methodology of the GHG Protocol, resulting in a more comprehensive inventory of greenhouse gas (GHG) emissions, due to the inclusion of new emissions categories, in addition to those already reported for EU ETS purposes.

Note 3: The 2022 figures, including EU ETS emissions, fluorinated gases, fleet emissions, methane and nitrous oxide, have been updated, incorporating the EU ETS verification prior to publication of the 2022 Sustainability Report, information nor previously available, and the updated Global-Warming Potentials (GWP) published by the IPCC.

Note 4: The scope 1 inventory does not consider the international offices or Mozambique, due to the low significance of the data (these emissions account for less than 0.2%).

Note 5: Figures for 2023 include emissions at the Ejea Tissue mill, which has been part of the Navigator group since April 2023.

305-2 Energy indirect (Scope 2) GHG emissions

Chap. 6.3.2 Climate Change

Chap. 9.2 Our performance (Environmental Indicators – Emissions)

Indirect emissions - Scope 2 (tCO_2e)	2023	2022	2021
Electricity (location based)	234,597	352,517	389,919
Electricity (market based)	317,389	307,355	246,860

Note 1: The GHG Protocol guidelines have been followed

Note 2: The 2022 location-based and market-based emissions were revised on the basis of information that became available after publication of the 2022 Sustainability Report.

Note 3: Market-based emissions consider the emission factors of the vendors as well as the supply of 115 GWh/year under a Power Purchase Agreement (PPA), supplying 100% renewable energy. The 2023 figures are provisional, as the final emission factor values are not yet available.

Note 4: In 2023, the more recent emission factors of the International Energy Agency (IEA) were used to calculate scope 2 (location-based) emissions, instead of the energy mix of the ERSE (Energy Services Regulatory Authority) in previous years.

Note 5: The scope 2 inventory does not consider the international offices or Mozambique, due to the low significance of the data (these emissions account for less than 0.02%).

Note 6: Figures for 2023 include emissions at the Ejea Tissue mill, which has been part of the Navigator group since April 2023.

305-3 Other indirect (Scope 3) GHG emissions

Chap. 6.3.2 Climate Change

Chap. 9.2 Our performance (Environmental Indicators – Emissions)

Indirect emissions – Scope 3 (tCO_2)	**2023**	**2022**	**2021**
Category 1 - Purchased goods and services	790,801.2	1,006,540.2	1,013,199.8
Category 3 - Fuel- and energy-related activities (Location-based)	99,413.9	107,035.7	144,105.0
Category 4 - Upstream transportation and distribution	90,997.6	124,565.9	72,746.5
Category 9 - Downstream transportation and distribution	116,732.2	81,182.0	103,266.0
Category 10 - Processing of sold products	154,223.6	108,080.2	57,349.2
Category 12 - End-of-life treatment of sold products	144,667.2	161,733.8	179,900.7
Total	**1,396,835.7**	**1,589,137.6**	**1,570,567.2**

Note 1: The GHG Protocol guidelines have been followed. Reporting of scope 3 emissions considers the six relevant categories of the ten applicable to Navigator: category 1 (purchase of goods and services); category 3 (emissions related to fuel and electricity (location based)); category 4 (transport and distribution (upstream)); category 9 (transport and distribution (downstream)); category 10 (processing of products sold); category 12 (end of life of products sold).

Note 2: As from 2022, scope 3 of the corporate inventory of emissions has included the materials "cellulose pulp" purchased on the market and "waste forestry biomass" (category 1), as well as transportation upstream associated with these raw materials (category 4).

Note 3: The scope 3 inventory does not consider the international offices or Mozambique, due to their low significance (these emissions account for less than 0.03%).

Note 4: Figures for 2023 include emissions at the Ejea Tissue mill, which has been part of the Navigator group since April 2023.

305-4 GHG emissions intensity

Chap. 6.3.2 Climate Change

Chap. 9.2 Our performance (Environmental Indicators – Emissions)

Emissions intensity		**2023**	**2022**	**2021**
GHG emissions intensity per ton of output (tCO_2e/t) [1]	Portugal	0.175	0.181	0.186
	Spain	0.287	-	-
	Total	**0.176**	**0.181**	**0.186**
GHG emissions intensity by turnover ($tCO_2e/M€$) [2]		381.0	383.3	610.3

Note 1: In order to calculate the emissions intensity per ton of output, scope 1 emissions (excluding Biomass Power Plant (BPP) emissions) and the total quantity of products manufactured are considered, in line with the calculation of energy intensity.

Note 2: The methodology for calculating emissions intensity by turnover considers total scopes 1 and 2 emissions. The 2023 figures include Navigator's operations in Portugal and Spain (Ejea). Those for previous years include only Portugal.

Note 3: Figures for 2023 include emissions at the Ejea Tissue mill, which has been part of the Navigator group since April 2023.

305-5 Reduction of GHG emissions

Chap. 6.3.2 Climate Change

Chap. 9.2 Our performance (Environmental Indicators – Emissions)

Reduction of GHG emissions as direct result of initiatives undertaken (tCO_2e)	**2023**	**2022**	**2021**
Reduction in GHG emissions	12,230	4,576	184,606

In calculating this indicator, we took into consideration the energy efficiency projects with an impact on power consumption, decarbonisation projects such as the new biomass boiler in Figueira da Foz (2021) and Steam connection from Aveiro Renewable Cogeneration to Tissue Aveiro (2023) and new solar facilities in Figueira da Foz (2021) and Setúbal (2022).

Note 1: Starting in 2023, the indicator is now calculated on the basis of energy efficiency and decarbonisation projects implemented in the current year, seeking improved alignment with reporting and transparency recommendations. The figures for 2021 and 2022 in the table have been adjusted in line with the new methodology.

Note 2: The figures include only Navigator's operations in Portugal.

305-6 Emissions of ozone-depleting substances (ODS)

Emissions of ozone-depleting substances (ODS) (kg CFC-11e)	**2023**	**2022**	**2021**
Production	0.0	0.0	0.0
Imports	0.0	0.0	0.0
Exports	0.0	0.0	0.0

305-7 Nitrogen oxides (NO_x), sulphur oxides (SO_x), and other significant air emissions

Chap. 9.2 Our performance (Environmental Indicators – Emissions)

Atmospheric emissions (t)	2023	2022	2021
NO_X	1,780	1,737	1,687
SO_2	64	83	76
Particles	198	261	262

Note 1: For emissions sources subject to continuous monitoring, reporting data is obtained through online monitoring of flow and pollutant parameters. There are low emissions sources where emissions are counted through occasional monitoring, conducted twice a year, by an Accredited Laboratory. The findings from this occasional monitoring may be influenced in each instance by the type of fuels used. When a facility is not subject to monitoring in the year in question, (for example, sources monitored every 3 years), annual emissions are calculated on the basis of the last monitoring, taking into account the operating hours in the years to which the emissions relate.

Note 2: Figures for 2023 include emissions at the Ejea Tissue mill, which has been part of the Navigator group since April 2023.

GRI 306: WASTE

306-1 Waste generation and significant waste-related impacts

Chap. 6.3.5 Use of resources and circular economy

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

In forestry and nursery operations, the waste generated is separated at the storage locations and duly forwarded to authorised Waste Management Operators. Service Providers for forestry operations remove their own waste, and Navigator conducts local monitoring to check whether there is any waste at the work fronts. The information on how to proceed is contained in the documentation delivered at the start of operations. In Mozambique, waste management is a "tricky" issue. The law is similar in all regards to Portugal, but the country lacks the authorities and infrastructures to follow up the legal requirements. The situation is even worse in operations in rural areas, such as ours.

306-2 Management of impacts

Chap. 6.3.5 Use of resources and circular economy

306-3 Waste generated

Chap. 6.3.5 Use of resources and circular economy

Chap. 9.2 Our performance (Environmental Indicators – Waste)

Waste generated (t)		2023	2022	2021
Hazardous Waste	**Generated**	**933**	**697**	**565**
	Directed to recovery operations	662	532	396
	Directed to disposal operations	271	165	169
Non-hazardous waste	**Generated**	**440,709**	**410,021**	**397,457**
	Directed to recovery operations	295,687	279,330	280,204
	Directed to disposal operations	148,316	133,177	126,316
Total	**Generated**	**441,642**	**410,717**	**398,022**
	Directed to recovery operations	**296,348**	**279,862**	**280,599**
	Directed to disposal operations	**148,587**	**133,342**	**126,486**

Note 1: The difference between waste generated and the sum of waste directed to recovery and disposal operations in 2022 is the result of recovery of waste produced in 2021 that was in temporary storage. In addition, some of the waste generated in 2022 was temporarily stored on our premises, as permitted under the respective environmental licenses and the new Legal Framework for Waste Management (Decree-Law -102D/2020).

Note 2: The figures for 2021 and 2022 were corrected due to the inclusion of waste from forestry operations.

Note 3: The 2023 figures include Navigator's operations in Portugal and Spain (Ejea). Those for previous years include only Portugal.

306-4 Waste diverted from disposal

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

In the case of recycling, the type of operation is composting and soil treatment for the benefit of farming. In the case of recovery operations, Navigator sends waste to be incorporated in other value chains as secondary raw materials.

Hazardous waste directed to recovery operations (t)		**2023**	**2022**	**2021**
Preparation for reuse (R2, R6, R9)	*Onsite*	0.0	0.0	0.0
	Offsite	54.4	49.0	45.5
	Subtotal	**54.4**	**49.0**	**45.5**
Recycling (R3, R4, R5)	*Onsite*	0.0	0.0	0.0
	Offsite	90.8	17.8	15.6
	Subtotal	**90.8**	**17.8**	**15.6**
Other recovery operations (R7, R8, R10, R11, R12, R13)	*Onsite*	0.0	0.0	0.0
	Offsite	502.6	465.1	334.6
	Subtotal	**502.6**	**465.1**	**334.6**
Total	***Onsite***	**0.0**	**0.0**	**0.0**
	Offsite	**647.9**	**531.9**	**395.7**
	Total	**647.9**	**531.9**	**395.7**

Non-hazardous waste directed to recovery operations (t)		**2023**	**2022**	**2021**
Preparation for reuse (R2, R6, R9)	*Onsite*	0.0	0.0	0.0
	Offsite	0.0	0.0	0.0
	Subtotal	**0.0**	**0.0**	**0.0**
Recycling (R3, R4, R5)	*Onsite*	0.0	0.0	0.00
	Offsite	170,310.5	176,895.3	160,218.08
	Subtotal	**170,310.5**	**176,895.3**	**160,218.08**
Other recovery operations (R7, R8, R10, R11, R12, R13)	*Onsite*	0.0	0.0	0.00
	Offsite	122,364.7	102,434.6	119,985.52
	Subtotal	**122,364.7**	**102,434.6**	**119,985.52**
Total	*Onsite*	**0.0**	**0.0**	**0.0**
	Offsite	**292,675.2**	**279,329.9**	**280,203.6**
	Total	**292,675.2**	**279,329.9**	**280,203.6**

Note 1: The figures for 2021 and 2022 were corrected due to the inclusion of waste from forestry operations.

Note 2: The 2023 figures include Navigator's operations in Portugal and Spain (Ejea). Those for previous years include only Portugal.

306-5 Waste directed to disposal

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

Waste stated under "Other disposal operations" relates to temporary storage operations, whilst awaiting the most appropriate form of disposal. In cases where a reclamation destination cannot be found, Navigator disposes of these materials at a specific landfill site, duly monitored and licensed. Although reuse for energy is considered under the GRI as a disposal operation, it makes it possible to replace virgin raw materials and to reduce consumption of fossil fuels.

Hazardous waste directed to disposal operations (t)		2023	2022	2021
Incineration with energy recovery (R1)	*Onsite*	0.0	0.0	0.0
	Offsite	0.0	0.0	0.0
	Subtotal	**0.0**	**0.0**	**0.0**
Incineration without energy recovery (D10, D11)	*Onsite*	0.0	0.0	0.0
	Offsite	0.0	0.0	0.0
	Subtotal	**0.0**	**0.0**	**0.0**
Landfilling (D1, D5)	*Onsite*	0.0	0.0	0.0
	Offsite	83.0	68.5	35.4
	Subtotal	**83.0**	**68.5**	**35.4**
Other disposal operations (D2 to D4, D6 to D9, D12 to D15)	*Onsite*	0.0	0.0	0.0
	Offsite	98.1	96.4	133.9
	Subtotal	**98.1**	**96.4**	**133.9**
Total	*Onsite*	**0.0**	**0.0**	**0.0**
	Offsite	**181.1**	**165.0**	**169.3**
	Total	**181.1**	**165.0**	**169.3**

Non-hazardous waste directed to disposal operations (t)		2023	2022	2021
Incineration with energy recovery (R1)	*Onsite*	96 297.4	88,590.9	70,056.1
	Offsite	0.0	0.0	1,232.0
	Subtotal	**96 297.4**	**88,590.9**	**71,288.2**
Incineration without energy recovery (D10, D11)	*Onsite*	0.0	0.0	0.0
	Offsite	0.0	0.0	0.0
	Subtotal	**0.0**	**0.0**	**0.0**
Landfilling (D1, D5)	*Onsite*	51 422.9	43,895.6	54,277.2
	Offsite	288.8	353.1	644.0
	Subtotal	**51 711.7**	**44,248.7**	**54,921.2**
Other disposal operations (D2 to D4, D6 to D9, D12 to D15)	*Onsite*	0.0	0.0	0.0
	Offsite	306.6	337.5	107.0
	Subtotal	**306.6**	**337.5**	**107.0**
Total	*Onsite*	**147 720.2**	**132,486.5**	**124,333.4**
	Offsite	**595.4**	**690.6**	**1,983.0**
	Total	**148 315.6**	**133,177.1**	**126,316.4**

Note 1: The figures for 2021 and 2022 were corrected due to the inclusion of waste from forestry operations.

Note 2: The 2023 figures include Navigator's operations in Portugal and Spain (Ejea). Those for previous years include only Portugal.

GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT

308-1 New Suppliers that were screened using environmental criteria

Chap. 6.5.1 Responsible business conduct

Chap. 6.5.4 Supply chain management

308-2 Negative environmental impacts in the supply chain and actions taken

Chap. 6.5.1 Responsible business conduct

Chap. 6.5.4 Supply chain management

In late 2022 we approved out Human Rights Policy, which provides for implementation of due diligence procedures, and in 2023 a new Third-Party Integrity Verification System was implemented, which entails identifying the ESG risks of business partners with which we have dealings.

GRI 400: SOCIAL PERFORMANCE

GRI 401: EMPLOYMENT

401-1 New employee hires and employee turnover

Chap. 9.3 Our performance (Social Indicators – Human Resources)

Employees joining and leaving, by gender (No.)	2023		2022		2021	
	Employees joining	Employees leaving	Employees joining	Employees leaving	Employees joining	Employees leaving
Men	194	177	248	192	123	210
Women	103	48	105	66	52	47
Total Employees Joining and Leaving	**297**	**225**	**353**	**258**	**175**	**257**

Employees joining and leaving, by gender (%)	2023		2022		2021	
	Employees joining	Employees leaving	Employees joining	Employees leaving	Employees joining	Employees leaving
Men	7	7	9	7	5	8
Women	16	8	18	11	10	9
Total Employees Joining and Leaving	**9**	**7**	**11**	**8**	**6**	**8**

Employees joining and leaving, by age group (No.)	2023		2022		2021	
	Employees joining	Employees leaving	Employees joining	Employees leaving	Employees joining	Employees leaving
Under 30 years	135	43	188	30	79	24
Aged 30 to 50 years	156	103	158	118	90	98
Over 50 years	6	79	7	110	6	135
Total Employees Joining and Leaving	**297**	**225**	**353**	**258**	**175**	**257**

Employees joining an leaving, by age group (%)	2023		2022		2021	
	Employees joining	Employees leaving	Employees joining	Employees leaving	Employees joining	Employees leaving
Under 30 years	31	10	46	7	25	7
Aged 30 to 50 years	8	5	8	6	5	5
Over 50 years	1	9	1	13	1	15
Total Employees Joining and Leaving	**9**	**7**	**11**	**8**	**6**	**8**

Note 1: The figures refer to the number of Employees at 31 December each year. The figures presented do not include Employees at the new Tissue unit, in Spain (Ejea).
Note 2: The figures for 2021 and 2022 were corrected due to the inclusion of Employees in Mozambique.

401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees

Chap. 6.4.1 Talent management and developing human capital

We do not normally hire part-time staff, and there is consequently no specific policy or practice in place for benefits for workers employed on this basis.

401-3 Parental leave

Chap. 6.5.1 Responsible business conduct

Parental leave (No.)		2023	2022	2021
No. Employees who started parental leave during reporting period	Men	131	113	117
	Women	42	37	38
	Subtotal	**173**	**150**	**155**
No. Employees returning to work after parental leave	Men	131	113	117
	Women	42	37	38
	Subtotal	**173**	**150**	**155**
No. of Employees who returned to work and were still employed 12 months later	Men	100	110	-
	Women	33	36	-
	Subtotal	**133**	**146**	**-**

Return to work and retention rates after parental leave (%)		2023	2022	2021
Return to work rate (after leave)	Men	100	100	100
	Women	100	100	100
	Total	**100**	**100**	**100**
Retention rate (12 months after returning to work after leave)	Men	88	94	-
	Women	89	95	-
	Total	**89**	**94**	**-**

Note 1: Due to adjustments in methodology, the figures reported last year for the number of Employees who returned to work and were still employed 12 months later and the respective rate have been corrected. The calculation is made considering the number of Employees still in the Company after 12 months, and for this reason, figures are not presented for 2021, as it was only possible to start doing this calculation as from the following year (2022).
Note 2: The figures include Navigator's operations in Portugal and Mozambique. The figures presented do not include the activities of the international offices and the new unit in Spain (Ejea).
Note 3: The legislation applicable, in this regard, to operations in Mozambique is different from that applicable in Portugal.

GRI 402: LABOUR/MANAGEMENT RELATIONS

402- 1 Minimum notice periods regarding operational changes

In the event of definitive transfer from place of work, Employees are notified no less than four weeks in advance - in the case of the UWF business area, there are express provisions in the collective labour agreements for the purposes of transfers to a new place of work; in Tissue business, the notification period is not stipulated in the collective agreement, but is that established in general employment legislation for the purposes of transfers from one workplace to another.

Other significant operational changes are analysed case by case and adapted accordingly; there may be a variable minimum implementation period, of six or twelve months.

GRI 403: OCCUPATIONAL HEALTH AND SAFETY

403-1 Occupational health and safety management system

Chap. 6.4.2 Health, safety and well-being

We have an Occupational Health and Safety Management System (OHSMS) governed by ISO 45001 and applying to internal and external Employees. External employees have been integrated into all OHS initiatives over the past five years, especially in the case of resident external employees.

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

Chap. 6.4.2 Health, safety and well-being

We have a procedure (PG 138) for Hazard Identification and Risk Assessment, applicable across all the Company's units and forestry sectors. The aims of this procedure are: to identify the hazards associated with all activities carried on by the Company, by furnishing hazard identification guidelines, to assess and record the associated risks, setting prioritisation levels that enable them to be managed. Hazards are identified by the operational teams responsible for the activities, in direct coordination with the OHS teams, with recourse whenever necessary to internal and external consultancy services.

In terms of methodological approach, this assessment takes the form of risk evaluation matrices which are reviewed periodically (at least once a year) or else in specific situations, such as when incidents occur, when there are new raw materials, processes or products, when there are changes in the legislation, and in other cases. The results of these processes are assessed through internal and external audits, as well as inspections and checks, by official entities and by Navigator's teams. Monitoring is conducted on the basis of performance indicators, so that it is possible to follow up the results of processes. In cases where they do not take a direct part in reviewing the matrix, the Employees involved are informed of the changes. In terms of reporting, all Employees are able to report hazards, hazardous situations or safety incidents, anonymously if they so wish. Navigator has several procedures in place, such as PG28 – Reporting and Investigation of Incidents, recording of unsafe conditions, safety walks and also the Codes of Ethics and Conduct, which make it possible to safeguard Employees against any reprisals. All Employees are aware that they can refuse to carry out tasks posing a high risk and which could lead to injuries without the due mitigation measures being implemented. There are several procedures in force which serve as a guide in these situations. One of these is PG 55, the procedure that defines authorisation for carrying out work, safeguarding a prior risk assessment in which the whole team involved takes cognizance of the measures to be adopted. Incidents at work are analysed in accordance with PG28, as well as the procedures for Hazard Identification and Risk Assessment. PG 28 determines how incidents should be classified and reported, the investigation team to be appointed, the root causes which led to the incident and the corrective measures to be implemented, the persons responsible and time limits for implementation. These reports are widely disseminated throughout the Company, so that the different industrial complexes and forestry sectors, with similar operations and tasks, can assess and debate the reports, identifying the possibility of similar situations occurring, or even application of the measures identified.

403-3 Occupational Health Services

Chap. 6.4.2 Health, safety and well-being

At Navigator we have a set of corporate initiatives designed to improve working practices, procedures and conditions across the company, in order to make operations healthier and safer.

The relationship between the OHS and Occupational Medicine teams ensures that relevant information is shared, in particular risk assessments, the findings of monitoring operations (for chemical, physical and biological agents and ionising radiation) and, more recently, issues related to CRM chemicals which can affect fertility. This ensures that the medical teams are aware of the risks to which each Employee is subject, making it possible to monitor other complementary parameters at periodic check-ups, and to decide jointly on one-off and/or permanent mitigating measures. The Medical and OHS teams conduct periodic joint visits to the industrial units, offering the chance to work together in the field on assessing conditions and validating the measures implemented or planned.

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

We use an online survey to consult all Employees. This survey is conducted twice a year and widely publicised within the company so as to encourage as many employees as possible to take part. The questions address several OHS issues, including the level of hazards and risks, workplace conditions, reporting of monitoring results, awareness of procedures, training needs and the quality of personal protective equipment (PPE) The findings of this consultation process are published so that everyone has access to the information and is aware of the action taken, designed on the basis of the responses obtained. In addition to this, the Health and Safety Committees at each of the industrial complexes are also consulted. All the complexes (except Vila Velha de Ródão and forestry operations) have Occupational Health and Safety Committees. The committees meet periodically, and at least once a year. One of their specific powers is to discuss risk assessments, hazards and procedures, and also to convey employee concerns. The composition of these committees is established by Portuguese law, and Navigator ensures the rules are correctly applied.

403-5 Worker training on occupational health and safety

Chap. 6.4.2 Health, safety and well-being

We provide a series or mandatory training courses (as required under Portuguese law) and provide additional training from time to time. The Learning Center provides Employees with a series of training courses addressing various Safety issues.

For 2023-2024, a training plan addressing OHS topics at Navigator is currently being implemented. Onboarding sessions have been redesigned, and new Employees are invited to learn in greater detail about the Company’s operations, the associated hazards and emergency situations, and the collective and individual measures adopted, as well as the main procedures in force. The sharing of incidents and experience is also an important component of the programme in place.

As from the 2nd half of 2023, all Navigator's Employees have been invited to take a Safety course: SAFEPRO, in an *e-learning* format. This course consists of more than 11 hours of intensive training content, divided into 10 modules, addressing all the most critical and important topics. An uptake rate of 85% has been achieved for this training, exceeding the original target of 80%.

This OHS training plan will continue to evolve, offering specific training courses for different functional areas, on more technical topics.

Eight Safety Leadership workshops have also been held, reaching a total of 300 Employees throughout Navigator's hierarchical chain, from the EB down to supervisors.

When they attend training outside working hours, Employees receive additional pay. In sectors considered more critical, where the working risks are highest, additional training is provided by the local OHS team.

External employees are required to attend compulsory training developed by Biond, known as the Paper Industry Safety Card (PISC). Navigator has been working with its Training division to develop a skills matrix by job description, identifying the tasks assigned to each Employee, and the obligatory training to be provided. Navigator has been working with its Training division to develop a skills matrix by job description, identifying the tasks assigned to each Employee, and the obligatory training to be provided. This project will be developed further in 2024/2025.

403-6 Promotion of worker health

Chap. 6.4.2 Health, safety and well-being

We have a team of medical professionals, comprising occupation medicine specialists, doctors and nurses, to which all Employees in industrial and forestry sectors have access. The industrial units have a Medical Unit, where all Employees have access to a team of health professionals. The nursing team is available to Employees on site at all times (24/7), except in Vila Velha de Ródão, where nurses are only available during daytime hours. The OH team consists of a psychologist, a nutritionist, a social worker and five physiotherapists, who all work in partnership with the occupational and curative medicine team, comprising 6 occupational medicine professionals, 4 curative medicine professionals and 20 nurses. These teams work together on health and welfare programmes, and in assessing and following up Employees needing help from any of the specialities offered. The resident team provides its services at the medical units and runs programmes to reach out to Employees, such as workplace physical exercise, sleep analysis, nutrition for shift workers, welfare support and others. October each year is celebrated as Health month, with a range of activities designed to bring the medical team closer to operations; feedback from these initiatives has been very positive. Complementing our work to promote Employee wellness, we provide Health Insurance offering access to an extensive network of health services and specialists.

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

Navigator does not vary its approach to preventing or mitigating significant occupational health and safety impacts directly linked to its operations, insofar as OHS is a function coordinated across the group at corporate level, despite each complex having a local team coordinating OHS issues.

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

Chap. 6.4.2 Health, safety and well-being

Navigator has an Occupational Health and Safety Management System (OHSMS), implemented in accordance with ISO 45001 and certified by an external body. In Portugal, the OHSMS covers the following:

No. and percentage of Employees and other workers covered by a management system	2023							2022						2021				
	Employees		Other workers		Total			Employees		Other workers		Total		Employees		Other workers		Total
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Total persons	3,187	-	12,863	-	**16,050**	**-**	3,115	-	10,324	-	**13,439**	**-**	3,021	-	14,293	-	**17,314**	**-**
Coverage by a certified occupational health and safety management system	2,947	92	12,863	100	**15,810**	**99**	2,904	93	10,324	100	**13,228**	**98**	2,780	92	13,896	97	**16,676**	**96**

Note 1: There are various activities in the organisation not covered by certified OHS systems, in particular Forest Management, Wood Supply and RAIZ, which are not encompassed by the certification. However, activities in these sectors are subject to the same principles and procedures.
Note 2: The figures presented do not include Employees in Spain (Ejea) and Mozambique, and in the international offices.

403-9 Work-related injuries

Chap. 6.4.2 Health, safety and well-being

Chap. 9.3 Our performance (Social Indicators – Health and Safety)

Work-related injuries (Employees)		2023	2022	2021
Total no. of	Fatalities as a result of work-related injury	0	0	0
	High consequence work-related injuries [1] (excluding fatalities)	0	1	3
	Recordable work-related injuries [2]	133	178	132
	Work-related injuries with sick leave	35	51	49
	Days lost	1,286	2,667	3,443
	Hours worked	5,237,695	5,725,135	5,866,472
Rate of	**Fatalities as a result of work-related injury**	**0.0**	**0.0**	**0.0**
	High-consequence work-related injuries (excluding fatalities)	**0.0**	**0.2**	**0.5**
	Recordable work-related injuries	**25.4**	**31.1**	**22.5**
Rate of	**Frequency**	**6.7**	**8.9**	**8.4**
	Severity	**245.4**	**465.8**	**587.0**

Work-related injuries (Other workers)		2023	2022	2021
Total no. of	Fatalities as a result of work-related injury	0	0	0
	High consequence work-related injuries [1] (excluding fatalities)	0	0	0
	Recordable work-related injuries [2]	95	84	15
	Work-related injuries with sick leave	21	23	15
	Days lost	0	0	0
	Hours worked	4,493,836	4,448,055	3,858,480
Rate of	**Fatalities as a result of work-related injury**	**0.0**	**0.0**	**0.0**
	High-consequence work-related injuries (excluding fatalities)	**0.0**	**0.0**	**0.0**
	Recordable work-related injuries	**21.1**	**18.9**	**3.9**
Rate of	**Frequency**	**4.7**	**5.2**	**3.9**
	Severity	**0.0**	**0.0**	**0.0**

Accidents at work (Overall)		2023	2022	2021
Total no. of	Fatalities as a result of work-related injury	0	0	0
	High consequence work-related injuries [1] (excluding fatalities)	0	1	3
	Recordable work-related injuries [2]	228	262	147
	Work-related injuries with sick leave	56	74	64
	Days lost	1,286	2,667	3,443
	Hours worked	9,731,531	10,173,190	9,724,952
Rate of	**Fatalities as a result of work-related injury**	**0.0**	**0.0**	**0.0**
	High-consequence work-related injuries (excluding fatalities)	**0.0**	**0.1**	**0.3**
	Recordable work-related injuries	**23.4**	**25.8**	**15.1**
Rate of	**Frequency**	**5.8**	**7.3**	**6.6**
	Severity	**132.1**	**262.2**	**354.1**

[1] In accordance with GRI criteria, work-related injuries are those from which the work will not recover, i.e. he or she is not expected to recover fully within 6 moths to their state of health prior to the accident.

[2] In accordance with GRI criteria, this includes all accidents resulting in one of the following possibilities: fatalities, accidents leading to sick leave, accidents resulting in loss or reduction of ability to work or transfer to another function, accidents leading to medical treatment other than first aid, loss of consciousness, serious injury diagnosed by a physician or other qualified health professional. This may also be called TRI (Total Recordable Incidents). Coincides with the total reported in the Single Report.

Note 1: Hours worked by Employees in commercial subsidiaries outside Portugal are not included in this indicator, insofar as there is no structured reporting system for incidents. The figures presented do not include Employees in Ejea or Mozambique, or in the international offices.

Note 2: For the purpose of calculating indexes, a normalisation factor of 1,000,000 worked was used.

Methodological notes on the calculations:

GRI Formulas:

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

Single Report Formulas:

- Frequency Rate = (No. work-related injuries leading to sick leave / No. hours worked) x 1,000,000
- Severity Rate = (No. days lost / No. hours worked) x 1,000,000

The Work Ability Index (WAI) is an indicator that Navigator uses to assess its Employees in relation to occupational health and well-being. The index was developed by the Finnish Institute of Occupational Health. It presupposes that promoting work ability is a way of improving the quality of work, the quality of life and well-being in general. The WAI is calculated on the basis of a questionnaire answered by the Employee him or herself, comprising ten distinct areas concerning his or her physical capabilities.

Work Ability Index (%)	2023	2022	2021
	-	-	39.8

NB: Insofar as this index is monitored every 4 years, the WAI will next be reassessed in 2025.

403-10 Work-related ill health

Chap. 6.4.2 Health, safety and well-being

Occupational diseases		2023	2022	2021
Total number of	Fatalities as a result of work-related injury	0	0	0
	Cases of work-related ill health reported	7	10	1

NB: The figures presented do not include Employees in Ejea or Mozambique, or in the international offices.

Our industrial operations involve a series of risks which are constantly monitored; preventive measures are also adopted at the different industrial units. Attention is drawn to the risks of developing pulmonary diseases, dermatitis, musculoskeletal diseases, conjunctivitis and deafness.

GRI 404: EDUCATION AND TRAINING

404-1 Average hours of training per year per employee

Chap. 6.4.1 Talent management and developing human capital

Chap. 9.3 Our performance (Social Indicators – Training and Development)

Training by functional category and gender		2023		2022		2021	
		No. training hours	Average training hours	No. training hours	Average training hours	No. training hours	Average training hours
Top Management	Men	1,558	54	534	15	385	15
	Women	330	66	215	54	911	182
	Subtotal	**1,888**	**56**	**749**	**19**	**1,296**	**42**
Senior Management	Men	19,813	47	16,188	40	11,951	31
	Women	11,975	44	8,801	33	8,046	37
	Subtotal	**31,788**	**46**	**24,989**	**37**	**19,996**	**33**
Middle Management	Men	14,482	44	8,760	30	6,653	23
	Women	4,393	28	2,326	20	1,423	14
	Subtotal	**18,875**	**39**	**11,086**	**27**	**8,076**	**21**
Operatives	Men	189,776	99	92,690	48	88,865	46
	Women	16,793	87	7,155	38	6,232	30
	Subtotal	**206,570**	**98**	**99,846**	**47**	**95,097**	**45**
Total	Men	**225,629**	**84**	**118,173**	**44**	**107,853**	**41**
	Women	**33,492**	**53**	**18,497**	**32**	**16,612**	**31**
	Total	**259,121**	**78**	**136,671**	**42**	**124,465**	**40**

Note 1: The figures refer to the number of Employees at 31 December each year.

Note 2: In 2023, these figures do not include 22,467 training hours provided to 113 Interns/Trainees in the Company at 31 December.

Note 3: The figures for 2021 and 2022 were corrected due to the inclusion of figures for Mozambique. The 2023 figures include all Navigator Group activities except Employees at the new Tissue unit in Spain (Ejea).

404-2 Programs for upgrading employee skills and transition assistance programs

Chap. 6.4.1 Talent management and developing human capital

404-3 Percentage of employees receiving regular performance and career development reviews

Chap. 6.4.1 Talent management and developing human capital

Chap. 9.3 Our performance (Social Indicators – Training and Development)

Performance assessment by functional category and gender (%)		2023	2022	2021
Top Management	Men	100	100	68
	Women	100	100	80
	Subtotal	**100**	**100**	**70**
Senior Management	Men	100	100	98
	Women	100	99	100
	Subtotal	**100**	**99**	**99**
Middle Management	Men	100	100	99
	Women	100	98	100
	Subtotal	**100**	**99**	**99**
Operatives	Men	98	97	100
	Women	100	96	97
	Subtotal	**99**	**97**	**99**
Total	Men	**99**	**97**	**99**
	Women	**100**	**98**	**98**
	Total	**99**	**98**	**99**

Note 1: The 2023 figures include all Navigator Group activities except Employees at the new Tissue unit in Spain (Ejea).

Note 2: Only Employees who meet the following eligibility criteria are considered for performance assessment: i) all Employees working for Navigator on the basis of an employment contract (with or without fixed term); ii) who joined the Group at least 6 months previously (up to and including 30 June of the year in question); iii) who have effectively worked for more than 1/4 of the working days in the year in question, i.e. for 66 working days or more; iv) Employees not hired on a temporary basis and/or as service providers, who are not bursary holders, interns or trainees.

Note 3: The performance assessment report for Employees in each year (N) relates to their performance in the previous year (N-1), insofar that at the reporting date not all the data referring to Employee assessments was yet consolidated.

GRI 405: DIVERSITY AND EQUAL OPPORTUNITY

405-1 Diversity of governance bodies and employees

Chap. 3.2 Governance Model

Chap. 9.3 Our performance (Social Indicators – Diversity)

Diversity by age group per employee category:

Employees by functional category and gender (%)		2023	2022	2021
Governance Bodies	Men	64.3	75.0	76.9
	Women	35.7	25.0	23.1
Top Management	Men	84.8	89.5	83.3
	Women	15.2	10.5	16.7
Senior Management	Men	60.6	60.1	64.4
	Women	39.4	40.0	35.6
Middle Management	Men	68.3	72.7	74.9
	Women	31.7	27.3	25.1
Operatives	Men	90.8	91.2	90.0
	Women	9.2	8.8	10.0
Total	Men	**81.0**	**82.3**	**83.0**
	Women	**19.0**	**17.7**	**17.0**
Employees by functional category and age (%)		**2023**	**2022**	**2021**
Governance Bodies	<30 years	0.0	0.0	0.0
	30-50 years	21.4	0.0	15.4
	> 50 years	78.6	100.0	84.6
Top Management	<30 years	0.0	0.0	0.0
	30-50 years	27.3	31.6	50.0
	> 50 years	72.7	68.4	50.0
Senior Management	<30 years	12.9	11.6	8.0
	30-50 years	61.9	63.0	65.0
	> 50 years	25.2	25.5	26.9
Middle Management	<30 years	11.7	11.5	9.5
	30-50 years	56.7	54.4	52.4
	> 50 years	31.5	34.1	38.0
Operatives	<30 years	13.7	13.3	11.1
	30-50 years	63.7	62.7	62.7
	> 50 years	22.6	24.0	26.2
Total	<30 years	**13.0**	**12.5**	**10.2**
	30-50 years	**61.8**	**61.1**	**61.5**
	> 50 years	**25.2**	**26.4**	**28.3**

Note 1: The figures refer to the number of Employees at 31 December each year.

Note 2: The figures for 2021 and 2022 were corrected due to the inclusion of figures for Employees in Mozambique. The 2023 figures include all Navigator Group activities except Employees at the new Tissue unit in Spain (Ejea).

405-2 Ratio of basic salary and remuneration of women to men

Chap. 9.3 Our performance (Social Indicators – Diversity)

Gender pay ratio		2023	2022	2021
Portugal	Governance Bodies	0.25	0.31	0.28
	Top Management	0.72	0.74	0.68
	Senior Management	0.75	0.68	0.75
	Middle Management	0.67	0.66	0.66
	Operatives	0.84	0.89	0.88
	Subtotal	**0.47**	**0.51**	**0.47**
Mozambique	Governance Bodies	-	-	-
	Top Management	-	-	-
	Senior Management	0.60	0.79	0.86
	Middle Management	0.68	0.66	0.48
	Operatives	0.98	1.10	0.96
	Subtotal	**0.62**	**0.78**	**0.81**

Note 1: This indicator is calculated considering the remuneration at 31 December of the reporting year. In Portugal, this remuneration includes five items: basic salary, exemption from working hours allowance, shift allowance, complementary remuneration and performance of duties allowance. In calculating the indicator for Mozambique, the following items were considered: base salary, meal allowance, extended travel allowance, expense allowance, monthly bonus, overtime, salary adjustment (paid once every two months), availability.

Note 2: In the case of Employees on operations in Mozambique, only Mozambican Employees were considered for the functional categories of Middle and Senior Management. There is only one Employee in the top management category, and so this is not considered in reporting this category.

Note 3: The data included in this indicator do not consider Employees in the international offices or in operations at the new Tissue unit (Ejea) in Spain.

At Navigator we apply no pay differential between men and women, and the entry-level salary is the same for both genders, male and female. The pay ratio presented considers the macro level aggregator, and so, for each of these levels, we naturally have different sub-groups and distinct professional pathways, which has an impact on the average figures obtained for the pay ratio and as such the values reported .

GRI 406: DISCRIMINATION

406-1 Incidents of discrimination and corrective actions taken

Incidents of discrimination during the reporting period	2023	2022	2021
No. incidents reviewed by the organisation	0	1	0
No. remediation plans being implemented	0	0	0
No. remediation plans that have been implemented, with results reviewed through routine internal management review processes	0	0	0
No. incidents resolved (incidents for which no other action is needed or where the underlying circumstances that gave rise to it have ceased to exist)	0	1	0

Confirmed incidents of discrimination are established through the receipt, analysis and investigation of reports through the Whistleblowing Channel. Reports are processed as established in the Whistleblowing Regulation and responsibility for the procedure lies with the Whistleblowing Committee.

GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

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

Chap. 6.5.1 Responsible business conduct

In late 2022 we approved out Human Rights Policy, which provides for implementation of due diligence procedures, and in 2023 a new Third-Party Integrity Verification System was implemented, which entails identifying the ESG risks of business partners with which we have dealings.

GRI 408: CHILD LABOUR

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

Chap. 6.5.1 Responsible business conduct

In late 2022 we approved out Human Rights Policy, which provides for implementation of due diligence procedures, and in 2023 a new Third-Party Integrity Verification System was implemented, which entails identifying the ESG risks of business partners with which we have dealings.

GRI 409: FORCED OR COMPULSORY LABOUR

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

Chap. 6.5.1 Responsible business conduct

In late 2022 we approved out Human Rights Policy, which provides for implementation of due diligence procedures, and in 2023 a new Third-Party Integrity Verification System was implemented, which entails identifying the ESG risks of business partners with which we have dealings.

GRI 410: SECURITY PRACTICES

As per standard published in 2016

410-1 Security personnel trained in human rights policies or procedures

At Navigator, we recognise the fundamental importance of Human Rights and of training our Employees in these issues. Although nor specific training was provided in Human Rights policies or procedures for security staff in the last year, training was provided to all Employees in several internal procedures that include these topics. Training on this topic will be stepped up in the next two years.

GRI 413: LOCAL COMMUNITIES

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

Chap. 6.4.3 Community relations

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

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

NB: In the case of Portucel Moçambique, there are type 1. programmes, and no type iii. programmes.

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

Chap. 6.4.3 Community relations

At Navigator, we have identified operations with significant negative impacts (real and potential) on local Communities, in Aveiro, Figueira da Foz and Setúbal.

Paper and pulp production companies are classified as establishments with a high hazard level under Directive 2012/18/EU, of the European Parliament and of the Council, of 4 July 2012 (Seveso Directive III), transcribed by Decree-Law 150/2015 of 5 August. The negative impacts have to do with the fact that the facilities store chemical substances which may affect the environment and human health in general. Our mills with this classification implement methodologies and procedures to ensure that hazards are identified, to assess the associated risks and to analyse the impact of these risks to the surrounding area. These methodologies and procedures are assessed and validated by the national authority with powers in this area (Portuguese Environment Agency), and confirmed each year by an audit.

GRI 414: SUPPLIER SOCIAL ASSESSMENT

414-1 New Suppliers that were screened using environmental criteria

Chap. 6.5.1 Responsible business conduct

Chap. 6.5.4 Supply chain management

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

Chap. 6.5.1 Responsible business conduct

Chap. 6.5.4 Supply chain management

In late 2022 we approved out Human Rights Policy, which provides for implementation of due diligence procedures, and in 2023 a new Third-Party Integrity Verification System was implemented, which entails identifying the ESG risks of business partners with which we have dealings.

GRI 415: PUBLIC POLICY

415-1 Political contributions

Chap. 6.5.1 Responsible business conduct

We make no contributions to political parties.

GRI 417: MARKETING AND LABELLING

417-1 Requirements for product and service information and labelling

Chap. 6.5.3 Customer Management

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

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

Chap. 6.5.3 Customer Management

There were no recorded instances in the reporting period of non-conformity in relation to labelling and product/service information.

417-3 Incidents of non-compliance concerning marketing communications

Chap. 6.5.3 Customer Management

There were no recorded instances in the reporting period of non-conformity in relation to marketing communication.

10.3. ESRS Correspondence Table

Dimension	ESRS Standard	Material issue	Location
Environmental	ESRS E1 Climate change	Climate change and CO_2 sequestration Energy and raw material management	Chap. 6.3.2
	ESRS E2 Pollution	Not identified as material	---
	ESRS E3 Water and marine resources	Water management	Chap. 6.3.4
	ESRS E4 Biodiversity and ecosystems	Biodiversity conservation	Chap. 6.3.3
	ESRS E5 Resource use and circular economy	Circular economy Energy and raw material management	Chap. 6.3.5
	No correspondence	Sustainable forest management	Chap. 6.3.3
Social	ESRS S1 Own workforce	Talent management and development of human capital Health, safety and well-being Responsible governance (*)	Chap. 6.4.1 Chap. 6.4.2 Chap.6.5.1
	ESRS S2 Workers in the value chain	Supply chain management	Chap. 6.5.4
	ESRS S3 Affected communities	Community relations	Chap. 6.4.3
	ESRS S4 Consumers and end-users	Customer Management	Chap. 6.5.3
Governance	ESRS G1 Business conduct	Responsible governance (*) Supply chain management	Chap. 6.5.1 Chap. 6.5.4
	No correspondence	Creating sustainable value Bioproducts Innovation, technology and R&D; and Management	Chap. 5 Chap. 6.5.2 Chap. 6.5.2

(*) Encompasses the following topics: diversity, fairness and inclusion, human rights, ethics and transparency and risk management and business continuity.

Standard	Ref.	Name of requirement	Location
ESRS 2 GENERAL DISCLOSURES	**BP-1**	General basis for preparation of sustainability statements.	Chap. 6.1 GRI Table (2-2)
	BP-2	Disclosures in relation to specific circumstances.	Chap. 6.1
	GOV-1	The role of the administrative, management and supervisory bodies.	Chap. 3.2, 6.2.1

Standard	Ref.	Name of requirement	Location
	GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies.	Chap. 6.2.1
	GOV-3	Integration of sustainability-related performance in incentive schemes.	Chap. 6.2.1
	GOV-4	Statement on due diligence.	Not reported
	GOV-5	Risk management and internal controls over sustainability reporting.	Not reported
	SBM-1	Strategy, business model and value chain.	Chap. 2.2, 3.1, 6.2.4, 6.2.5, 6.4.1 GRI Table (2-7, 401-1)
	SBM-2	Interests and views of Stakeholders.	Chap. 6.2.6
	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model.	Chap. 6.2.2, 6.2.4
	IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities.	Chap. 3.3, 6.2.2, 6.2.3
	IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement.	This table
	MDR-P	Policies adopted to manage material sustainability matters.	Chap. 6.2.1
	MDR-A	Actions and resources in relation to material sustainability matters.	Chap. 5, 6.3.2, 6.3.3, 6.3.4, 6.3.5, 6.4.1, 6.4.2, 6.4.3, 6.5.1, 6.5.2, 6.5.3, 6.5.4
	MDR-M	Metrics in relation to material sustainability matters.	Chap. 5, 6.2.4, 6.3.2, 6.3.3, 6.3.4, 6.3.5, 6.4.1, 6.4.2, 6.4.3, 6.5.1, 6.5.2, 6.5.3, 6.5.4
	MDR-T	Tracking effectiveness of policies and actions through targets.	Chap. 5, 6.2.4, 6.3.2, 6.3.3, 6.3.4, 6.3.5, 6.4.1, 6.4.2, 6.4.3, 6.5.2, 6.5.3, 6.5.4
ESRS E1 CLIMATE CHANGE	**GOV-3 (ESRS 2)**	Integration of sustainability-related performance in incentive schemes.	Chap. 6.2.1, 10.6
	E1-1	Transition plan for mitigating climate change	Chap. 6.3.2
	SBM-3 (ESRS 2)	Material impacts, risks and opportunities and their interaction with strategy and business model.	Chap. 6.2.2, 6.3.2, 10.6
	IRO-1 (ESRS 2)	Description of the processes to identify and assess climate-related material impacts, risks and opportunities.	Chap. 3.3, 10.6
	E1-2	Policies related to climate change mitigation and adaptation.	Chap. 6.3.2
	E1- 3	Actions and resources in relation to climate change policies.	Chap. 6.3.2

Standard	Ref.	Name of requirement	Location
	E1-4	Targets related to climate change mitigation and adaptation.	Chap. 6.3.2
	E1-5	Energy consumption and mix.	Chap. 6.3.2 GRI Table (302-1/3)
	E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions.	Chap. 6.3.2 GRI Table (305-1/2/3/4)
	E1-7	GHG removals and GHG mitigation projects financed through carbon credits.	Not reported
	E1-8	Internal carbon pricing.	Not reported
	E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities.	Chap. 10.6
ESRS E2 **POLLUTION**	**IRO-1 (ESRS 2)**	Description of the processes to identify and assess pollution-related material impacts, risks and opportunities.	Non-material
	E2-1	Policies related to pollution.	Non-material
	E2-2	Actions and resources related to pollution	Non-material
	E2-3	Targets related to pollution.	Non-material
	E2-4	Pollution of air, water and soil.	Non-material
	E2-5	Substances of concern and substances of very high concern.	Non-material
	E2-6	Anticipated financial effects from pollution-related impacts, risks and opportunities.	Non-material
ESRS E3 **WATER AND MARINE RESOURCES**	**IRO-1 (ESRS 2)**	Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities.	Chap. 3.3, 10.6
	E3-1	Policies related to water and marine resources.	Chap. 6.3.4
	E3-2	Actions and resources related to water and marine resources.	Chap. 6.3.4
	E3-3	Targets related to water and marine resources.	Chap. 6.3.4
	E3-4	Water consumption.	Chap. 6.3.4 GRI Table (303-3/4/5)
	E3-5	Anticipated financial effects from water and marine resources-related impacts, risks and opportunities.	Chap. 6.3.4
ESRS E4 **BIODIVERSITY AND ECOSYSTEMS**	**E4-1**	Transition plan and consideration of biodiversity and ecosystems in strategy and business model	Not reported
	SBM 3 (ESRS 2)	Material impacts, risks and opportunities and their interaction with strategy and business model.	Chap. 6.2.2, 6.3.3

Standard	Ref.	Name of requirement	Location
	IRO-1 (ESRS 2)	Description of the processes to identify and assess biodiversity and ecosystems-related material impacts, risks and opportunities.	Chap. 3.3
	E4-2	Policies related to biodiversity and ecosystems.	Chap. 6.3.3
	E4-3	Actions and resources related to biodiversity and ecosystems.	Chap. 6.3.3
	E4-4	Targets related to biodiversity and ecosystems.	Chap. 6.3.3
	E4-5	Impact metrics related to biodiversity and ecosystems.	Chap. 6.3.3
	E4-6	Anticipated financial effects from biodiversity and ecosystems-related impacts, risks and opportunities.	Not reported
ESRS E5 RESOURCE USE AND CIRCULAR ECONOMY	**IRO-1 (ESRS 2)**	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities.	Chap. 3.3
	E5-1	Policies related to resource use and circular economy.	Chap. 6.3.5
	E5-2	Actions and resources related to resource use and circular economy.	Chap. 6.3.5
	E5-3	Targets related to resource use and circular economy.	Chap. 6.3.5
	E5-4	Resource inflows.	Chap. 6.3.5 GRI Table (301-1/2)
	E5-5	Resource outflows.	Chap.6.3.5 GRI Table (306-3/4/5)
	E5-6	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities.	Not reported
ESRS S1 OWN WORKFORCE	**SBM-2 (ESRS 2)**	Interests and views of Stakeholders.	Chap. 6.2.6, 6.4.1, 6.5.1
	SBM-3 (ESRS 2)	Material impacts, risks and opportunities and their interaction with strategy and business model.	Chap. 6.4.1, 6.4.2
	S1-1	Policies related to own workforce.	Chap. 6.4.1, 6.4.2
	S1-2	Processes for engaging with own workers and workers' representatives about impacts.	Chap. 6.2.6, 6.4.1, 6.4.2
	S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns.	Chap. 6.5.1
	S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions.	Chap. 6.4.1, 6.4.2
	S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities.	Chap. 6.4.1, 6.4.2

Standard	Ref.	Name of requirement	Location
	S1-6	Characteristics of the undertaking's employees.	Chap. 6.4.1 GRI Table (2-7, 401-1)
	S1-7	Characteristics of non-employee workers in the undertaking's own workforce.	GRI Table (2-8)
	S1-8	Collective bargaining coverage and social dialogue.	Chap. 6.4.1 GRI Table (2-30)
	S1-9	Diversity metrics.	Chap. 6.5.1 GRI Table (405-1)
	S1-10	Adequate wages.	GRI Table (202-1)
	S1-11	Social protection.	GRI Table (401-2)
	S1-12	Persons with disabilities.	Not reported
	S1-13	Training and skills development metrics.	Chap. 6.4.1 GRI Table (404-1/3)
	S1-14	Health and safety metrics.	Chap. 6.4.2 GRI Table (403-8/9.10)
	S1-15	Work-life balance metrics.	Chap. 6.5.1 GRI Table (401-3)
	S1-16	Compensation metrics (pay gap and total compensation)	GRI Table (2-21, 405-2)
	S1-17	Incidents, complaints and severe human rights impacts.	Chap. 6.5.1 GRI Table (406-1)
ESRS S2 **WORKERS IN THE VALUE CHAIN**	**SBM-2 (ESRS 2)**	Interests and views of Stakeholders.	Chap. 6.2.6
	SBM-3 (ESRS 2)	Material impacts, risks and opportunities and their interaction with strategy and business model.	Chap. 6.2.2, 6.3.3, 6.4.2, 6.5.4
	S2-1	Policies related to value chain workers.	Chap. 6.3.3, 6.4.2, 6.5.4
	S2-2	Processes for engaging with value chain workers about impacts.	Chap. 6.2.6, 6.3.3, 6.5.4
	S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns.	Chap. 6.5.1
	S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions.	Chap. 6.5.4 GRI Table (403-7)
	S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities.	Chap. 6.2.6
ESRS S3 **AFFECTED**	**SBM-2 (ESRS 2)**	Interests and views of Stakeholders.	Chap. 6.4.3

Standard	Ref.	Name of requirement	Location
COMMUNITIES	**SBM-3 (ESRS 2)**	Material impacts, risks and opportunities and their interaction with strategy and business model.	Chap. 6.4.3
	S3-1	Policies relating to affected communities.	Chap. 6.4.3
	S3-2	Processes for engaging with affected communities about impacts.	Chap. 6.2.6, 6.3.3, 6.4.3
	S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns.	Chap. 6.5.1
	S3-4	Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions.	Chap. 6.4.3
	S3-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities.	Chap. 6.4.3
ESRS S4 CONSUMERS AND END-USERS	**SBM-2 (ESRS 2)**	Interests and views of Stakeholders.	Chap. 6.5.3
	SBM-3 (ESRS 2)	Material impacts, risks and opportunities and their interaction with strategy and business model.	Chap. 6.5.3
	S4-1	Policies related to consumers and end-users.	Chap. 6.5.1
	S4-2	Processes for engaging with consumers and end-users about impacts.	Chap. 6.2.6
	S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns.	Chap. 6.5.1
	S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions.	Chap. 6.5.3
	S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities.	Chap. 6.5.3
ESRS G1 BUSINESS CONDUCT	**GOV-1 (ESRS 2)**	The role of the administrative, supervisory and management bodies.	Chap. 6.5.1
	IRO-1 (ESRS 2)	Description of the processes to identify and assess material impacts, risks and opportunities.	Chap. 6.5.1
	G1-1	Corporate culture and business conduct policies.	Chap. 6.5.1
	G1-2	Managing relations with Suppliers.	Chap. 6.5.4
	G1-3	Prevention and detection of corruption and bribery.	Chap. 6.5.1 GRI Table (205-2)
	G1-4	Confirmed incidents of corruption or bribery.	Chap. 6.5.1 GRI Table (2-27, 205-3)
	G1-5	Political influence and lobbying activities.	Chap. 6.5.1 GRI Table (415-1)
	G1-6	Payment practices.	Not reported

10.4. Table summarising World Economic Forum's Stakeholder Capitalism core metrics

The following table presents The Navigator Company's response to the WEF framework ("core metrics"), through alignment between the metrics established by WEF and the GRI metrics (on which the new framework is based).

Although for some of these metrics there is no corresponding GRI metric, the Company responds indirectly through the content concerning the topics in question, presented in its sustainability reporting.

Pillar	Topic	Metrics	Alignment with GRI
Governance	Governance Purpose	Purpose established	GRI 2-12
	Quality of Governance Body	Governance Body Composition	GRI 2-9 GRI 405-1
	Stakeholder Engagement	Stakeholder Engagement	GRI 2-12 GRI 2-29 GRI 3-2
	Ethical behaviour	Anti-corruption	GRI 205-2 GRI 205-3
	Ethical behaviour	Advice mechanisms	GRI 2-26
	Risks and Opportunities	Integration of risks and opportunities	No associated GRI
Planet	Climate Change	Greenhouse Gas Emissions (GHG)	GRI 305-1/2/3
		Implementation of the recommendations from the TCFD (Task Force on Climate-related Financial Disclosures)	No associated GRI
	Biodiversity Loss	Land use and ecological protection focused on protected areas or key biodiversity areas.	GRI 304-1
	Fresh water availability	Water consumption and withdrawal in water-*stressed* areas	GRI 303-3/5
People	Dignity and equality	Diversity and inclusion: % of Employees by occupational category, gender, age range and other diversity categories	GRI 405-1 and 405-2
		Pay ratio between men and women, ethnic minorities and majorities, and other groups.	
		Ratio (%) of entry-level wage compared to national minimum wage, by gender.	GRI 202-1
		Ratio (%) of CEO's total annual compensation to median total annual compensation of all Employees (excluding the CEO)	GRI 2-21
		Risk for incidents of child, forced or compulsory labour	GRI 408-1 and 409-1
	Health and well-being	Health and safety (%). Number and rate of work-related injuries, high-consequence injuries and fatalities.	GRI 403-9
		An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services and the scope of access provided.	GRII 403-6
	Skills for the future	Training hours (no.) per Employee	GRI 404-1
		Training investment (€) per Employee	No associated GRI
Prosperity	Employment and wealth generation	Rate of Employee turnover (%), by age group, gender, or other indicators of diversity.	GRI 401-1

Pillar	Topic	Metrics	Alignment with GRI
		Economic contribution: Direct economic value generated and distributed (EVG&D) by revenue; operating costs; employee wages and benefits, payments to providers of capital, payments to government (by country) and community investment.	GRI 201-1
		Financial assistance received from government: tax benefits and credits; subsidies; grants for investment, research and development and other relevant types of assistance, among others.	GRI 201-4
		Financial investment contribution Total capital expenditures or investment in capital goods (CapEx) undepreciated, supported by narrative to describe the company's investment strategy.	No associated GRI
		Share buybacks + Dividend payments supported by narrative to describe the Company's strategy for returns of capital to shareholders.	No associated GRI
	Innovation in better products and services	R&D expenditure	No associated GRI
		Total costs relating to development	
	Community and social vitality	Taxes: The total global tax borne by the company, including corporate income taxes, property taxes, non-creditable VAT and other sales taxes, employer-paid payroll taxes and other taxes that constitute costs to the company, by category of taxes.	GRI 201-1 and 207-4

10.5. Verification of information - Independent Limited Reliability Assurance Report – KPMG

INDEPENDENT LIMITED ASSURANCE REPORT

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

Introduction

We have been engaged by the Board of Directors of **The Navigator Company, S.A.** ("Entity") to perform limited assurance work on the sustainability information identified in subchapter "10.2.3 GRI Table" included in the consolidated non-financial statement presented in Appendix 10.2 of the Management Report for the year ended 31 December 2023, prepared in accordance with the sustainability reporting standards of the Global Reporting Initiative ("GRI Standards").

Duties and responsibilities of Management

Management is and shall be responsible for:

— Preparing the sustainability information included in Appendix 10.2 of the Management Report for the year ended 31 December 2023, in accordance with the GRI Standards ("Information");

— Designing, implementing and maintaining of an appropriate information and internal control system to enable the preparation of information that is free from material misstatement, whether due to errors or fraud;

— Preventing and detecting fraud, error and for identifying and complying with the law and regulations applicable to Navigator's activity;

— Ensuring that Management and the personnel involved in the preparation of the financial ratio have the right expertise.

Our responsibilities

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

Our work was conducted in accordance with the International Standard on Assurance Engagements Other Than Audits or Reviews of Historical Financial Information - ISAE 3000 (Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and the other standards and technical guidance issued by the Portuguese Institute of Statutory Auditors. These standards require us to plan and perform our procedures to obtain limited assurance about whether nothing has come to our attention that causes us to believe that the information on sustainability identified in "10.2.3 GRI Table", included in the Consolidated Non-Financial Statements, presented in Appendix 10.2 of the Management Report, for the year ended 31 December 2023, is not prepared, in all material respects, in accordance with the GRI Standards. To this end, this work included the following procedures, among others:

— Carrying out interviews with those responsible and employees, at corporate and operational level, on the sustainability strategy and policies for materially relevant aspects, and their implementation in the various business areas;

— Interviews with the relevant employees responsible for preparing the sustainability information identified in subchapter “10.2.3 GRI Table” included in the Consolidated Non-Financial Statements presented in Appendix 10.2 of the Management Report for the year ended 31 December 2023, which systematises the sustainability information presented in chapter 6 “Sustainability statement” and chapter 9 “Our performance” of the Management Report;

— Comparison of the information presented in subchapter “10.2.3 GRI Table” included in the Consolidated Non-Financial Statement presented in Appendix 10.2 of the Management Report for the year ended 31 December 2023, which systematises the sustainability information presented in chapter 6 “Sustainability Statement” and chapter 9 “Our Performance” of the Management Report, with the respective sources of information to determine whether all the relevant information included in these sources of information has been included in the sustainability information; and

— Reading the information presented in subchapter "10.2.3 GRI Table" included in the Consolidated Non-Financial Statement, presented in Appendix 10.2 of the Management Report, which systematises the sustainability information presented in chapter 6 "Sustainability Statement" and chapter 9 "Our Performance" of the Management Report, in order to determine whether it is in accordance with our general knowledge of Navigator.

The procedures selected depend on our knowledge of compliance with the GRI Standards and other circumstances related to the work, and consideration of areas where material misstatements are likely to arise.

The procedures performed on a limited assurance engagement are different in nature and timeliness and are more limited than a reasonable assurance engagement. Therefore, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that could be obtained if a reasonable assurance engagement had been performed.

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

Quality and Independence

We have applied the International Standard on Quality Management 1 (ISQM 1) which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the code of ethics of *Ordem dos Revisores Oficiais de Contas* (OROC) and the International Code of Ethics for Professional Accountants (including international independence standards), (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

Conclusion

Our conclusion was issued based on the matters and subject to the terms described in this report.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the information on sustainability identified in “10.2.3 GRI Table”, included in the Consolidated Non-Financial Statements, presented in

Appendix 10.2 of the Management Report, for the year ended 31 December 2023, is not prepared, in all material respects, in accordance with the GRI Standards.

Restriction on the use of our report

Our limited assurance report is issued exclusively for use and information of the Board of Directors of The Navigator Company, S.A. as part of the disclosure of the Management Report for the year ended 31 December 2023 and shall not be used for any other purpose. We do not accept or assume any responsibility to any party other than the Entity for our work, for this Assurance report or for our conclusions.

Lisbon, 15 April 2024

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

10.6. Alignment with TFCD (Task Force on Climate-related Financial Disclosures) recommendations

Introduction

Climate change is perhaps the most fundamental challenge faced by modern society, as its impacts are felt across society, the economy and natural resources. Stakeholders are increasingly interested in consulting consistent, comparable, reliable and clear information related to climate risks and opportunities, and their financial impact on an organisation.



In 2015, the Financial Stability Board (FSB) set up the Task Force on Climate-related Financial Disclosures (TCFD) with the aim of promoting transparency and helping financial entities and investors to understand climate risks, opportunities and impacts, by developing a set of clear and consistent recommendations on the disclosure of information related to climate change.

The Navigator Company has continued to align its reporting with the TCFD recommendations, which are organised around four pillars, representing the central elements in how organisations operate: Governance, Strategy, Risk Management and Metrics and Targets.

To this end, the Group discloses information on its strategic approach and its processing for managing corporate climate risks, in accordance with the TCFD recommendations, assessing the impacts of climate change and presenting the responses for adaptation.

Our journey

The timeline below gives an overview of how we have integrated management of climate issues into the Group's strategy and operations over the years. We have striven to develop our assessment of risks and opportunities relating to climate change, to improve the quality of our scenario modelling and to develop our approach to managing and mitigating risks throughout the Group.

2005
Publication of 1st sustainability report: "The Road to Sustainability"

2016
Approval of corporate energy efficiency programme

2017
Submission and publication of first response to CDP Climate Change

2020
Launch of Navigator's 2030 Agenda and Carbon Neutrality Roadmap

2021
Full inventory of GHG emissions and participation in SBTi

2022
Validation of targets and reduction of GHG emissions, scopes 1, 2 and 3, by SBTi

2023
Publication of first report aligned with TCFD

2035
Targets for reducing scope 1, 2 and 3 emissions(and limiting temperature increase to 1.5ºC)

In 2023, Navigator continued to implement the TCFD disclosure recommendations, consolidating the Company's management of climate risks and opportunities, through its strategic approach and risk management processes which enable it to respond to the impacts. Achievements in this area in 2023 included:

- Fresh analysis of climate scenarios, in order to reassess Navigator's strategies for adaptation and resilience to climate change.

- More robust processes for identifying and assessing climate-related risks, ensuring these procedures are aligned with the framework recommendations.

Reporting Recommendations

Reporting Recommendations	Additional reporting location
Governance	
a) Describe the Board's oversight of climate-related risks and opportunities	Chapter 3.3 Corporate Governance Report Part I C. III
b) Describe the role of Management in assessing and managing climate-related risks and opportunities	Chapter 3.3 Corporate Governance Report Part I C. III
Strategy	
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	Chapters 3.3 and 6.2.2 Corporate Governance Report Part I C. III
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	Chapter 6.2.2 Corporate Governance Report Part I C. III
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Chapters 3.1 and 6.2.2 Corporate Governance Report Part I C. III
Risk Management	
a) Describe the organization's processes for identifying and assessing climate-related risks	Chapter 3.3 Corporate Governance Report Part I C. III
b) Describe the organization's processes for managing climate-related risks	Chapter 3.3 Corporate Governance Report Part I C. III
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Chapter 3.3 Corporate Governance Report Part I C. III
Metrics and Targets	
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	Chapters 6.2.2, 6.2.4, 6.3.2, 9.2, 10.1 and 10.2.3 Corporate Governance Report Part I C. III
b) Disclose greenhouse gas (GHG) emissions (scopes 1, 2 and 3) and the related risks	Chapters 6.3.2, 9.2, 10.1 and 10.2.3 Corporate Governance Report Part I C. III
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	Chapters 6.2.2, 6.2.4, 6.3.2 and 10.1 Corporate Governance Report Part I C. III

Governance

The Board of Directors (BD) is responsible for approving climate-related matters - which includes approval of plans and macro measures relating to climate change - and delegates those powers to the Executive Board (EB).

The BD considers the impact of climate change-related issues as part of its decision-making process, both in terms of strategy and with regard to structural capex projects able to equip the industrial units with the best available technologies for reducing climate impacts.

During 2023, the Group improved its internal risk management process, reinforcing the Governance Model with the creation of two additional bodies: the Risk Management Board and the Risk Management Committee.

The Risk Management Board, which reports to the BD, is principally responsible for overseeing the application of the risk policies established by the Navigator Group, including climate-related risk policies.

The EB has powers to resolve on climate issues in connection with macro-decisions approved by the BD and is supported in its decision-making by the Sustainability Division, the Risk Management Committee, the Risk Management Division and by two bodies with "commission" status: the Sustainability Forum and the Environmental Council.

The topic of Risk Management is addressed and explored in the Group's Corporate Governance Report. This is the responsibility of the Risk Management Division whose role is to monitor and control the main risks, which include climate risks, through a systematic and structured approach that involves all operational areas, and identifies the control activities needed for each situation.

In addition, the Risk Management Division and the Sustainability Division are jointly responsible for coordinating action related to the Group climate change-related risks and opportunities and for submitting reports to the Executive Board to support its decision-making.

The Risk Management Committee is principally focussed on: (1) permanent monitoring of Group risks, including climate risks; (2) the need to empower the risk management process; (3) the specific expertise needed in risk management; (4) coordination between the different Risk Management areas and subsystems.

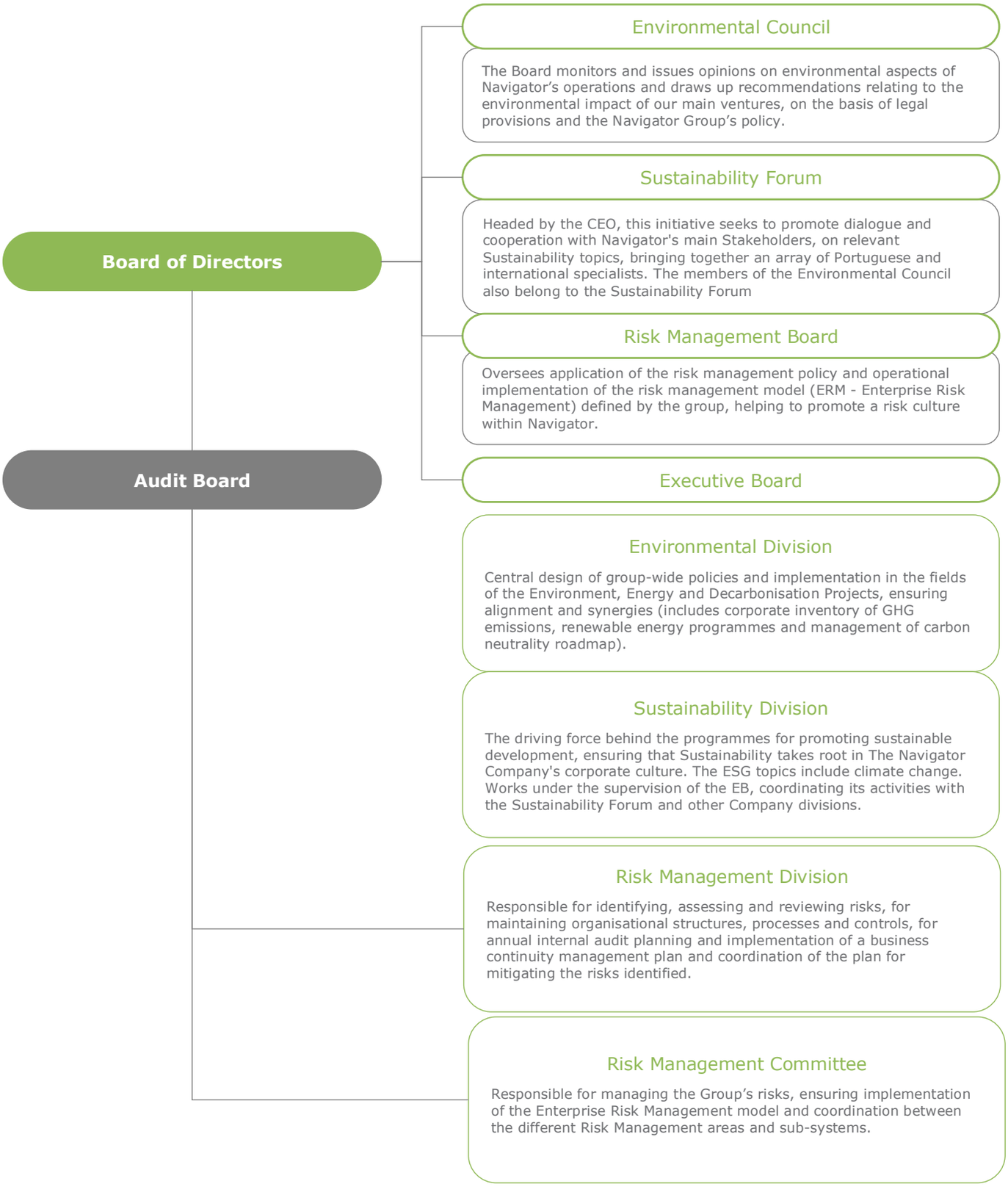
Climate-related risks are monitored as part of our regular procedures for ensuring that appropriate mitigation measures are in place and that they are regularly reviewed by the Risk Management Committee and the EB.

On the EB, the CEO and two other executive directors, with responsibility for Sustainability, Forestry, Wood Supplies, Research & Development and the Environment, oversee climate-related issues in the exercise of their direct responsibilities.

The EB meets every week, and regularly addresses ESG and climate issues and the impact of climate change in its work. Climate is one of the strategic focus areas of Navigator's 2030 Agenda, and so climate commitments, goals and targets are regularly monitored by the EB and submitted for its consideration. The commitments and targets contained in the Group's 2030 Responsible Business Agenda are also reviewed annually by the different business sectors and submitted for approval by the EB in the Sustainability Report by the director responsible for Sustainability.

For further information on the directors' qualifications and experience in the field of sustainability, we refer to the biographical details, in chapter 3.3.

A training programme was designed in 2022 addressing the fundamental components of the ESG approach, including topics relating to climate, such as the TCFD recommendations. This programme went into operation in 2023 and was provided in the first instance to the executive directors and a number of Employees from key areas in the Group. Over the course of 2023, the training was extended to other Group managers and those reporting directly to them. The purpose of this training is to build knowledge and expertise on sustainability issues and in particular on climate change topics.


Board of Directors
Audit Board
Environmental Council
The Board monitors and issues opinions on environmental aspects of Navigator's operations and draws up recommendations relating to the environmental impact of our main ventures, on the basis of legal provisions and the Navigator Group's policy.
Sustainability Forum
Headed by the CEO, this initiative seeks to promote dialogue and cooperation with Navigator's main Stakeholders, on relevant Sustainability topics, bringing together an array of Portuguese and international specialists. The members of the Environmental Council also belong to the Sustainability Forum
Risk Management Board
Oversees application of the risk management policy and operational implementation of the risk management model (ERM - Enterprise Risk Management) defined by the group, helping to promote a risk culture within Navigator.
Executive Board
Environmental Division
Central design of group-wide policies and implementation in the fields of the Environment, Energy and Decarbonisation Projects, ensuring alignment and synergies (includes corporate inventory of GHG emissions, renewable energy programmes and management of carbon neutrality roadmap).
Sustainability Division
The driving force behind the programmes for promoting sustainable development, ensuring that Sustainability takes root in The Navigator Company's corporate culture. The ESG topics include climate change. Works under the supervision of the EB, coordinating its activities with the Sustainability Forum and other Company divisions.
Risk Management Division
Responsible for identifying, assessing and reviewing risks, for maintaining organisational structures, processes and controls, for annual internal audit planning and implementation of a business continuity management plan and coordination of the plan for mitigating the risks identified.
Risk Management Committee
Responsible for managing the Group's risks, ensuring implementation of the Enterprise Risk Management model and coordination between the different Risk Management areas and sub-systems.

Set up in 2015, the mission of Navigator's Sustainability Forum's is to promote dialogue and cooperation with its main Stakeholders on relevant sustainable issues, including climate change, and to pave the way for successful management of these issues, by assisting and advising the directors and executive directors as they carry through Navigator's sustainability agenda.

The Sustainability Forum is chaired by the Group's CEO and its members comprise the other executive directors and a number of external members, notably Prof. Filipe Duarte Santos, chairman of the National Council for the Environment and Sustainable Development and an international expert in the field of climate change.

Meetings of the Sustainability Forum are generally held twice a year, with one session for permanent members only and the other open to a range of Stakeholders, as an opportunity to build bridges of understanding and cooperation between these and the Navigator Group. The impacts of climate change feature directly and indirectly on the agendas of Sustainability Forum meetings.

In 2023, the internal session of the Forum held a debate on "Climate and Nature: Challenges on issues of disclosure" and the external session was given over to "Sustainability of Forest Raw Materials", highlighting the importance of the role of forests in a low carbon economic model.

In view of the specific nature of the Group's business and the corresponding environmental concerns, the BD decided in 2008 to set up an Environmental Council, 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 ventures, paying special attention to legal requirements, licensing terms and the Navigator Group's policy in this area.

The Environmental Council has four members: Maria da Conceição Cunha (Chair), Ana Isabel Miranda, Maria Margarida Tomé and Joaquim Poças Martins, all of them independent academics with an established technical and scientific reputation, whose areas of expertise coincide with central environmental concerns relating to the Navigator Group's operations as they exist today.

The Environmental Council deals directly with the Navigator Group's business divisions, through meetings at industrial sites, in the main forestry plantations and at the Group's research institute, RAIZ.

One meeting of the Environmental Council was held in 2023, which among other issues addressed questions such as compliance with legal obligations relating to the environment and Raiz' research into the material topic of water.

Strategy

One of the most important aspects of building a Company that is resilient and prepared for the future is to define a robust strategy that follows a long-term approach to management of climate risks. Through its responsible business strategy, Navigator recognises the importance that climate-related issues can have for the sustainability of its business, and has sought to integrate the TCFD recommendations into its management of the impacts of climate risks, in particular by:

- Disclosing information on climate risks and the steps taken to manage them, ensuring consistency and transparency in clear reporting and helping to increase Stakeholder trust;
- Improving risks management, by identifying and monitoring climate risks, in order to support decision-making and the implementation of measures to minimise the Company's exposure to the risks identified and the associated impacts;
- Identifying business opportunities, by anticipating and responding to climate trends, seeking to make Navigator more competitive;
- Respond to the expectations and needs of Stakeholders, including Investors and Customers committee to climate issues.

Climate-related Risks and Opportunities

Navigator recognises the importance of disclosing the real and potential impacts of climate-related risks and opportunities on its Business, Strategy and Financial Planning, in order to ensure consistency and transparency in reporting, contributing positively to the company's reputations on climate issues. Through a clear understanding of climate opportunities and risks, the Group will be able to implement appropriate measures able to secure the sustainability of its business, at the same time as it develops solutions and products that support its climate ambitions.

Climate change-related risks are also reflected in the Group's accounting policies and financial reporting. The impact of climate change is considered in estimates of future cash flows used to assessment impairment of goodwill, as indicated in note 3.1 to the Consolidated Financial Statements. As mentioned in note 3.8, climate change is also included as a factor affecting the assumptions used in valuing the Group's biological assets. The Group's accounting policies also reflect the impact of considerations resulting from climate change on valuation of the estimated useful economic lives of Tangible fixed assets, as stated in note 3.7.

As recommended by the TCFD, in 2002 Navigator identified and assessed the main physical risks, acute or chronic, and the transition risks, which consist of regulatory, technological, market and reputational risks. In addition, the Group identified climate-related opportunities, with potential positive impacts for business:

Transition Risks

Category	Description of Risk	Potential Impact
Legal and Regulatory	New and stricter environmental and climate regulations due to increasing maturity of global targets	• Increased capex and investment needed to comply with environmental, climate and energy transition regulations. • Increased logistical costs, due to regulations promoting decarbonisation in transportation (ETS). • Adverse effect on business due to approval of regulations limiting or discriminating against production forests as source of wood raw materials, in relation to other land uses, without taking consideration of criteria of good management or economic and environmental value. • Increase in costs associated with compliance with standards requiring rehabilitation of woodlands and improved management of native forests as national measures for combating climate change. • Reduction in production of raw material and consequent increase in acquisition costs, as a result of legal restrictions on forestry production.
	Higher carbon price and reduction in availability of licenses under EU-ETS.	• Increased costs of CO_2 emissions for paper and cellulose industry.
	Biomass ceasing to be considered a sustainable alternative to fossil fuels	• Increase in costs of CO_2 emissions, due to emissions of biogenic carbon being counted as fossil emissions for the purposes of EU-ETS.
Market Reputation	Increase in cost of raw materials	• Difficulties in securing supplies of raw materials (e.g. wood), energy and water. • Increase in requirements imposed on production (e.g. quality of waste water, solid waste, associated emissions, and others). • Increase in capex directly related to operations or, indirectly, through higher prices for transport, energy and other inputs/raw materials needed to produce paper, cellulose and other forest-based products.

	Changing consumer preferences	• Need to adapt portfolio in view of consumer expectations and demand • Reduction in revenues associated with demand from consumers for other market solutions substituting paper
	Pressure from society to restrict/impose limits on production forest areas as opposed to conservation forests/forests without wood extraction.	• Adverse effect on business due to implementation of restrictions/limits on production forest areas as opposed to conservation forests/forests without wood extraction.
Legal and Regulatory	New and stricter environmental and climate regulations due to increasing maturity of global targets	• Increased capex and investment needed to comply with environmental, climate and energy transition regulations. • Increased logistical costs, due to regulations promoting decarbonisation in transportation (ETS). • Adverse effect on business due to approval of regulations limiting or discriminating against production forests as source of wood raw materials, in relation to other land uses, without taking consideration of criteria of good management or economic and environmental value. • Increase in costs associated with compliance with standards requiring rehabilitation of woodlands and improved management of native forests as national measures for combating climate change. • Reduction in production of raw material and consequent increase in acquisition costs, as a result of legal restrictions on forestry production.

Physical Risks

Category	Climate Element	Description of Risk	Potential Impact
Acute	Temperature	Increase in severity and frequency of forest fires.	• Reduction in production capacity due to loss of or damage to forests. • Failure in wood supplies. • Loss of biodiversity in woodlands. • Reduction in revenues due to reduction in output and sales. • Increased silviculture costs for replanting damaged forests.
	Water resources	Drought conditions as a result of water shortages at the site of the Group's industrial complexes.	• Restrictions on withdrawal and use of water, as a result of reduced precipitation, halting operations at the Group's industrial complexes and resulting in production losses and, consequently, reduced revenues.
	Wind Water resources	Increased frequency and severity of extreme climate events such as storms or floods	• Reduction in production capacity and revenues, due to losses in plantations and forestry output, interruption of supply chains and production operations, and transport difficulties. • Damages and/or losses at existing facilities and assets, and related costs.
Chronic	Water resources	Water shortages and changes in quality of water sources used by industrial complexes	• Reduction in quality and output due to restrictions on water withdrawal and use which may have an impact on operations of the Group's industrial complexes. • Need to invest in research into adaptation to different chemical compositions in water sources for cellulose mills.

Category	Climate Element	Description of Risk	Potential Impact
	Water resources	Rising average sea level	• Reduction in production capacity due to reduced availability of land suitable for farming or forestry. • Damage to facilities and assets in coastal areas (e.g., industrial complexes) and logistical problems in distribution networks. • Increase in insurance premiums and reduction in potential availability of insurance for assets located in areas subject to a high-risk risk of rising average sea levels.
	Temperature	Increase in the average temperature leading to changes in distribution of tree species and increase susceptibility of forests to outbreaks of pests and diseases.	• Loss or damage of forests and plantations and consequent reduction in revenues as a result of low output and sales of products. • Increase in silviculture costs to replant degraded forests and replace with species adapted to pests.
	Water resources	Change in precipitation patterns and other climate factors leading to loss of yields in production forests.	• Reduction in production capacity due to loss of or damage to forests and plantations and limitations on use of water as a result of low rainfall frequency, leading to consequent reduction in revenues. • Increase in cost of raw materials.

Opportunities

Category	Description of Opportunity	Potential Impact
Energy Source	Participation in voluntary carbon market.	• Development of new revenue flows.
	Substitution of fossil fuels by renewable fuels (e.g., biomass and hydrogen)	• Competitive positioning, in view of new climate regulations. • Reduction in dependence on energy from fossil fuels, including reduction in related costs and fluctuations in market prices.
Resilience	Regulations providing incentives for reforestation and tree planting in degraded areas	• Steps to preserve forests and raw material, contributing to resilience to climate change.
	Participation in renewable energy programmes and adoption of energy efficiency measures.	• Increase in market value through resilience planning (e.g. infrastructure, land, buildings) • Greater reliability of supply chain and capacity to operate under varying conditions.
Products and Services	Investment in R&D to develop new forest-based products, low in carbon, or which can substitute forest-based products	• Adaptation of portfolio to impacts of climate change which respond to consumer preferences, reinforcing competitive advantage in the market. • Increase in revenues due to demand for products with lower emissions. • Promotion of forest-based circular bioeconomy.

In 2023, as a result of collaboration between several sectors of the organisation, the company quantified the potential financial impacts of four climate risks and one opportunity, on the basis of 3 climate scenarios and 2 time horizons. 2035 and 2050.

Climate Scenarios

In keeping with the good practices in the **TCFD Guidance on Scenario Analysis**, the company used **exploratory analyses** that describe a diverse range of plausible future states, which are used to assess potential climate-related risks and uncertainties, and also to test the resilience of Navigator's strategy for the different future conditions adjacent to these same scenarios.

Three climate scenarios were accordingly defined, on the basis of the IPCC scenarios, or Representative Concentration Pathways (RCP) – RCP 2.6, RCP 4.5 and RCP 8.5. These were complemented by narratives of plausible futures, from the "Sustainable Development Scenario" developed by the International Energy Agency and the Climate Scenario Tool for the food, forestry and farming products sector, developed by the WBCSD, respectively called the green, yellow and red scenario.

Physical risks tend to be more severe in the 4ºC climate scenario (red scenario), given that in this scenario the likelihood of the occurrence and severity of extreme climate events is greater. However, in the 1.5°C and 2°C scenarios it is still possible that some physical risks will be moderately severe. The transition risks are general more severe in the scenarios which comply with the aims of the Paris Agreement, i.e., the 1.5ºC scenario (green scenario) and the < 2ºC scenario (yellow scenario).

The table below provides details of the scenarios considered to analyse the resilience of the Navigator Group's business strategy.

Scenario	Description of narrative	Time horizon	Base model
Green	**Rapid and orderly climate action.** Orderly transition path (emissions are reduced in line with climate targets). Fair transition, balanced with SDGs, supported by innovation, R&D and regeneration, high demand for BECCS.	2035-2050	• IPCC SSP 1- 2.6 (RCP 2.6) • WBCSD – 1.5ºC scenario based on innovation
Yellow	**Sudden and uncoordinated climate action** Disorderly transition pathway in which the response is abrupt, late and neither early nor planned. Transformation of society under strong legislative pressure regulating production forests and imposing of restrictions and carbon taxes, BECCS.	2035-2050	• IPCC SSP 2- 4.5 (RCP 4.5) • WBCSD – <2°C scenario based on planned policies
Red	**Slow and uncoordinated climate action** Business-as-usual pathway without mitigation measures or clear and coordinated transition policies. Very high energy and water costs, severe damage resulting from extreme climate events.	2035-2050	• IPCC SSP 5-8.5 (RCP 8.5) • WBCSD – >3ºC scenario based on historical tendencies

Resilience of Navigator's strategy

For the financial year of 2023, the resilience of the Group's strategy was studied by quantifying the financial impact of one transition risks, three physical risks and one opportunity, considered as material for the business.

The results obtained from our analysis of climate scenarios suggest that our current strategy is resilient to climate-related risks and opportunities. Nonetheless, these results have enabled us to identify critical areas to be monitored, in order to implement mitigation and adaptation measures and also targets to strengthen Navigator's resilience to climate change.

In the future, the Group intends to continue to develop a more robust analysis of climate-related risks and opportunities, and also to make progress in the analysis of financial impacts from climate change on its business in line with its sustainable business strategy.

Risks		Mitigation measures implemented / planned	Time horizon	Estimated Impact (M€/year)	Climate Scenario		
					Green	Yellow	Red
Physical Risks	Change in precipitation patterns and other climate factors leading to loss of yields in forests managed by Navigator[75]	• Geographical diversification of wood supply • Use of plants from genetic improvement programme • Sharing of technical know-how concern best silviculture practices with forestry producers • Explore other sources of raw material in order to ensure business continuity.	2035 2050	**2 – 5**	●●	●●●	●●●●●
	Water scarcity at the locations of the Group's industrial complexes[76]	• Implementation of Water Use Reduction Programme (WURP) • Assessment of reuse of industrial effluents in industrial processes • Assessment of new sources of fresh water	2035 2050	**8 – 40**	●●	●●●	●●●●●
	Increase in severity and frequency of forest fires[77]	• Geographical diversification of wood supply • Implement of best silviculture practices for reducing the fire risk • Use best available technologies for fire fighting	2035 2050	**2.5 - 4**	●	●●●	●●●●
Transitional Risks	Increased cost of emission licenses in EU-ETS system[78]	• Setting of specific targets for industrial operations based on climate science • Implementation of Navigator's Decarbonisation Roadmap	2035 2050	**3 – 12**	●●●●	●●●	●
Potential financial impact of climate-related risks				**15.5 - 61**			

Caption:
●●●●● Most severe ● Least severe

[75] Reduction in forest yields due to climate change (e.g. change in resulting pattern), resulting from analysis conducted internally by Raiz for scenarios RCP 4.5 and 8.5. Annual impact calculated on the basis of opportunity costs associated with import of wood from outside Iberia, also considering lower pulp yields.

[76] Reduction in water withdrawal licenses as a result of less water being available in the drainage basins and aquifers from which Navigator supplies itself. Analysis based on hydrological modelling conducted by APA for RCP scenarios 4.5 and 8.5. Annual impact calculated on the basis of lost production resulting from lower volume of water authorised for withdrawal.

[77] Loss of wood in areas managed by Navigator as a result of forest fires. Annual impact calculated on the basis of opportunity costs associated with import of wood from outside Iberia, and historical data for burned area in past 10 years.

[78] Impact calculated on the basis of estimated estimated in Navigator's Decarbonisation Roadmap, award of free licenses up to 2035 and CO2 prices between 4 €/tCO2 (red scenario) and 188 €/tCO2 (green scenario).

Opportunities		Mitigation measures implemented / planned	Time horizon	Estimated Impact (M€/year)	Climate Scenario		
					Green	Yellow	Red
Opportunities	Investment in R&D to develop new forest-based products[79]		2035 2050	**30 - 40**	●●●●●	●●●	●
Potential financial impact of climate-related opportunities				**30-40**			

Caption:
●●●●● Most severe ● Least severe

Risk management

Process for identifying and assessing climate-related risks and opportunities.

In 2022, Navigator conducted a double materiality exercise to ensure that the Group's sustainability priorities are still aligned with those of its Stakeholders. This exercise entailed identifying material topics associated with climate change and the transition to a low-carbon economy, energy efficiency, efficient water management, sustainable forestry management, biodiversity protection and the circular economy.

All these topics, categorised as 'critically important", were addressed when identifying climate-related risks and opportunities.

As a member of the "Climate and Energy" and "Sustainable Reporting and Finance" working parties of BCSD Portugal, we took part in a task-force (TF) on the subject to climate risks and opportunities, resulting in a new "**Business guide to climate risks and opportunities**". The expertise acquired in this process and from the WBCSD's "**Climate-related Financial Impact Guide**" has been applied in the "impact pathways" approach. This is a way of calculating the financial impact of the risks and opportunities identified, on the basis of different risk implications or opportunities for the Group. These implications may be socio-economic or physical, such as the effects of climate change on ecosystems, market changes or new legal environmental requirements.

In prioritising climate-related risks and analysing their relative importance in relation to the organisation's other risks, climate-related risk factors were assessed in the broader context of the Group's man risks (see chapter 3.3), given that they may amplify or attenuate some of the main risks. This integrated approach ensures that climate-related risks and opportunities are incorporated in Enterprise Risk Management, the Group's risk management tool.

Integration of climate risks in management of Navigator's general risks

Climate change-related risks are incorporated into the wider risks identified by Navigator. The management of these risks, through mitigation controls and monitoring processes, is reflects on multiple fronts in the Group's risk management structure.

[79] Development of new forest-based products and solutions to replace fossil-based plastic is an opportunity that may represent new business areas for Navigator, in the short and medium term. In connection with the From Fossil 2 Forest Mobilising Agenda, Navigator has estimated potential Gross Value Added to be achieved in 2027 in relation to 2020 as a result of these new products.

The relevant climate risks and opportunities are identified and assessed by a multidisciplinary team, by means of a process of continuous improvement. The annual review of these risks looks at the breadth of Group businesses, in all locations where it operates and throughout its product portfolio. This entails consulting technical experts, whenever necessary.

Climate change-related risks and mitigation measures are viewed and updated annually, together with the Group's other main risks, and approved by the Executive Board.

The Group has several procedures for monitoring and mitigating these risks, through proactive management and early detection. The Group has incorporated climate change considerations into its reforestation practices, biodiversity conservation and increased monitoring during fire risk periods. Climate change-related risks and opportunities are managed and, whenever possible, mitigated by the operational teams and through the capex programme.

For further information on the Navigator Group's risk management methodology, see chapter 3.3.

Metrics and goals

In order to face the challenges and opportunities of the decade ahead, Navigator has drawn up its **2030 Agenda**, a responsible business management agenda that seeks to increase the Group's positive contribution to creating value and sustainable growth in a changing world. The 2030 Agenda has been built on the basis of the results of a listening exercise involving 540 internal and external Stakeholders, a benchmarking analysis of international trends and the framework of the United Nations Sustainable Development Goals. The GHG emissions reduction targets - approved by the Science Based Targets (SBTi) initiative and aligned with the global challenge of limiting the average temperature increase to 1.5ºC - are among the goals set in the 2030 Agenda.

Navigator has identified the climate metrics presented in the following table as those most relevant to its business. Performance of these metrics is assessed regularly and published annually in the Group's Annual Report.

Metrics	Indicators	Reference
Greenhouse Gas Emission GHG	• Absolute scope 1 GHG emissions • Absolute scope 2 GHG emissions • Absolute scope 3 GHG emissions	2030 Roadmap (Chap. 6.2.4)
Water and Effluent Management	• Water withdrawal • Organic load in Effluents	2030 Roadmap (Chap. 6.2.4)
Raw Materials Management	• Use of certified wood	2030 Roadmap (Chap. 6.2.4)
Forest Management Dep.	• Burned area	2030 Roadmap (Chap. 6.2.4)
Waste Management	• Waste recovery	2030 Roadmap (Chap. 6.2.4)

Remuneration policies

The basic criteria for assessing the performance of executive directors (in force 2023-2025) are those defined in item 2.2 of chapter 2 of the Remuneration Policy for setting the **variable remuneration component**. These criteria are applied by using a system of qualitative and quantitative KPIs, related to the performance of the Company and the director in question. The most important of these general business indicators are EBITDA (with a 35% weighting), net income (10% weighting), cash flow (10% weighting) and Total Shareholder Return vs. Peers (10% weighting). In terms of behavioural skills, importance it attached to each director’s alignment with the Company's long-term interests and sustainability.

In addition to these criteria, in line with the commitments made by the Company in its sustainability strategy, and in recognition of the importance of efficient use of energy and the need to reduce emissions of fossil CO2 from business operations, the weighting also takes into account implementation of the corporate programme for energy efficiency, approved in 2016. This means that the specific aims will always include ESG indicators, such as the results of the organisational climate survey in the Company, reduction of CO2 emissions, certified wood and consumption of water, energy and wood.

2023 Annual Report

Consolidated Financial Statements

Consolidated Income Statement

For the periods ended 31 December 2023 and 31 December 2022

Amounts in Euro	Note	2023	2022
Revenue	2.1	1,953,242,900	2,464,624,691
Other operating income	2.2	80,315,713	71,158,532
Fair value adjustments of biological assets	3.8	(6,907,896)	(24,824,186)
Costs of goods sold and materials consumed	4.1	(848,515,663)	(968,849,205)
Variation in production	4.1	(23,719,799)	80,484,007
External services and supplies	2.3	(422,373,519)	(626,158,733)
Payroll costs	7.1	(172,252,203)	(186,239,235)
Other operating expenses	2.3	(58,241,591)	(73,837,092)
Net provisions	10.1	1,006,041	(1,621,447)
Depreciation, amortisation and impairment losses in non-financial assets	3.7	(136,198,800)	(161,277,579)
Operating profit/(loss)		**366,355,183**	**573,459,753**
Financial income and gains	5.11	14,033,284	1,688,981
Financial expenses and losses	5.11	(33,353,202)	(58,671,991)
Financial profit/(loss)		**(19,319,918)**	**(56,983,010)**
Group share of (losses)/gains of associates and joint ventures		-	-
Profit before income tax		347,035,265	**516,476,743**
Income tax	6.1	(72,086,123)	(123,937,812)
Net profit for the period		**274,949,142**	**392,538,931**
Attributable to Navigator's equity holders		274,923,820	392,537,070
Attributable to non-controlling interests	5.6	25,322	1,861
Earnings per share			
Basic earnings per share, Eur	5.3	0.387	0.552
Diluted earnings per share, Euro	5.3	0.387	0.552

Consolidated statement of comprehensive income

For the periods ended 31 December 2023 and 31 December 2022

Amounts in Euro	Note	2023	2022
Net profit for the period			
before non-controlling interests		**274,949,142**	**392,538,931**
Items that may be reclassified to the income statement			
Hedging derivative financial instruments			
Changes in fair value	8.2	(29,102,154)	54,623,316
Tax effect		8,003,092	(15,021,412)
Currency translation differences		(34,683)	29,689,707
Tax on conventional capital remuneration		(77,000)	(1,020,250)
Items that may not be reclassified to the income statement			
Remeasurement of post-employment benefits			
Remeasurement	7.2.5	3,738,766	2,936,789
Tax effect	7.2.5	(115,461)	67,168
Comprehensive income of associates and joint ventures		(1,511,704)	767,146
Total other comprehensive income net of taxes		**(19,099,144)**	**72,042,464**
Total comprehensive income		**255,849,998**	**464,581,395**
Attributable to:			
Navigator's equity holders		255,820,957	464,570,314
Non-controlling interests		29,041	11,081
		255,849,998	**464,581,395**

Consolidated statement of financial position

As at 31 December 2023 and 31 December 2022

Amounts in Euro	Note	2023	2022
ASSETS			
Non-current assets			
Goodwill	3.1	381,496,008	377,339,466
Intangible assets	3.2	46,198,240	44,813,091
Property, plant and equipment	3.3	1,233,223,791	1,099,689,407
Right-of-use assets	3.6	65,044,454	57,934,840
Biological assets	3.8	115,591,979	122,499,875
Investment properties	3.4	463,404	90,943
Non-current receivables	4.2	44,399,506	25,282,858
Deferred tax assets	6.2	23,653,501	27,204,659
		1,910,070,883	**1,754,855,139**
Current assets			
Inventories	4.1	286,490,362	298,729,217
Current receivables	4.2	424,740,973	499,143,408
Income tax	6.1	18,385,534	16,216,543
Cash and cash equivalents	5.9	169,464,967	343,083,788
		899,081,836	**1,157,172,956**
Total assets		**2,809,152,719**	**2,912,028,095**
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	5.2	500,000,000	500,000,000
Currency translation reserve	5.5	5,309,023	5,343,706
Fair value reserves	5.5	12,898,767	33,997,828
Legal reserve	5.5	100,000,000	100,000,000
Other reserves	5.5	3,481,014	3,481,014
Retained earnings	5.5	418,633,191	224,049,919
Net profit for the period		274,923,820	392,537,070
Prepaid dividends	5.4	-	-
Equity attributable to Navigator's equity holders		**1,315,245,815**	**1,259,409,537**
Non-controlling interests	5.6	327,018	297,977
Total Equity		**1,315,572,833**	**1,259,707,514**
Non-current liabilities			
Interest-bearing liabilities	5.7	560,085,341	643,006,886
Lease liabilities	5.8	62,848,761	55,089,083
Pensions and other post-employment benefits	7.2	-	2,835,730
Deferred tax liabilities	6.2	95,856,013	98,314,430
Provisions	10.1	27,837,286	28,432,877
Non-current payables	4.3	114,670,790	34,852,398
		861,298,191	**862,531,404**
Current liabilities			
Interest-bearing liabilities	5.7	99,259,122	82,294,836
Lease liabilities	5.8	7,148,060	6,551,966
Current payables	4.3	503,046,782	575,467,689
Income tax	6.1	22,827,731	125,474,686
		632,281,695	**789,789,177**
Total liabilities		**1,493,579,886**	**1,652,320,581**
Total Equity and Liabilities		**2,809,152,719**	**2,912,028,095**

Statement of Changes in Equity

For the periods ended 31 December 2023 and 31 December 2022

Amounts in Euro	Note	Share capital	Currency translation reserve	Fair value reserves	Legal reserves	Other reserves	Retained earnings	Net profit for the period	Prepaid dividends	Total	Non-controlling interests	Total
Equity as at 1 January 2023		**500,000,000**	**5,343,706**	**33,997,828**	**100,000,000**	**3,481,014**	**224,049,919**	**392,537,070**	**-**	**1,259,409,537**	**297,977**	**1,259,707,514**
Net profit for the period		-	-	-	-	-	-	274,923,820	-	274,923,820	25,322	274,949,142
Other comprehensive income (net of taxes)		-	(34,683)	(21,099,061)	-	-	2,030,881	-	-	(19,102,863)	3,719	(19,099,144)
Total comprehensive income for the period		**-**	**(34,683)**	**(21,099,061)**	**-**	**-**	**2,030,881**	**274,923,820**	**-**	**255,820,957**	**29,041**	**255,849,998**
Appropriation of 2022 net profit for the period:												
- Dividends paid	5.4	-	-	-	-	-	(199,984,679)	-	-	(199,984,679)	-	(199,984,679)
- Appropriation of prior period's net profit		-	-	-	-	-	426,537,070	(392,537,070)	-	34,000,000	-	34,000,000
- Bonus to employees		-	-	-	-	-	(34,000,000)	-	-	(34,000,000)	-	(34,000,000)
Total transactions with shareholders		**-**	**-**	**-**	**-**	**-**	**192,552,391**	**(392,537,070)**	**-**	**(199,984,679)**	**-**	**(199,984,679)**
Equity as at 31 December 2023		**500,000,000**	**5,309,023**	**12,898,767**	**100,000,000**	**3,481,014**	**418,633,191**	**274,923,820**	**-**	**1,315,245,815**	**327,018**	**1,315,572,833**

Amounts in Euro	Note	Share capital	Currency translation reserve	Fair value reserves	Legal reserves	Other reserves	Retained earnings	Net profit for the period	Prepaid dividends	Total	Non-controlling interests	Total
Equity as at 01 January 2022		**500,000,000**	**(24,346,001)**	**(5,604,076)**	**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**
Net profit for the period		-	-	-	-	-	-	392,537,070	-	392,537,070	1,861	392,538,931
Other comprehensive income (net of taxes)		-	29,689,707	39,601,904	-	-	2,741,633	-	-	72,033,244	9,220	72,042,464
Total comprehensive income for the period		**-**	**29,689,707**	**39,601,904**	**-**	**-**	**2,741,633**	**392,537,070**	**-**	**464,570,314**	**11,081**	**464,581,395**
Appropriation of 2021 net profit for the period:												
- Dividends paid	5.4	-	-	-	-	-	(131,632,875)	-	-	(131,632,875)	-	(131,632,875)
- Appropriation of prior period's net profit		-	-	-	-	-	132,415,285	(171,411,455)	49,996,170	11,000,000	-	11,000,000
- Bonus to employees		-	-	-	-	-	(11,000,000)	-	-	(11,000,000)	-	(11,000,000)
Distribution of reserves		-	-	-	-	(118,355,086)	-	-		(118,355,086)	-	(118,355,086)
Total transactions with shareholders		**-**	**-**	**-**	**-**	**(118,355,086)**	**(10,217,590)**	**(171,411,455)**	**49,996,170**	**(249,987,961)**	**-**	**(249,987,961)**
Equity as at 31 December 2022		**500,000,000**	**5,343,706**	**33,997,828**	**100,000,000**	**3,481,014**	**224,049,919**	**392,537,070**	**-**	**1,259,409,537**	**297,977**	**1,259,707,514**

Consolidated Statement of Cash Flows

For the periods ended 31 December 2023 and 31 December 2022

Amounts in Euro	Notes	2023	2022
OPERATING ACTIVITIES			
Receipts from customers		2,132,485,021	2,471,793,012
Payments to suppliers		(1,539,344,186)	(1,704,131,480)
Payments to employees		(145,375,584)	(127,038,497)
Cash flow from operations		**447,765,251**	**640,623,035**
Income tax received/ (paid)	6.1	(162,921,486)	(64,765,380)
Other receipts / (payments) relating to operating activities		84,296,005	49,902,600
Cash flows from operating activities (1)		**369,139,770**	**625,760,255**
INVESTING ACTIVITIES			
Inflows:			
Property, plant and equipment		658,527	1,066,465
Interest and similar income		-	853,005
		658,527	**1,919,470**
Outflows:			
Property, plant and equipment		(201,067,497)	(120,784,217)
Intangible assets		(522,645)	(3,288,016)
Investments In subsidiaries		(55,210,602)	-
		(256,800,744)	**(124,072,233)**
Cash flows from investing activities (2)		**(256,142,217)**	**(122,152,763)**
FINANCING ACTIVITIES			
Inflows:			
Interest-bearing liabilities	5.10	15,000,000	430,000,000
Government grants	5.10	27,529,156	96,055
		42,529,156	**430,096,055**
Outflows:			
Interest-bearing liabilities	5.10	(107,276,122)	(533,070,676)
Amortisation of lease agreements	3.6	(10,694,178)	(8,837,422)
Interest and similar expense		(4,861,601)	(33,816,287)
Distribution of dividends	5.4	(199,984,679)	(131,632,875)
Distribution of reserves	5.4	-	(118,355,086)
Repayable grants	5.10	(7,219,438)	(5,636,313)
		(330,036,018)	**(831,348,659)**
Cash flows from financing activities (3)		**(287,506,862)**	**(401,252,604)**
CHANGES IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)		**(174,509,309)**	**102,354,888**
Effect of exchange rate differences		890,488	1,557,648
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5.9	**343,083,788**	**239,171,252**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5.9	**169,464,967**	**343,083,788**

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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 1.6.



References

This symbol indicates a reference to another Note or another section of the Financial Statements were more information about the items disclosed is presented.

1.1. The Group

The Navigator Group (Group) is comprised by The Navigator Company, S.A., whose name remained unchanged during the period, (until 2015 designated as Portucel, S.A.) and its subsidiaries.

The Navigator Group was created in 1953, 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 nationalisation 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. (Setúbal), Celtejo – Celulose do Tejo, S.A.R.L. (Vila Velha de Ródão), Celnorte – Celulose do Norte, S.A.R.L. (Viana do Castelo) and Celuloses do Guadiana, S.A.R.L. (Mourão) incorporated Portucel - Empresa de Celulose e Papel de Portugal, E.P., converted into a Public Limited Company of mainly public capital by Decree-Law 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 privatisation, Portucel S.A. was created, on 31 May 1993, through Decree-law 39/93, of 13 February, with the former assets of the two main companies, based in Aveiro and Setúbal.

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. (Setúbal), 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 the largest European producer of uncoated wood-free paper (UWF), with a capacity of 1.6 and 1.6 millions of tons, respectively, and it sells approximately 462 thousand tons of pulp (255 thousand tons in 2022), 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 Párpublica, SGPS, S.A. and Párpublica, SGPS, S.A. (formerly Portucel, SGPS, S.A.) sold the remaining 25.72% it still held, thus increasing the free-float.

From 2009 to July 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. The voting rights currently amount to 69.97%.

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 Ródão. 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.

On 31 March 2023 the acquisition of the Gomà-Camps Group's consumer Tissue business in Spain was concluded, with a view to strengthening the Group's presence in this business segment. The integration of this new mill has elevated Navigator to the position of second largest Iberian tissue producer, with a production and converting capacity of 180 thousand tonnes.

The 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, as well as its commercialisation.

The Navigator Company, S.A. (hereafter 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 Setúbal | Portugal

Legal Form: Public Limited Company

Share Capital: €500,000,000

TIN: 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.

In turn, Filipa Mendes de Almeida de Queiroz Pereira, Mafalda Mendes de Almeida de Queiroz Pereira and Lua Mónica Mendes de Almeida de Queiroz Pereira hold joint control of Sodim - SGPS, S.A. (Sodim) through the combination of a shareholders' agreement. (Sodim) with their respective direct and indirect shareholdings in the share capital of this company, joint control of Sodim, Semapa and Navigator is attributable to each of them and to Sodim, under the terms of Article 20 of the Portuguese Securities Code, 83.221% of the non-suspended voting rights relating to shares representing the share capital of Semapa and also to each of them, Sodim and Semapa, 69.970% of the non-suspended voting rights relating to shares representing the share capital of Navigator.

1.2. Acquisition of the Gomà-Camps Group's consumer tissue business in Spain

On 31 March 2023, the Navigator Group acquired all the shares representing the share capital of Gomà-Camps Consumer, S.L.U., based in Zaragoza, Spain, which in turn holds the entire share capital of Gomà-Camps France SAS, based in Castres, France. These companies have been renamed Navigator Tissue Ejea, S.L.U. and Navigator Tissue France SAS, respectively.

This acquisition is part of the Navigator Group's ambitious growth and diversification plan. The integration of this new mill has elevated Navigator to the position of second largest Iberian tissue producer, with a production and converting capacity of 180 thousand tonnes. With the acquisition of these two entities, a number of synergies are expected in the Tissue segment, as well as an increase in the group's market share by accessing Gomà-Camps' customer portfolio, namely in markets where the Navigator Group intends to strengthen its presence, as well as a reduction in costs through economies of scale. The goodwill arising from this transaction is not expected to be tax deductible.

In the nine months to 31 December 2023, the two entities contributed Euro 89,003,803 to sales and Euro 13,811,707 to the Group's net profit. If the acquisition had occurred on 1 January 2023, management estimates that consolidated sales would have amounted to Euro 1,987,136,500 and a net profit for the period of Euro 278,460,548. When determining these amounts, management assumed that any provisionally determined fair value adjustments arising on the acquisition date would be the same if the acquisition date was 1 January 2023.

Transferred consideration

In the context of the acquisition of Gomà-Camps Consumer, S.L.U., which in turn holds the entire share capital of Gomà-Camps France SAS, the consideration transferred amounted to Euro 60,951,811 and was paid entirely in cash and cash equivalents, with no contingent consideration associated with this acquisition.

Identification of assets and liabilities acquired and goodwill

As at this date, the Group concluded the necessary procedures to recognise and measure the identifiable assets acquired, the liabilities assumed and consequently the calculation of the goodwill, in accordance with IFRS 3. This valuation was carried out by specialised and independent external valuers and resulted in an increase in property, plant and equipment and the recognition of the fair value of the customer portfolio, as well as the respective deferred tax liabilities.

The valuation techniques used to determine the fair value of the assets acquired were as follows:

Customer portfolio	In determining the fair value of the customer portfolio, the multi-period excess earnings method (MPEE) was used, which considered the present value of the expected net cash flows of the portfolio
Property, plant and equipment	The fair value of the property, plant and equipment acquired, namely land, buildings and factory equipment, was determined in accordance with the replacement cost method, which consisted of identifying the replacement value of the assets acquired adjusted for depreciation, in accordance with the useful life of the assets at the date of purchase. According to the study, the following useful lives were considered: - Buildings and other constructions - 40 years; - Manufacturing equipment - between 25 and 30 years

The net assets acquired, the fair value attributed, and the goodwill calculated at the date of acquisition are summarised as follows:

Amounts in Euro	Group Gomà-Camps Consumer, S.L.U	Value allocation to net assets acquired	Group Gomà-Camps Consumer, S.L.U Adjusted
Non-current assets			-
Other intangible assets -customer portfolio	-	1,600,000	1,600,000
Other intangible assets	404,765	-	404,765
Property, plant and equipment	42,966,095	38,240,800	81,206,895
Deferred tax assets	92,481	-	92,481
Other non-current assets	45,171	-	45,171
Current assets			
Inventories	11,201,641	-	11,201,641
State	45,747	-	45,747
Other current receivables	16,295,513	-	16,295,513
Cash and cash equivalents	5,741,209	-	5,741,209
Non-current liabilities			
Deferred tax liabilities	(162,596)	(9,960,200)	(10,122,796)
Provisions	(105,854)	-	(105,854)
Current liabilities			
Interest-bearing liabilities	(32,672,968)	-	(32,672,968)
State	(2,165,791)	-	(2,165,791)
Government grants	(463,290)	-	(463,290)
Other payables	(16,707,454)	-	(16,707,454)
Total identifiable assets and liabilities	**24,514,669**	**29,880,600**	**54,395,269**
Industrial property and other rights - Acquired brands	2,400,000	-	2,400,000
Goodwill	34,037,142	(29,880,600)	4,156,542
Total acquisition value	**60,951,811**	**-**	**60,951,811**
Cash and cash equivalents	(5,741,209)	-	(5,741,209)
Net effect on cash and cash equivalents	**55,210,602**	**-**	**55,210,602**

Acquisition-related costs

The Group incurred costs related to this acquisition amounting to Euro 493,741, related to legal fees and other due diligence costs. These costs are recognised as external services and supplies in the Consolidated income statement and Consolidated statement of comprehensive income.

Accounting policies

Business combinations

Under IFRS 3 (Business Combinations), in a business combination, the acquirer must recognise and measure the assets acquired and liabilities assumed at fair value on the acquisition date in the consolidated financial statements. The difference between the acquisition price and the fair value of the assets and liabilities acquired gives rise to the recognition of goodwill or a gain resulting from a bargain purchase.

The fair value of the assets acquired, and liabilities assumed is determined internally or through independent external valuers, using the discounted cash flow method, replacement cost or other techniques for determining fair value, which are based on the use of assumptions including macroeconomic indicators such as inflation rates, interest rates, exchange rates, discount rates, energy sales and purchase prices, the cost of raw materials, production estimates and business forecasts. Consequently, the determination of fair values and goodwill or gains resulting from low-price purchases is subject to various assumptions and judgements, so changes could result in different impacts on profit or loss.

1.3. Subsequent events

On March 22, 2024, through its subsidiary Navigator Paper UK Limited, the Navigator Group launched a public all-cash firm offer (OPA) to acquire the entire issued and to-be-issued share capital of Accrol, a British company operating in the paper conversion segment.

Accrol is a leader in the Tissue paper conversion segment in the UK, producing own-brand toilet paper rolls, kitchen rolls, and facial tissues for most major retailers in the UK. In its last fiscal year, ending April 30, 2023, the turnover amounted to £242 million, with EBITDA reaching £15.6 million and Net Debt (pre-IFRS16) of £26.8 million.

Navigator Group sees this Offer as an attractive opportunity to enter the British market by acquiring a leading company in the Tissue paper conversion sector, with competitive advantages, complementary values, strong alignment with Navigator, and a strategic opportunity for sustained expansion of its Tissue business in the Western European market.

The Offer was set at 38 pence (GBX) per share, representing a premium of 11.8% over the closing price of the British company on March 21, 2024, which is the last trading day immediately preceding the Offer announcement, and values Accrol's equity at approximately £127.5 million.

1.4. Basis for preparation

1.4.1. Authorisation to issue financial statements

These consolidated financial statements were approved by the Board of Directors on 26 March 2024. 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.

1.4.2. Accounting principles

The consolidated financial statements for the period ended 31 December 2023 were prepared in accordance with the International Financial Reporting Standards (IFRS), effective 1 January 2023 and as adopted by the European Union.

1.4.3. Scope of consolidation

1.4.3.1. 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.

Losses 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 profit or loss, 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.

1.4.3.2 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 associate on the acquisition date are, if positive, recognised as Goodwill and recorded as investments in associated. If negative, goodwill is recorded as profit for the period under the caption "Group share of (loss)/gains of associates 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 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.

1.4.4. 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/or expenses in the Consolidated income statement for the period.

iii. Group companies

The profit or loss 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 Financial profit or loss when the disposal of the investments occur.

Long-term loans granted to subsidiaries in currencies other than the Group's functional currency, which are neither planned nor likely to be settled in the foreseeable future, are treated as a net extension of the investment in the foreign subsidiary. On this basis, exchange rate differences arising on these loans, which have not been eliminated on consolidation, are recognised in Comprehensive income under Currency translation reserves, being transferred to profit or loss for the period when the loans are settled, to the extent that such settlement represents an absolute reduction in the subsidiary's interest and exposure.

iv. Exchange rates used

	31-12-2023	31-12-2022	Appreciation / (Depreciation)
GBP (Sterling pound)			
Average exchange rate for the period	0.87	0.85	-1.99%
Closing exchange rate for the period	0.87	0.89	2.01%
USD (American dollar)			
Average exchange rate for the period	1.08	1.05	-2.71%
Closing exchange rate for the period	1.11	1.07	-3.60%
PLN (Polish zloti)			
Average exchange rate for the period	4.54	4.69	3.09%
Closing exchange rate for the period	4.34	4.68	7.29%
SEK (Swedish krona)			
Average exchange rate for the period	11.48	10.63	-7.98%
Closing exchange rate for the period	11.10	11.12	0.23%
CZK (Czech koruna)			
Average exchange rate for the period	24.00	24.57	2.29%
Closing exchange rate for the period	24.72	24.12	-2.52%
CHF (Swiss franc)			
Average exchange rate for the period	0.97	1.00	3.26%
Closing exchange rate for the period	0.93	0.98	5.96%
DKK (Danish krone)			
Average exchange rate for the period	7.45	7.44	-0.15%
Closing exchange rate for the period	7.45	7.44	-0.22%
HUF (Hungarian forint)			
Average exchange rate for the period	381.85	391.43	2.45%
Closing exchange rate for the period	382.80	400.87	4.51%
AUD (Australian dollar)			
Average exchange rate for the period	1.63	1.52	-7.41%
Closing exchange rate for the period	1.63	1.57	-3.63%
MZM (Mozambican metical)			
Average exchange rate for the period	69.11	67.20	-2.83%
Closing exchange rate for the period	70.65	68.18	-3.62%
MAD (Moroccan dirham)			
Average exchange rate for the period	10.96	10.69	-2.52%
Closing exchange rate for the period	10.94	11.16	1.92%
NOK (Norway kroner)			
Average exchange rate for the period	11.42	10.10	-13.08%
Closing exchange rate for the period	11.24	10.51	-6.91%
MXN (Mexican peso)			
Average exchange rate for the period	19.18	21.18	9.42%
Closing exchange rate for the period	18.72	20.86	10.23%
AED (Dirham)			
Average exchange rate for the period	3.97	3.87	-2.68%
Closing exchange rate for the period	4.06	3.92	-3.60%
CAD (Canadian dollar)			
Average exchange rate for the period	1.46	1.37	-6.59%
Closing exchange rate for the period	1.46	1.44	-1.40%
ZAR (South African rand)			
Average exchange rate for the period	19.96	17.21	-15.96%
Closing exchange rate for the period	20.35	18.10	-12.43%
BRL (Brazilian real)			
Average exchange rate for the period	5.40	5.44	0.68%
Closing exchange rate for the period	5.36	5.64	4.91%
EGP (Egyptian pound)			
Average exchange rate for the period	33.11	20.18	-64.05%
Closing exchange rate for the period	34.27	26.31	-30.27%
TRY (Turkish lira)			
Average exchange rate for the period	25.76	17.42	-47.90%
Closing exchange rate for the period	32.65	19.96	-63.55%

1.4.5. 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.

1.4.6. Comparability

These financial statements are comparable in all material respects with those of the previous year.

1.5. New IFRS standards adopted and to be adopted

1.5.1. Other standards, amendments and interpretations adopted or to be adopted

Standards, amendments and interpretations adopted in 2023

	Amendment	Date of application
Disclosure of accounting policies (amendments to IAS 1 - Presentation of financial statements and IFRS Practice Statement 2)	Following feedback on the need for more guidelines to help companies decide what information to disclose regarding accounting policies, on 12 February 2021 the IASB issued amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2 - Making Materiality Judgements. The main amendments to IAS 1 include: i) requiring entities to disclose information regarding material accounting policies rather than significant accounting policies, ii) clarifying that accounting policies related to immaterial transactions are also immaterial and as such do not need to be disclosed and iii) clarifying that not all accounting policies related to material transactions are themselves material to an entity's financial statements. The IASB also amended IFRS Practice Statement 2 to include guidance and two additional examples on applying materiality to disclosures of accounting policies. These amendments are consistent with the revised definition of material: "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". The amendment had no material impact on the disclosures.	1 January 2023
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	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. 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. The amendments are effective for periods beginning on or after 1 January 2023, 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. The amendment had no material impact on the Navigator Group.	1 January 2023

	Amendment	Date of application
Amendments to IAS 12: deferred tax related to assets and liabilities arising from a single transaction	The IASB issued amendments to IAS 12 Income Taxes on 7 May 2021. 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. The amendment had no material impact on the Navigator Group.	1 January 2023
IFRS 17 — Insurance Contracts	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 amendment had no impact on the Navigator Group.	1 January 2023
Amendments to IFRS 17 - Insurance Contracts: First-time Adoption of IFRS 17 and IFRS 9 - Comparative Information	The IASB has issued an amendment to the scope of the transitional requirements of IFRS 17 - Insurance Contracts, which provides insurers with an option to improve the usefulness of information to investors on first-time adoption of the new standard. The amendment does not affect any other requirements of IFRS 17. IFRS 17 and IFRS 9 - Financial Instruments have different transition requirements. For some insurers, these differences may cause temporary accounting mismatches between financial assets and insurance contract liabilities in the comparative information they present in the financial statements when applying IFRS 17 and IFRS 9 for the first time. The amendment helps insurers avoid these temporary accounting mismatches and will therefore increase the usefulness of comparative information for investors. The amendment had no impact on the Navigator Group	1 January 2023
Amendments to IAS 12 - International Tax Reform - Pillar Two Model Rules	On 23 May 2023, the IASB issued International Tax Reform - Pillar Two Model Rules - Amendments to IAS 12 to clarify the application of IAS 12 - Income Taxes to income taxes arising from tax legislation enacted or substantially enacted to implement the OECD Pillar Two model rules. The amendments introduce: (a) a mandatory temporary exception to accounting for deferred taxes arising from the jurisdictional implementation of Pillar Two model rules; and b) Disclosure requirements for affected entities to help users of financial statements understand an entity's Pillar Two income tax exposure arising from that legislation, especially before its effective date. The mandatory temporary exception - the use of which must be disclosed - applies immediately. The remaining disclosure requirements apply to annual reporting periods beginning on or after 1 January 2023. The Group has applied the permitted temporary exception and is analysing the impacts of this change, as disclosed in note 6.1.2.	1 January 2023

Standards, amendments and interpretations to be adopted in subsequent periods

	Amendment	Date of application
Standards and amendments endorsed by the European Union which the Group has opted not to apply in advance		
Clarification 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 the Board'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 after 1 January 2024.	1 January 2024
Lease liabilities in sale and leaseback transactions (amendments to IFRS 16 - Leases)	The IASB issued amendments to IFRS 16 - Leases in September 2022 that introduce a new accounting model for variable payments in a sale and leaseback transaction. The amendments confirm that: - On initial recognition, the seller-lessee includes variable lease payments in measuring a lease liability arising from a sale and leaseback transaction; - After initial recognition, the seller-lessee applies the general requirements for subsequent accounting for the lease liability so that it does not recognise any gain or loss relating to the right of use it retains. A seller-lessee may use different approaches to comply with the new requirements for subsequent measurement. The Amendments are applied for annual periods beginning on or after 1 January 2024, with earlier application permitted. In accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, a seller-lessee shall apply the amendments retrospectively to sale and leaseback transactions entered into on or after the date of initial application of IFRS 16. This means that it will have to identify and reassess sale and leaseback transactions entered into since the implementation of IFRS 16 in 2019, and potentially restate those that include variable lease payments.	1 January 2024

Standards and amendments not yet endorsed by the European Union

	Amendment	Date of application
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures - Supplier Financing Arrangements	On 25 May 2023, the International Accounting Standards Board (IASB) published Supplier Financing Arrangements with amendments to IAS 7 - Statement of Cash Flows and IFRS 7 - Financial Instruments Disclosures. The changes refer to the disclosure requirements relating to supplier financing arrangements - also known as supply chain financing, accounts payable financing or recourse factoring arrangements. The new requirements complement those already included in IFRS and include disclosures about: - Terms and conditions of supplier financing arrangements; - The amounts of the liabilities that are the subject of such agreements, for which part of them the suppliers have already received payments from the financiers and under which heading these liabilities are presented in the balance sheet; - Maturity date ranges; and - Information on liquidity risk. The changes are effective for financial years beginning on or after 1 January 2024.	1 January 2024
Amendments to IAS 21 - The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	On 15 August 2023, the International Accounting Standards Board (IASB or Board) issued Lack of Exchangeability (Amendments to IAS 21 - The Effects of Changes in Foreign Exchange Rates) (the amendments). The amendments clarify how an entity should assess whether a currency is convertible or not and how it should determine a spot exchange rate in situations of lack of exchangeability. A currency is convertible into another currency when a company is able to exchange that currency for another currency on the measurement date and for a specific purpose. When a currency is not convertible, the company has to estimate a spot exchange rate. According to the amendments, companies will have to provide new disclosures to help users assess the impact of using an estimated exchange rate in the financial statements. These disclosures could include: a) the nature and financial impacts of the currency not being exchangeable; b) the spot exchange rate used; c) the estimation process; and d) the risks to the company because the currency is not exchangeable. The changes apply to annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.	1 January 2025

With respect to the above standards, which are not yet mandatory, the Group has not yet completed the calculation of all impacts arising from their application and has therefore elected to apply them early, although these impacts are not expected to be material.

1.6. Significant accounting 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 take place, the outcome could differ from those estimates.

More significant estimates and judgements are presented below:

Estimates and judgements	Notes
Business combinations	1.2 – Acquisition of the Gomà-Camps Group's consumer tissue business in Spain
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 Setúbal. BEKP energy and tissue paper are also produced in a plant located in Aveiro and the fourth plant, located in Vila Velha de Ródão, only produces tissue paper. On 31 March, with the acquisition of the companies Gomà-Camps Consumer, S.L.U. (Note 1.2), it now has a new industrial complex in Zaragoza, Spain, where it manufactures tissue paper.

Wood is produced from woodlands owned or leased by the Group in Portugal and Spain, and also form 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 134 countries around the world.

With regard to energy production, the Group has three cogeneration plants, integrated in the production of pulp. Heat production is used for internal consumption while electricity is sold to the national energy grid or on 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 Setúbal, and two separate units using biofuel, the production of which is mostly sold to the national energy grid or on the market. It also has five photovoltaic plants for self-consumption, two in Setúbal, one in Figueira da Foz, one at Raíz in Aveiro and one at Herdade de Espirra in Lisbon.

In 2023, we should also highlight the start of construction of new photovoltaic plants for self-consumption at the Figueira da Foz, Aveiro and Vila Velha de Rodão industrial sites, which will make it possible to triple the installed capacity at the Group's sites from the current 12MWp to around 38MWP.

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 profit or loss are regularly reviewed by the Executive Committee, which is primarily responsible for 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. Thus, 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 "Cancelations". 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 (mixed holding).

Regarding the allocation of assets and liabilities to business segments, it should be noted that:

- All 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.
- The assets related to forests are allocated to the pulp and UWF paper segments, according to the production capacity of each 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 mill, 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 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. In view of the volatile market prices for electricity, in 2022 the Group sold the surplus production from the Setúbal natural gas combined cycle power plant and the biomass power plants at market prices, but in June 2023 it moved to the special remuneration scheme.
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 income related to this segment is reclassified to other operating income or to less costs.

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 and not an adjustment to the price of the individual transaction.

Financial information by operating segment in 2023 and 2022

Amounts in Euro	MARKET PULP	UWF PAPER	TISSUE PAPER	ENERGY	SUPPORT	CANCELLATIONS*	TOTAL
							2023
REVENUE							
Sales and services - external	249,482,366	1,241,037,335	294,099,962	168,623,237	-	-	1,953,242,900
Sales and services - intersegment	2,635,447	-	-	35,402,245	-	(38,037,692)	-
Total revenue	**252,117,813**	**1,241,037,335**	**294,099,962**	**204,025,482**	**-**	**(38,037,692)**	**1,953,242,900**
PROFIT/ (LOSS)							
Operating income [1]	**11,343,636**	**291,631,405**	**62,743,854**	**55,592,967**	**(54,956,679)**	**-**	**366,355,183**
Financial profit/(loss)	-	-	-	-	(19,319,918)	-	(19,319,918)
Income tax	-	-	-	-	(72,086,123)	-	(72,086,123)
Net profit for the period							**274,949,142**
Non-controlling interests	-	-	-	-	(25,322)	-	(25,322)
Profit/ (loss) attributable to equity holders	**-**	**-**	**-**	**-**	**-**	**-**	**274,923,820**
OTHER INFORMATION							
Capital expenditure	35,311,974	131,075,558	10,493,749	3,354,938	3,267,879	-	183,504,098
Depreciation and impairment	(18,840,621)	(81,276,204)	(12,086,871)	(17,405,496)	(6,589,608)	-	(136,198,800)
Provisions ((increases) / reversal)	(279,769)	93,550	(19,496)	-	1,211,756	-	1,006,041
OTHER INFORMATION							
SEGMENT ASSETS							
Goodwill	-	376,756,383	4,739,625	-	-	-	381,496,008
Property, plant and equipment	147,861,864	721,149,816	223,228,954	136,456,809	4,526,348	-	1,233,223,791
Right-of-use assets	13,507,060	49,592,030	-	-	1,945,364	-	65,044,454
Biological assets	28,897,995	86,693,984	-	-	-	-	115,591,979
Non-current receivables	7,428,808	26,728,233	4,854,435	-	5,388,030	-	44,399,506
Inventories	39,517,952	215,446,716	30,030,696	472,257	1,022,741	-	286,490,362
Trade receivables	34,908,856	145,075,440	66,242,331	2,752,026	10,082,188	-	259,060,841
Other current receivables	23,498,980	60,606,258	9,133,886	898,563	71,542,445	-	165,680,132
Other assets	2,630,947	52,496,500	9,706,306	-	193,331,893	-	258,165,646
Total Assets	**298,252,462**	**1,734,545,360**	**347,936,233**	**140,579,655**	**287,839,009**	**-**	**2,809,152,719**
SEGMENT LIABILITIES							
Interest-bearing liabilities	-	415,573	30,031,736	-	628,897,154	-	659,344,463
Lease liabilities	14,641,258	53,286,690	-	-	2,068,873	-	69,996,821
Other payables	46,633,651	253,045,785	39,478,866	2,674,579	161,213,901	-	503,046,782
Other liabilities	26,787,188	131,454,901	35,696,564	7,684,383	59,568,784	-	261,191,820
Total Liabilities	**88,062,097**	**438,202,949**	**105,207,166**	**10,358,962**	**851,748,712**	**-**	**1,493,579,886**

* Cancellation of intersegment operations. Consolidation adjustments related to inter-segmental transactions are considered not significant.

[1] Includes the effects of hedging derivatives of Euro 1,973,497 in the UWF Paper segment and Euro 26,550,098 in the Energy segment.
The Energy segment also includes revenues associated with guarantees amounting to Euro 3,252,121.

In 2023, The Navigator Company recorded turnover in the amount of Euro 1,953,242,900, the second best result in the Group's history, with paper sales accounting for approximately 64% of turnover (vs.73%), pulp sales 13% (vs.8%), tissue sales 15% (vs.8%) and energy sales also 9% (vs.10%).

The year 2023 began poorly, with modest or negative growth rates predicted for the major developed economies. On the geopolitical front, the war in Ukraine together with the conflict in the Middle East fuelled periods of significant risk aversion throughout the year.

In this context, 2023 was also a challenging year for the Pulp and Paper sector. The first half of the year was marked by a sharp reduction in pulp reference prices compared to the historic highs reached in 2022, with a drop in demand, particularly in Europe, which led the Group to increase its presence in the Asian market. During the first half of the year, we observed a gradual decrease in the inventory of printing and packaging paper that had been accumulated in 2022 throughout the distribution chain. As a result, order intake in these segments was at a historically low level, with an improvement in the third quarter, which became more pronounced in the fourth quarter, accompanied by a normalisation of inventories. Nevertheless, the decline in sales was around 78%, particularly in North America, where demand for folio and reels for the printing industry and for cut-size paper was more pronounced.

The tissue segment, with shorter supply chains and therefore less tendency to build up inventories, performed much better, also benefiting from market share gains and positive synergies from the integration of the new tissue mill in Zaragoza.

In the course of 2023, the Pulp segment stood out, with the Figueira da Foz industrial complex reaching a new high in annual pulp production, and the Tissue segment increased its production compared to 2022 with the acquisition of the Zaragoza mill in the first quarter. The integration of this new unit has enabled the Navigator Group to position itself as the second largest Iberian tissue producer.

The focus on packaging continues with the expansion of the product range and the development of new product lines that will allow the Group to enter new high value-added segments in the short term. This development is supported by the implementation of market tests (220 in 2023), of which 45 are still ongoing. 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 total energy sales was Euro 168,623,237 compared to Euro 258,525,621 in 2022, a decrease of approximately 35%. This result is mainly due to: (i) the transition of the renewable cogeneration plants to the special remuneration scheme in June 2023, having sold their production under the market scheme in 2022, benefiting from the high OMIE price; (ii) the lower sales of the Setúbal Natural Gas Combined Cycle Power Plant due to the fact that in 2023 it will operate with only one generator set; and (iii) the reduction in paper machine activity.

The fixed capital expenditure in 2023 stood at Euro 183,504,098, compared with Euro 112,060,306 in the previous year. This amount includes mainly investments aimed at maintaining productive capacity, modernising equipment and improving efficiency. Approximately 57% of the total investments are environmental in nature, including structural, environmental and decarbonisation projects, namely the new recovery boiler in Setúbal, the new tower and washing presses in Aveiro, which are underway and will help accelerate the Group's decarbonisation plan, investments in wastewater treatment (wastewater treatment plant in Setúbal), the new wood yard in Figueira da Foz and ash treatment in the recovery boiler in Aveiro.

2022

Amounts in Euro	MARKET PULP	UWF PAPER	TISSUE PAPER	ENERGY	SUPPORT	CANCELLATIONS*	TOTAL
REVENUE							
Sales and services - external	197,416,774	1,810,953,114	197,729,182	258,525,621	-	-	2,464,624,691
Sales and services - intersegment	3,525,438	-	-	66,682,677	-	(70,208,115)	-
Total revenue	**200,942,212**	**1,810,953,114**	**197,729,182**	**325,208,298**	**-**	**(70,208,115)**	**2,464,624,691**
PROFIT/ (LOSS)							
Operating income [1]	**50,369,048**	**533,756,142**	**31,317,216**	**17,749,903**	**(59,732,556)**	**-**	**573,459,753**
Financial profit/(loss)	-	-	-	-	(56,983,010)	-	(56,983,010)
Income tax	-	-	-	-	(123,937,812)	-	(123,937,812)
Net profit for the period	-	-	-	-	-		392,538,931
Non-controlling interests	-	-	-	-	(1,861)	-	(1,861)
Profit/ (loss) attributable to equity holders	**-**	**-**	**-**	**-**	**-**	**-**	**392,537,070**
OTHER INFORMATION							
Capital expenditure	30,490,503	72,553,878	4,781,955	2,653,157	1,580,813	-	112,060,306
Depreciation and impairment	(19,691,188)	(109,728,670)	(10,109,208)	(20,798,940)	(949,573)	-	(161,277,579)
Provisions ((increases) / reversal)	(199,913)	2,740,699	(732,719)	-	(3,429,514)	-	(1,621,447)
OTHER INFORMATION							
SEGMENT ASSETS							
Goodwill	-	376,756,383	583,083	-	-	-	377,339,466
Property, plant and equipment	137,589,814	591,118,464	144,510,785	221,718,245	4,752,099	-	1,099,689,407
Right-of-use assets	11,682,440	43,832,667	-	-	2,419,733	-	57,934,840
Biological assets	30,624,969	91,874,905	-	-	-	-	122,499,874
Non-current receivables	775,481	7,537,867	2,208,419	-	14,761,092	-	25,282,859
Inventories	41,478,773	223,828,498	28,611,744	739,390	4,070,812	-	298,729,217
Trade receivables	18,940,061	240,428,617	44,400,815	23,459,074	14,372,891	-	341,601,458
Other current receivables	15,411,876	35,500,037	2,653,086	747,233	103,229,718	-	157,541,950
Other assets	4,172,745	62,146,799	3,833,977	-	361,255,503	-	431,409,024
Total Assets	**260,676,159**	**1,673,024,237**	**226,801,909**	**246,663,942**	**504,861,848**	**-**	**2,912,028,095**
Interest-bearing liabilities	-	415,573	36,778,931	-	688,107,218	-	725,301,722
Lease liabilities	12,573,057	46,522,331	-	-	2,545,661	-	61,641,049
Other payables	74,580,924	233,992,271	18,861,370	7,001,916	241,031,208	-	575,467,689
Other liabilities	9,438,619	106,261,045	12,639,180	8,029,934	153,541,343	-	289,910,121
Total Liabilities	**96,592,600**	**387,191,220**	**68,279,481**	**15,031,850**	**1,085,225,430**	**-**	**1,652,320,581**

* Cancellation of intersegment operations. Consolidation adjustments related to inter-segmental transactions are considered not significant.

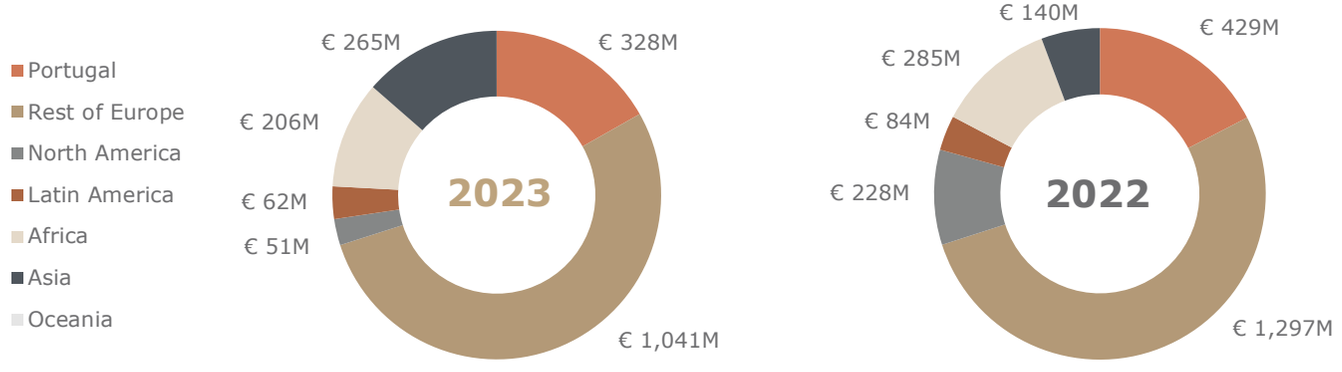
[1] Includes the effects of hedging derivatives of Euro 11,705,047 in the market pulp segment, Euro 18,316,951 in the UWF Paper segment and Euro 2,388,498 in the Energy segment. The Energy segment also includes revenues associated with guarantees amounting to Euro 4,809,757.

Revenue by business segment, by geographic area and by recognition pattern

Amounts in Euro	Pulp	UWF Paper	Tissue Paper	Energy	Total Amount	Total %
						2023
Portugal	3,312,700	68,015,492	88,070,809	168,623,237	328,022,238	16.79%
Rest of Europe	84,919,648	755,558,561	200,164,742	-	1,040,642,951	53.28%
North America	-	49,033,602	1,469,671	-	50,503,273	2.59%
Latin America	1,566,715	60,152,878	642,366	-	62,361,959	3.19%
Africa	29,064,688	173,712,207	3,666,154	-	206,443,049	10.57%
Asia	130,618,615	134,431,052	86,220	-	265,135,887	13.57%
Oceania	-	133,543	-	-	133,543	0.01%
	249,482,366	**1,241,037,335**	**294,099,962**	**168,623,237**	**1,953,242,900**	**100.00%**
Recognition pattern						
At a certain moment in time	249,482,366	1,241,037,335	294,099,962	168,623,237	1,953,242,900	100.00%
Over time	-	-	-	-	-	0.00%

Amounts in Euro	Pulp	UWF Paper	Tissue Paper	Energy	Total Amount	Total %
						2022
Portugal	4,043,366	86,390,348	79,660,327	258,525,621	428,619,662	17.39%
Rest of Europe	162,456,528	1,020,781,574	114,092,613	-	1,297,330,715	52.64%
North America	-	228,451,463	-	-	228,451,463	9.27%
Latin America	2,739,729	80,547,403	427,816	-	83,714,948	3.40%
Africa	17,461,936	264,736,272	3,365,618	-	285,563,826	11.59%
Asia	10,715,215	129,936,639	182,808	-	140,834,662	5.71%
Oceania	-	109,415	-	-	109,415	0.00%
	197,416,774	**1,810,953,114**	**197,729,182**	**258,525,621**	**2,464,624,691**	**100.00%**
Recognition pattern						
At a certain moment in time	197,416,774	1,810,953,114	197,729,182	258,525,621	**2,464,624,691**	100.00%
Over time	-	-	-	-	-	0.00%

Group's revenue distribution by geographic area



In 2023 and 2022, 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 2023 and 31 December 2022, Other operating income is detailed as follows:

Amounts in Euro	2023	2022
Gains on disposal of non-current assets	618,244	370,613
Grants - CO_2 emission allowances (Note 3.2)	39,687,379	37,338,833
Supplementary gains	1,046,911	1,693,664
Operating grants	15,885,357	13,847,828
Impairment reversal on receivables (Note 8.1.4)	4,634,383	102,806
Impairment reversal on inventories (Note 4.1.4)	317,928	813,732
Gains on inventories	733,097	2,942,650
Own work capitalised	1,053,861	881,087
Compensations	1,465,910	547,519
Other operating income	14,872,643	12,619,800
	80,315,713	**71,158,532**

Gains on CO_2 emission allowances correspond to the recognition of free allocation of allowances for 473,314 tons of CO_2, at the average price of Euro 83.85 (444,457 tons of CO_2, at the average price of Euro 84.01 as at 31 December 2022) (Note 3.2).

Operating grants include Euro 10,258,265 (Euro 9,951,051 in 2022) related to the receipt of the indirect cost aid measure for facilities covered by the European Emissions Trading Scheme (EU ETS), under Decree-Law 12/2020 of 6 April, as well as the incentive related to the Apoiar Gás Programme of Euro 1,704,435 (Euro 2,103,437 in 2022). This item also includes subsidies granted under the Recovery and Resilience Plan (RRP), amounting to Euro 2,225,213.

The caption Impairment reversal on receivables includes the amount of Euro 2,006,715 related to the impairment reversal on Trade receivables from Egypt.

Other operating income includes Euro 7,659,998 (Euro 10,997,793 in 2022) relating to the sale of UWF paper and tissue waste.

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

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 – CO_2 Emission allowances

Grants related to CO_2 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	2023	2022
Cost of goods sold and materials consumed (Note 4.1.2)	**848,515,663**	**968,849,205**
External services and supplies		
Energy and fluids	96,858,336	216,276,682
Transportation of goods	134,873,147	213,001,707
Specialised work	93,678,739	105,588,546
Maintenance and repair	36,368,632	36,058,136
Rentals	9,216,917	7,568,844
Advertising and marketing	10,332,278	10,977,857
Insurance	10,556,973	8,513,884
Travel and accommodation	5,105,412	4,249,314
Fees	5,027,626	4,410,417
Subcontracts	2,719,386	2,331,111
Materials	3,503,308	4,426,180
Communications	1,301,725	1,276,693
Other	12,831,040	11,479,362
	422,373,519	626,158,733
Variation in production (Note 4.1.3)	**23,719,799**	**(80,484,007)**
Payroll costs (Note 7.1)	**172,252,203**	**186,239,235**
Other operating expenses		
Costs with CO_2 emission allowances	37,815,953	44,071,034
Impairment losses on receivables	596,813	3,323,063
Impairment losses on inventories (Note 4.1.4)	4,152,419	13,241,209
Other inventory losses	5,102,146	4,986,967
Indirect taxes	3,984,895	3,091,167
Water resources fee	1,701,536	1,439,298
Other operating expenses	4,887,829	3,684,354
	58,241,591	**73,837,092**
Net provisions (Note 10.1)	**(1,006,041)**	**1,621,447**
Total operating expenses	**1,525,102,775**	**1,774,600,258**

Throughout 2023, there was a slowdown in costs, namely in logistics and energy. Regarding energy, there was a significant drop in the purchase price of electricity compared to the same period last year. This price effect on electricity also had an impact on the value of energy sales in 2023, which also recorded a drop during the period.

On the other hand, there was a reverse trend in rental expenses due to the greater use of warehouses as a result of the slow reduction of inventories of printing and packaging paper accumulated throughout the distribution chain in 2022.

In 2023 and 2022, external services and supplies costs incurred for investigation and research activities amounted to Euro 5,234,381 and Euro 6,037,912, respectively. The Group plans to apply for SIFIDE approximately Euro 14 million (Euro 13 million in 2022) relating to research and development expenditure (which also includes eligible payroll costs). These expenses will allow the Group to benefit from incentives of approximately Euro 5.3 million (2022: Euro 4.9 million) if the eligibility criteria required by the application are met.

The expenses with CO_2 correspond to the emission of 471,757 tons of CO_2[80] (31 December 2022: 574,750 tonnes), achieving a 34.2% reduction in CO_2 emissions compared to 2020, the base year used for the validation of the targets by the Science Based Targets Initiative (471,757 tonnes vs. 717,121 tonnes of CO_2 in 2020). The reduction in the expense for the year is mainly due to the reduction in consumption compared to the previous year.

In 2023, the caption Impairment of inventories mainly includes the recognition of an impairment of Euro 2,071,836 for the inventory of damaged paper identified on the platform of Navigator North America Inc. In 2022, this caption recorded the reinforcement of the impairment for UWF and Tissue paper waste in the amount of Euro 7,931,309 and, furthermore, an impairment of Euro 5,309,900 for the surplus of spare parts in stock, in view of future investment prospects and the remaining useful lives of industrial equipment.

Audit fees

	2023		2022	
Amounts in Euro	KPMG & Associados SROC	Other entities belonging to the same network	KPMG & Associados SROC	Other entities belonging to the same network
The Navigator Company, S.A.				
Audit fees	169,000	-	130,762	-
Other assurance services	34,010	-	53,500	-
Other services	475	-	114,250	-
	203,485	**-**	**298,512**	**-**
To entities belonging to Navigator Group				
Audit fees	173,856	17,678	368,463	44,593
Other reliability assurance services	58,000	-	94,500	-
Other services	2,000	-	1,500	-
	233,856	**17,678**	**464,463**	**44,593**
	437,341	**17,678**	**762,975**	**44,593**

In 2023, 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 21.4% (2022: 32.6%) of the total services rendered.

	2023		2022	
Amounts in Euro	Expenses in the period	Fees invoiced	Expenses in the period	Fees invoiced
KPMG (SROC) and other entities belonging to the same network				
Audit fees	404,940	357,534	368,104	543,818
Other assurance services	56,760	95,010	97,878	148,000
Other services	2,000	2,475	129,748	115,750
	463,700	**455,019**	**595,730**	**807,568**

The services indicated as "Other assurance services" relate to the reporting of financial information, including verification of information for the purposes of applying for the Recovery and Resilience Plan (RRP), financial ratio verification services.

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.

[80] CO_2 emissions from assets in mills, Scope 1 - EU ETS basis.

3. Investments

3.1. Goodwill

Goodwill – net amount

Goodwill is attributed to the Group's cash generating units (CGU's), as follows:

Amounts in Euro	2023	2022
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 Ródão site (goodwill resulting from the acquisition of Navigator Tissue Ródão, S.A.)	583,083	583,083
CGU for the production and sale of Tissue paper in Ejea and France (goodwill resulting from the acquisition of Navigator Tissue Ejea, SL. and Navigator Tissue France, EURL)	4,156,542	-
	381,496,008	**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. (currently Navigator Brands, S.A.), for Euro 1,154,842,000, Goodwill amounting to Euro 428,132,254 was determined.

The Goodwill generated on the acquisition of Navigator Paper Figueira was 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 2023 would amount to Euro 34,250,580 (31 December 2022: Euro 51,375,857).

Navigator Tissue Ródão, S.A.

On 6 February 2015, the contracts for the acquisition of AMS-BR Star Paper, S.A. were concluded. (later merged into Navigator Tissue Ródão, S.A.) were concluded, with the authorisation to conclude this transaction being formalised 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.

Navigator Tissue Ejea, S.L.U.

On 31 March 2023, the Navigator Group acquired all the shares representing the share capital of Gomà-Camps Consumer, S.L.U., based in Zaragoza, Spain, which in turn holds the entire share capital of Gomà-Camps France SAS, based in Castres, France. These companies have been renamed Navigator Tissue Ejea, S.L.U. and Navigator Tissue France SAS, respectively.

The Enterprise Value of this acquisition amounted to Euro 60,951,811 and was realised entirely in cash and cash equivalents, with no contingent consideration associated with this acquisition.

The initial acquisition difference of Euro 34,037,142 was deducted from the fair value attributed to property, plant and equipment and intangible assets acquired in the amount of Euro 38,240,800 and Euro 1,600,000, respectively, as well as the associated deferred tax liabilities, resulting in final goodwill of Euro 4,156,542 (Note 1.2).

Goodwill recoverability analysis

Every year, the Navigator 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	2023 (CAGR 2024-2028)	2022 (CAGR 2023-2027)
Amount of sales (kt)		
Reference	UWF Paper	UWF Paper
CAGR amount of sales (kt)	0.0%	(0.1%)
Reference	Tissue Paper	Tissue Paper
CAGR amount of sales (kt)	0.6%	0.3%
Average price of sale ML/t		
Reference	UWF Paper	UWF Paper
CAGR average price of sale ML/t	0.3%	(1.8%)
Reference	Tissue Paper	Tissue Paper
CAGR average price of sale ML/t	0.3%	(2.1%)
Perpetuity growth rate - UWF Paper	(1.0%)	(1.0%)
Perpetuity growth rate - Tissue Paper	2.0%	2.0%

Macroeconomic assumptions

The main assumptions considered at the macroeconomic level are forecasts of GDP growth rate and inflation in Portugal. The sources of forecasts are the IMF and Banco de Portugal.

	2023 Financial Year			
Macroeconomic assumptions	2024	2025	2026	2027
Real GDP growth rate	1.50%	2.10%	2.00%	1.90%
Inflation EUR	3.30%	2.10%	2.20%	2.00%

	2022 Financial Year			
Macroeconomic assumptions	2023	2024	2025	2026
Real GDP growth rate	0.65%	2.40%	2.15%	1.90%
Inflation EUR	4.67%	2.55%	2.30%	2.06%

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	2023 Risk-free interest rate*	2023 WACC rate EUR	2023 Perpetuity growth rate EUR	2023 Tax rate	2022 Risk-free interest rate*	2022 WACC rate EUR	2022 Perpetuity growth rate EUR	2022 Tax rate
UWF Paper								
Explicit planning period	3.52%	6.85%	0.00%	27.50%	2.94%	6.76%	0.00%	27.50%
Perpetuity	3.52%	6.85%	1.0%	27.50%	2.94%	6.76%	(1.0%)	27.50%

** Includes Country Risk Premium*

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. The impact of climate change has also been considered in the estimates of future cash flows, although the impact is not material. The risks and opportunities related to climate change identified in accordance with the TCFD recommendations are disclosed in the notes to the Management Report.

Sensitivity analysis

As at 31 December 2023, 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 214,028,739 (31 December 2022: Euro 269,081,488), which is still approximately 4 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.

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 carries out annual impairment tests on 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.

3.2. Intangible assets

Movements in intangible assets

Amounts in Euro	Industrial property and other rights	CO_2 emission allowances	Other intangible assets	Intangible assets in progress	Total
Gross amount					
Balance as at 1 January 2022	**34,487**	**24,736,507**	**-**	**-**	**24,770,994**
Allocations	-	37,338,833	-	-	37,338,833
Acquisitions	-	3,251,520	-	36,496	3,288,016
Adjustments, transfers and write-offs	36,496	(20,545,709)	-	(36,496)	(20,545,709)
Balance as at 31 December 2022	**70,983**	**44,781,151**	**-**	**-**	**44,852,134**
Change in the perimeter (Note 1.2)	-	-	3,346,282	-	3,346,282
Allocations	-	39,687,379	-	-	39,687,379
Acquisitions	2,400,000	-	-	522,645	2,922,645
Adjustments, transfers and write-offs	248,236	(42,966,321)	-	(522,645)	(43,240,730)
Balance as at 31 December 2023	**2,719,219**	**41,502,209**	**3,346,282**	**-**	**47,567,710**
Accumulated amortisation and impairment losses					
Balance as at 1 January 2022	**(18,464)**	**-**	**-**	**-**	**(18,464)**
Amortisation for the period (Note 3.7)	(20,579)	-	-	-	(20,579)
Balance as at 31 December 2022	**(39,043)**	**-**	**-**	**-**	**(39,043)**
Change in the perimeter (Note 1.2)	-	-	(1,341,517)	-	(1,341,517)
Amortisation for the period (Note 3.7)	(263,319)	-	-	-	(263,319)
Adjustments, transfers and write-offs	274,409	-	-	-	274,409
Balance as at 31 December 2023	**(27,953)**	**-**	**(1,341,517)**	**-**	**(1,369,470)**
Net book value as at 1 January 2022	**16,023**	**24,736,507**	**-**	**-**	**24,752,530**
Net book value as at 31 December 2022	**31,940**	**44,781,151**	**-**	**-**	**44,813,091**
Net book value as at 31 December 2023	**2,691,266**	**41,502,209**	**2,004,765**	**-**	**46,198,240**

The increase in intellectual property and other rights corresponds to the acquisition of the tissue brands from Gomà-Camps (Note 1.2).

CO_2 allowances

	31-12-2023	31-12-2022
CO_2 emission allowances (units)	494,850	574,122
Average unit value (Euro)	83.87	77.99
Market quotation (Euro)	78.06	81.49

CO_2 allowances – movements in the period

Amounts in Euro	2023 Tonnes	2023 Amount	2022 Tonnes	2022 Amount
Opening balance	**574,122**	**44,781,151**	**620,805**	**24,736,507**
CO_2 allowances awarded free of charge (Note 2.2)	473,314	39,687,379	444,457	37,338,833
CO_2 allowances acquired	-	-	48,000	3,251,520
CO_2 allowances returned to the Licensing Coordinating Entity	(552,586)	(42,966,321)	(539,140)	(20,545,709)
Closing balance	**494,850**	**41,502,209**	**574,122**	**44,781,151**
Additional CO_2 emissions in the period (Note 2.3)				

Accounting policies

Intangible assets are recorded at acquisition cost less depreciation and impairment losses.

The Group carries out impairment tests whenever events or circumstances may indicate that the book value of an asset exceeds its recoverable amount, being any impairment recognised in the income statement.

CO_2 Emission Rights

CO_2 emission allowances attributed to the Group within the European Union Emissions Trading Scheme (EU ETS) for the assignment of CO_2 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 and are measured at fair value (level 1) at the date of initial recognition. When the market value of the emission allowances falls significantly below its book value 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 2022	**114,391,431**	**542,873,640**	**3,718,884,937**	**40,476,332**	**4,416,626,340**
Acquisitions	-	-	12,642,516	99,381,294	112,023,810
Disposals	(740,389)	-	(39,913,005)	-	(40,653,394)
Adjustments, transfers and write-offs	2,123,276	1,626,228	35,577,280	(47,701,141)	(8,374,357)
Balance as at 31 December 2022	**115,774,318**	**544,499,868**	**3,727,191,728**	**92,156,485**	**4,479,622,399**
Change in the perimeter (Note 1.2)	3,894,076	31,344,927	86,159,207	74,053	121,472,263
Acquisitions	-	377,216	9,988,083	172,616,154	182,981,453
Disposals	(41,843)	(136,266)	(357,628)	-	(535,737)
Adjustments, transfers and write-offs	1,967,153	1,142,848	99,693,497	(104,092,298)	(1,288,800)
Balance as at 31 December 2023	**121,593,704**	**577,228,593**	**3,922,674,887**	**160,754,394**	**4,782,251,578**
Accumulated depreciation and impairment losses					
Balance as at 1 January 2022	**-**	**(362,865,639)**	**(2,908,516,194)**	**-**	**(3,271,381,833)**
Depreciation for the period (Note 3.7)	-	(18,827,626)	(137,630,932)	-	(156,458,558)
Disposals	-	-	39,443,667	-	39,443,667
Adjustments, transfers and write-offs	-	6,927	8,456,805	-	8,463,732
Balance as at 31 December 2022	**-**	**(381,686,338)**	**(2,998,246,654)**	**-**	**(3,379,932,992)**
Change in the perimeter (Note 1.2)	-	(8,940,894)	(31,324,474)	-	(40,265,368)
Depreciation for the period (Note 3.7)	-	(13,799,813)	(116,382,228)		(130,182,041)
Disposals	-	120,107	316,423	-	436,530
Adjustments, transfers and write-offs	-	5,228,860	(4,312,776)	-	916,084
Balance as at 31 December 2023	**-**	**(399,078,078)**	**(3,149,949,709)**	**-**	**(3,549,027,787)**
Net book value as at 1 January 2022	**114,391,431**	**180,008,001**	**810,368,743**	**40,476,332**	**1,145,244,507**
Net book value as at 31 December 2022	**115,774,318**	**162,813,530**	**728,945,074**	**92,156,485**	**1,099,689,407**
Net book value as at 31 December 2023	**121,593,704**	**178,150,515**	**772,725,178**	**160,754,394**	**1,233,223,791**

As at 31 December 2023, the caption Assets under construction includes investments associated with ongoing development projects, namely those related to the new Recovery Boiler in Setúbal (Euro 52,250,000), the new Natural Gas boiler in Setúbal (Euro 4,966,224), the investment in wastewater treatment (Waste water treatment plant in Setúbal) (Euro 6,466,194), the new bleaching tower in Aveiro (Euro 2,250,000), the investment in the natural gas network in Setúbal (Euro 2,090,300) and the upgrade of the evaporation plant in Figueira da Foz (Euro 1,515,476). The remainder is related to several projects for improving and optimising the production process.

Of the total investment amounting to Euro 182,981,453, around 57% relates to investments classified as ESG.

Land includes Euro 115,903,357 (31 December 2022: Euro 114,586,831) classified in the individual financial statements as investment properties, from which Euro 76,765,242 (31 December 2022: Euro 75,448,716) relate to forestry land and Euro 39,138,115 (31 December 2022: Euro 39,138,115) to land allocated to industrial sites.



The commitments assumed by the Group for the acquisition of property, plant and equipment are detailed in Note 10.2 - Commitments.



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.

Under IFRS, the estimate of the useful lives of assets should be reviewed if expectations regarding the expected economic benefits as well as the technical use planned for the assets differ from previous estimates. Changes resulting in depreciation charges for the period are accounted for prospectively.

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 completed during the second half of 2022, with reference to 1 January 2022. In 2022, the Group redefined the useful lives of certain production assets, as noted in Note 3.7.

Accounting policies

Property, plant and equipment

Recognition and initial measurement

Property, plant and equipment 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 2023	Average useful life 2022
Land (cost of preparing for afforestation)	50	50
Buildings and other constructions	10 – 30	10 – 30
Basic equipment	4 – 20	4 – 20
Transportation equipment	4 – 9	4 – 9
Tools	2 – 8	2 – 8
Administrative equipment	4 – 8	4 – 8
Other property, plant and equipment	4 – 10	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 to the income statement 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 recorded under non-current assets, as Property, plant and equipment. In accordance with 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 write-offs or disposals are determined by the difference between the proceeds from the disposals when applicable less transaction costs and the carrying amount of the asset and are recognised in the income statement as Other operating income (Note 2.2) or Other operating expenses (Note 2.3).

3.4. Investment properties

Movement in investment properties

Amounts in Euro	Land	Buildings and other constructions	Total
Gross amount			
Balance as at 1 January 2022	**424,744**	**82,307**	**507,051**
Acquisitions	-	-	-
Disposals	-	-	-
Balance as at 31 December 2022	**424,744**	**82,307**	**507,051**
Acquisitions	-	-	-
Disposals	-	-	-
Adjustments, transfers and write-offs	**142,288**	**530,684**	**672,972**
Balance as at 31 December 2023	**567,032**	**612,991**	**1,180,023**
Accumulated depreciation and impairment losses			
Balance as at 1 January 2022	**(399,372)**	**(15,089)**	**(414,461)**
Impairment losses (Note 3.7)	-	(1,646)	(1,646)
Balance as at 31 December 2022	**(399,372)**	**(16,735)**	**(416,107)**
Impairment losses (Note 3.7)	-	(1,646)	(1,646)
Adjustments, transfers and write-offs	-	(298,866)	(298,866)
Balance as at 31 December 2023	**(399,372)**	**(317,247)**	**(716,619)**
Net book value as at 1 January 2022	**25,372**	**67,218**	**92,589**
Net book value as at 31 December 2022	**25,372**	**65,572**	**90,943**
Net book value as at 31 December 2023	**167,660**	**295,744**	**463,404**

The amount for adjustments, transfers and write-offs pertains to the building at Rua São José 35, 2º - A Lisboa 1150-321. The building is owned by the subsidiary Empremédia - Corretores de Seguros, S.A. It is no longer used for the Group's operational activity since the transfer of this subsidiary's employees to the Navigator building on Avenida Fontes Pereira de Melo.

These assets are not allocated to the Group's operating activity, nor do they have any future use determined.

3.5. Government grants

Government grants – movements

Amounts in Euro	2023 Financial	2023 Tax	2023 Total	2022 Financial	2022 Tax	2022 Total
Opening balance	**15,916,110**	**17,900,449**	**33,816,559**	**12,085,757**	**19,608,965**	**31,694,722**
Allocation	85,800,391	-	85,800,391	5,226,930	-	5,226,930
Charge-off (Note 3.7)	(2,048,962)	(1,666,401)	(3,715,363)	(1,689,688)	(1,708,516)	(3,398,204)
Other movements	-	-	-	293,111	-	293,111
Closing balance (Note 4.3)	**99,667,539**	**16,234,048**	**115,901,587**	**15,916,110**	**17,900,449**	**33,816,559**

The allocations for the period relate to the sums allocated under the mobilizing agendas of the Recovery and Resilience Plan (RRP).

Only Euro 27,529,156 of the amount allocated was received in the period, as reflected in the Statement of Cash Flows.

As at 31 December 2023 and 31 December 2022, government grants, by company, were detailed as follows:

Amounts in Euro	2023 Financial	2023 Tax	2023 Total	2022 Financial	2022 Tax	2022 Total
AICEP investment contracts						
Enerpulp, S.A.	179,890	-	179,890	254,071	-	254,071
Navigator Pulp Aveiro, S.A.	2,781,642	1,138,676	3,920,318	3,759,757	1,556,065	5,315,822
Navigator Pulp Setúbal, S.A.	19,692	-	19,692	52,676	-	52,676
Navigator Pulp Figueira, S.A.	5,293	7,465,212	7,470,505	9,309	8,175,288	8,184,597
Navigator Parques Industriais, S.A.	1,750,927	-	1,750,927	1,810,283	-	1,810,283
Navigator Tissue Aveiro, S.A.	2,612,638	7,630,160	10,242,798	2,795,648	8,169,096	10,964,744
	7,350,082	**16,234,048**	**23,584,130**	**8,681,744**	**17,900,449**	**26,582,193**
Under the Recovery and Resilience Plan						
Navigator Forest Portugal, S.A.	36,510	-	36,510	36,510	-	36,510
Viveiros Aliança, SA	20,800	-	20,800	20,800	-	20,800
Navigator Tissue Aveiro, S.A.	12,016,780	-	12,016,780	38,336	-	38,336
Navigator Paper Setúbal , S.A.	10,980,533	-	10,980,533	-	-	-
Navigator Pulp Aveiro, S.A.	18,692,916	-	18,692,916	-	-	-
Navigator Pulp Setúbal, S.A.	21,480,000	-	21,480,000	-	-	-
Navigator Pulp Figueira, S.A.	16,408,219	-	16,408,219	-	-	-
Navigator Paper Figueira, S.A.	4,621,122	-	4,621,122	520,678	-	520,678
Raiz	2,157,854	-	2,157,854	122,560	-	122,560
	86,414,734	**-**	**86,414,734**	**738,884**	**-**	**738,884**
Other						
Navigator Pulp Setúbal, S.A.	4,488,046	-	4,488,046	4,488,046		4,488,046
Raiz	1,154,590	-	1,154,590	2,007,338	-	2,007,338
Viveiros Aliança, SA	11,610	-	11,610	98	-	98
Navigator Tissue Ejea , S.L.	248,477	-	248,477	-	-	-
	5,902,723	**-**	**5,902,723**	**6,495,482**	**-**	**6,495,482**
	99,667,539	**16,234,048**	**115,901,587**	**15,916,110**	**17,900,449**	**33,816,559**

The Group expects to recognise grants in profit or loss as follows:

	2023			2022		
Amounts in Euro	Financial	Tax	Total	Financial	Tax	Total
2023	-	-	-	1,611,734	1,666,401	3,278,135
2024	1,685,836	1,666,401	3,352,237	1,570,887	1,666,401	3,237,288
2025	1,335,087	1,398,687	2,733,774	1,221,308	1,398,687	2,619,995
2026	1,215,985	1,390,347	2,606,332	1,132,412	1,390,347	2,522,759
2027	585,137	1,390,304	1,975,441	529,506	1,390,304	1,919,810
2028	572,417	1,390,304	1,962,721	9,850,263	10,388,309	20,238,572
After 2028	94,273,077	8,998,005	103,271,082	-	-	-
	99,667,539	**16,234,048**	**115,901,587**	**15,916,110**	**17,900,449**	**33,816,559**

Non-repayable 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, until 2038, in proportion to the depreciation of the assets, although it has been fully utilised since 2018, by means of a tax rebate.

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 approved grants amount to Euro 9,264 million (repayable) and Euro 5,644 million (tax incentive). This amount has been fully utilised since 2016 and will be recognised in profit or loss in 20 years, until 2034. The contract includes an achievement bonus already recognised in balance sheet, which corresponds to the conversion of the repayable grant in a non-repayable grant, up to a limit of 75% (Euro 6,947,450), subject to compliance with the objectives established in the contract. The Group believes that the objectives have been met, but they are still pending assessment by the promoter.

Grant to the Setúbal Lime Kiln Conversion project

As part of the Carbon Neutrality Roadmap, the Group has signed a financial investment contract with the European Union to support investment by Navigator Pulp Setúbal in the conversion of the lime kiln at the Setúbal pulp mill, with a planned total investment of Euro 7,500,000. The maximum approved grant amounts to Euro 4,488,046 and will be paid through a single non-repayable instalment, up to the end of the third year of operation of the equipment.

Recovery and Resilience Plan

The Navigator Group is involved in four Agendas for Business Innovation of the Recovery and Resilience Plan (RRP), through investment of Euro 91.8 million. The Group, through Navigator Paper Setúbal, S.A., is leading the "From Fossil to Forest" (FF2F) Agenda, whose main goal is to develop a range of packaging solutions—focused on the gKRAFT brand to be launched in 2021—and the production of micro fibrillated cellulose for developing mechanical properties and functional barriers (to fats and liquids, amongst others) in these papers. In total, the Group will benefit from support of around Euro 25.9 million from this component of the RRP (C5 - Corporate Capitalization and Innovation).

During 2022, the Group companies Navigator Paper Setubal, S.A., Navigator Pulp Setúbal, S.A., Navigator Paper Figueira, S.A., Navigator Pulp Figueira, S.A., Navigator Pulp Aveiro, S.A. and Navigator Tissue Aveiro, S.A. applied for "Apoio à Descarbonização da Indústria" (Support for Decarbonisation of Industry) under the RRP. This support is part of a set of measures under Component 11 (C11) of the RRP, which aims to contribute to the goal of carbon neutrality by promoting energy transition through energy efficiency, support for renewable energy, focusing on the adoption of low-carbon processes and technologies in industry, the adoption of energy efficiency measures in industry and the incorporation of energy from renewable sources and energy storage. Recently, this was extended to a second phase of application, in which Navigator Tissue Rodão S.A., like the other companies, presented a series of initiatives related to its carbon neutrality. In the future, the Group expects to invest Euro 173.1 million in these initiatives, of which it hopes to receive Euro 75.8 million in funding.

Also in 2022, Group companies applied for RRP incentives for the "Rede Nacional de Test Bed" (National Test Bed Network), which aims to create a national network providing services to companies for the development and testing of new products and services. The application, involving an investment of Euro 2.2 million, was approved at the end of the year and IAPMEI decided to award Navigator Pulp Figueira. S.A. Euro 1.4 million.

However, the Group's participation in the RRP is not complete without RAIZ's participation in Component 12 of the RRP, related to the Bioeconomy, where it plans to invest Euro 1.7 million and receive an incentive of Euro 1.4 million to accelerate, in partnership with CITEVE and other 52 promoters, the creation of high value-added products from biological resources as an alternative to fossil-based materials, while maintaining and even improving quality standards, with great potential in different market segments.

Repayable government grants

On 13 December 2017, the subsidiary Navigator Tissue Aveiro, S.A. entered into an investment agreement with AICEP, for the construction of the new tissue mill in Aveiro. This agreement comprises a financial incentive in the form of a repayable 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. During the current financial year, the subsidiary received the remaining repayable grant of Euro 2,082,493.

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, on average, in 24 years, until 2043.

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.

Repayable government grants

Government grants, in the form of repayable loans 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 2022	**49,921,267**	**4,655,055**	**8,547,629**	**1,324,360**	**6,655,276**	**71,103,587**
Acquisitions	8,908,831	-	3,030,685	232,253	2,765,111	14,936,880
Adjustments, transfers and write-offs	-	-	(353)	-	-	(353)
Balance as at 31 December 2022	**58,830,098**	**4,655,055**	**11,577,961**	**1,556,613**	**9,420,387**	**86,040,114**
Acquisitions	11,116,077	53,744	3,069,783	-	1,764,073	16,003,677
Adjustments, transfers and write-offs	-	(356,397)	(2,711,330)	(342,519)	-	(3,410,246)
Balance as at 31 December 2023	**69,946,175**	**4,352,402**	**11,936,414**	**1,214,094**	**11,184,460**	**98,633,545**
Accumulated depreciation and impairment losses						-
Balance as at 1 January 2022	**(9,153,697)**	**(1,885,048)**	**(5,482,622)**	**(665,511)**	**(2,723,749)**	**(19,910,627)**
Depreciation	(3,668,067)	(515,900)	(1,799,398)	(448,066)	(1,763,568)	(8,194,999)
Adjustments, transfers and write-offs	-	-	353	-	-	353
Balance as at 31 December 2022	**(12,821,764)**	**(2,400,948)**	**(7,281,667)**	**(1,113,577)**	**(4,487,317)**	**(28,105,273)**
Depreciation	(3,961,429)	(520,165)	(2,532,286)	(350,435)	(2,102,841)	(9,467,156)
Adjustments, transfers and write-offs		356,397	3,240,702	342,519	43,721	3,983,339
Balance as at 31 December 2023	**(16,783,193)**	**(2,564,716)**	**(6,573,251)**	**(1,121,493)**	**(6,546,437)**	**(33,589,090)**
Net book value as at 1 January 2022	**40,767,570**	**2,770,007**	**3,065,007**	**658,849**	**3,931,527**	**51,192,959**
Net book value as at 31 December 2022	**46,008,334**	**2,254,107**	**4,296,294**	**443,036**	**4,933,070**	**57,934,840**
Net book value as at 31 December 2023	**53,162,982**	**1,787,686**	**5,363,163**	**92,601**	**4,638,023**	**65,044,454**

The caption Forestry lands 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 caption Buildings refers to the lease agreement entered into between The Navigator Company, S.A. e a *MaxiRent - Fundo de Investimento Imobiliário Fechado* for the building located at Avenida Fontes Pereira de Melo, in Lisbon, for use as an office until May 2027.

The caption Other lease assets includes the forklift truck rental contracts signed since 2020.

Cash flows associated with lease payments correspond to the financial amortisation of Euro 8,176,352 and interest of Euro 2,517,826 (Note 5.11), amounting to Euro 10,694,178, as shown in the 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

Amounts in Euro	2023	2022
Depreciation of property, plant and equipment for the period (Note 3.3)	130,182,041	156,458,558
Charge-off of investments grants (Note 3.5)	(3,715,363)	(3,398,204)
Depreciation of property, plant and equipment, net of grants charged-off	**126,466,678**	**153,060,354**
Amortisation of intangible assets for the period (Note 3.2)	**263,319**	**20,579**
Depreciation of right-of-use assets for the period (Note 3.6)	**9,467,156**	**8,194,999**
Impairment of investment properties (Note 3.4)	1,646	1,646
	136,198,800	**161,277,579**

The Group regularly uses external and independent experts to assess its industrial assets, as well as to assess the adequacy of the estimates used in terms of the useful lives of these assets.

During 2022, the Group requested an external valuation of its assets by an independent and specialised entity, which estimated the useful life of the assets, taking into account current conditions and functional obsolescence. The study took into account technical information on the assets allocated to the production centres, including the technical, physical and technological durability of the equipment.

Based on the results of the studies carried out, as well as the Group's internal investment forecasts for the period 2023-2027, which take into account the commitments made under the Decarbonisation Plan and the investment projects under the Recovery and Resilience Plan (PRR), the Navigator Group carried out a prospective review of the useful lives of its assets as at 1 January

2022, in accordance with IAS 8, and recorded an increase in depreciation for the period of Euro 36,814,312 as a result of an average reduction of 7 years in the useful life of the assets.

3.8. Biological assets

Movements in biological assets

Amounts in Euro	2023	2022
Opening balance	**122,499,875**	**147,324,061**
Logging in the period	(23,005,571)	(19,268,187)
Growth	27,648,002	22,077,444
New planted areas and replanting	3,871,701	4,241,964
Other changes in fair value		
- change in the price of wood	15,908,400	23,872,905
- change in the cost-of-capital rate	(238,400)	(28,053,077)
- impact of forest fires	(1,386,701)	(31,633)
- changes in other species	(2,235,892)	(4,938,867)
- transport logistics costs	(8,928,000)	(2,076,774)
- structure fixed costs	(10,505,800)	(9,396,335)
- other changes in expectations	(8,035,635)	(11,251,626)
Total changes	**(6,907,896)**	**(24,824,186)**
Closing balance	**115,591,979**	**122,499,875**

Regarding the forest in Mozambique, the harvesting of wood from Portucel Moçambique's plantations in Manica for export from the Port of Beira began in 2022. In 2023, approximately 75,000 m^3 of wood were harvested (around 100,000 m^3 in 2022).

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 2023, mature assets accounted for approximately 53% (48% in 31 December 2022) of Navigator's forest in Portugal, being recognised at fair value.

As at 31 December 2023 and 31 December 2022, biological assets, by species, is detailed as follows:

Amounts in Euro	2023	2022
Eucalyptus (Portugal)	88,244,919	93,301,990
Eucalyptus (Spain)	1,628,022	2,932,530
Pine (Portugal)	5,898,445	8,149,506
Cork oak (Portugal)	835,149	819,980
Other species (Portugal)	73,107	73,108
Eucalyptus (Mozambique)	18,912,337	17,222,761
	115,591,979	**122,499,875**

The decrease in the fair value of Eucalyptus and Pine is mainly due to the effects of increased costs for cutting, replanting and transportation.

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	2023	2022
Eucalyptus (Portugal) - Potential future of wood extractions k m3ssc	10,447	10,371
Eucalyptus (Spain) - Potential future of wood extractions k m3ssc	252	207
Pine (Portugal) - Potential future of wood extractions k ton	290	309
Cork oak (Portugal) - Potential future of cork extractions k @	488	563
Eucalyptus (Mozambique) - Potential future of wood extractions k m3ssc	3,570	4,451

Concerning Eucalyptus, the most relevant biological asset in the financial statements, the Group extracted, in 2023, 594.709 m3ssc of wood from its owned and explored forests (31 December 2022: 512,112 m3ssc).

As at 31 December 2023 and 31 December 2022, (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.

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; the trend value for 2023 worsened by 4.7% compared to 2022.
- Discount rate, 2023: 5.19% (2022: 5.17 %) for Portugal and Spain and 13.55% in determining the fair value of Mozambique (2022:11.89%). 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 7.33% and 14.1%, respectively.

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	2023	2022
1) Increase of 0.5% in the discount rate in Portugal	5,990,023	5,422,029
Depreciation of Portugal's forest assets		
2) Decrease of 3% in forward price	10,733,022	10,848,174
Depreciation of Portugal's forest assets		
3) Increase of 0.5% in the discount rate in Mozambique	244,194	503,338
Depreciation of Mozambique's forest assets		
4) Decrease of 3% in forward price	776,149	761,695
Depreciation of Mozambique's forest assets		

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.

Forest land owned by the Group is included in Property, plant and equipment in the consolidated balance sheet and is valued in accordance with the accounting policy described in Note 3.3. Forest land that is not owned by the Navigator Group and that is leased is valued in accordance with the accounting policy described in Note 3.6 and is presented in the consolidated balance sheet under "Right-of-use assets".

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 being assessed, namely, the development cycle of the different species, the productivity of the forests, climate and other environmental considerations, 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); and
- The discount rate decrease / (increase).

The discount rate corresponds to a market rate without inflation, in a manner consistent with the structure of forecasts, determined on the basis of the Navigator 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.

4. Working capital

4.1. Inventories

4.1.1. Inventories - detail by nature

Amounts net of accumulated impairment losses

Amounts in Euro	2023	2022
Raw materials	148,367,213	141,023,694
Goods	843,675	144,304
Subtotal (Note 4.1.2)	**149,210,888**	**141,167,998**
Finished and intermediate products	134,975,607	155,208,607
Goods and work in progress	2,002,384	2,061,232
By-products and waste	301,483	291,380
Subtotal (Note 4.1.3)	**137,279,474**	**157,561,219**
Total	**286,490,362**	**298,729,217**

Inventories of finished and intermediate products - distribution by geographical area

Amounts in Euro	2023	%	2022	%
Portugal				
BEKP pulp	28,177,344	20.88%	36,432,662	23.47%
UWF paper	42,911,373	31.79%	35,230,122	22.70%
Tissue paper	13,888,808	10.29%	21,429,903	13.81%
Other	2,780	0.00%	8,635,096	5.56%
	84,980,305	**62.96%**	**101,727,783**	**65.54%**
Rest of Europe				
BEKP pulp	3,033,932	2.25%	11,797,779	7.60%
UWF paper	4,357,667	3.23%	5,734,831	3.69%
Tissue paper	7,357,575	5.45%	1,049,256	0.68%
	14,749,174	**10.93%**	**18,581,866**	**11.97%**
USA				
UWF paper	35,246,128	26.11%	34,898,958	22.49%
	35,246,128	**26.11%**	**34,898,958**	**22.49%**
	134,975,607	**100.00%**	**155,208,607**	**100.00%**

Finished and intermediate products inventories include Euro 14,968,097 (31 December 2022: Euro 4,286,997) relating to inventories for which invoices have already been issued but whose control has not been transferred to Trade receivables.

As at 31 December 2023 and 31 December 2022, 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	2023	2022
Opening balance	141,167,998	103,036,550
Purchases	863,642,634	1,013,576,631
Changes in the perimeter	(3,547,108)	-
Inventory losses	(2,706,600)	494,184
Impairment losses	(830,373)	(7,090,162)
Closing balance	(149,210,888)	(141,167,998)
Cost of goods sold and materials consumed (Note 2.3)	**848,515,663**	**968,849,205**

Cost of goods sold and materials consumed - detail by product

Amounts in Euro	2023	2022
Wood / Biomass	388,844,251	354,081,192
Natural gas	56,364,087	52,565,933
Other fuels	41,318,258	29,202,965
Chemicals	195,611,087	253,797,111
BEKP pulp	21,844,319	80,685,831
Pine pulp	25,497,073	66,677,147
Paper (heavyweight)	4,855,216	5,264,706
Tissue paper - subcontracts	155,699	1,103,585
Consumables / Warehouse material	33,637,240	27,582,104
Packaging material	78,922,743	96,576,854
Other materials	1,465,690	1,311,777
	848,515,663	**968,849,205**

The cost of wood / biomass only relates to wood purchases to entities outside the Group, either domestic or foreign.

In 2023 there was a general increase in production costs, penalised essentially by the increase in the cost of wood, due to the significant increase in the ex-factory price of domestic wood and the supply mix, and also by the increase in the cost of consumables.

4.1.3. Variation in production in the period

Amounts in Euro	2023	2022
Opening balance	(157,561,219)	(83,514,108)
Adjustments	(450,088)	(1,438,920)
Changes in the perimeter	(7,654,533)	-
Inventory losses	1,662,449	2,538,501
Impairment losses	3,004,118	5,337,315
Closing balance	137,279,474	157,561,219
Variation in production (Note 2.3)	**(23,719,799)**	**80,484,007**

4.1.4. Movements in impairment losses in inventories

Amounts in Euro	2023	2022
Opening balance	**(16,374,423)**	**(3,934,904)**
Increases (Note 2.3)	(4,152,419)	(13,241,209)
Reversals (Note 2.2)	317,928	813,732
Impact in profit or loss for the period	**(3,834,491)**	**(12,427,477)**
Charge-off	(373,040)	(12,042)
Closing balance	**(20,581,954)**	**(16,374,423)**

As noted in section 2.3, the increase in the impairment of inventories primarily reflects the recognition of a Euro 2,071,836 impairment for the inventory of damaged paper identified on the Navigator North America Inc. platform. In 2022, this caption recorded the reinforcement of the impairment for UWF and Tissue paper waste in the amount of Euro 7,931,309 and, furthermore, an impairment of Euro 5,309,900 for the surplus of spare parts in stock, in view of future investment prospects and the remaining useful lives of industrial equipment.

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

	2023			2022		
Amounts in Euro	**Non-current**	**Current**	**Total**	**Non-current**	**Current**	**Total**
Trade receivables	-	259,060,841	259,060,841	-	341,601,458	341,601,458
State	-	57,026,840	57,026,840	-	59,852,618	59,852,618
Grants receivable	39,821,344	52,821,895	92,643,239	13,219,416	13,239,885	26,459,301
Department of Commerce (USA)	2,872,289	-	2,872,289	-	-	-
Enviva Pellets Greenwood, LLC (USA)	-	-	-	-	8,168,426	8,168,426
Accrued income	-	12,304,428	12,304,428	-	2,970,381	2,970,381
Deferred expenses	-	14,955,574	14,955,574	-	11,321,493	11,321,493
Derivative financial instruments (Note 8.2)	-	19,458,938	19,458,938	-	48,514,443	48,514,443
Other	1,705,873	9,112,457	10,818,331	12,063,442	13,474,704	25,538,146
	44,399,506	**424,740,973**	**469,140,480**	**25,282,858**	**499,143,408**	**524,426,267**

State

State is detailed as follows:

Amounts in Euro	2023	2022
Value Added Tax - recoverable	4,299,693	15,023,507
Value Added Tax - repayment requests	52,727,147	44,829,111
	57,026,840	**59,852,618**

As at 31 December 2023, the amount of repayment requests comprised the following, by month and by company:

Amounts in Euro	Nov/2023	Dec/2023	Total
The Navigator Company, S.A.	14,904,962	24,056,600	38,961,562
Navigator Tissue S.A.	1,500,000	-	1,500,000
Navigator Paper Figueira S.A.	9,000,000	-	9,000,000
Bosques do Atlântico, S.L.	-	3,265,585	3,265,585
	25,404,962	**27,322,185**	**52,727,147**

Up to the date of issuing this report, Euro 49,558,083 of the outstanding amounts as at 31 December 2023, had already been received.

As at 31 December 2022, the amount of repayment requests comprised the following, by month and by company:

Amounts in Euro	Nov/2022	Dec/2022	Total
The Navigator Company, S.A.	10,628,467	31,706,624	42,335,091
Bosques do Atlântico, S.L.	-	2,494,020	2,494,020
	10,628,467	**34,200,644**	**44,829,111**

All these amounts were received during the first half of 2023.

Grants receivable

Grants receivable are detailed as follows:

Amounts in Euro	Non-current	Current	Total	Non-current	Current	Total
			-			-
AICEP Contracts	-	9,721,792	9,721,792	6,596,378	9,721,792	16,318,170
Recovery and Resilience Plan	37,890,496	37,890,496	75,780,992	3,621,520	483,757	4,105,277
Other	1,930,848	5,209,607	7,140,455	3,001,518	3,034,336	6,035,854
	39,821,344	**52,821,895**	**92,643,239**	**13,219,416**	**13,239,885**	**26,459,301**

Department of Commerce (US)

As at 31 December 2023, 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 2022, the Department of Commerce confirmed the final rate to be applied for the 5th review period from March 2020 to February 2021 at 5.81%, therefore the Group received in 2023 the amount of Euro 639,517 for the difference between the deposits made and the final rate payable.

In 2023, the rate for the 6th review period, from March 2021 to February 2022, was also confirmed at 7.11%, with the subsequent review periods (7 and 8) remaining unconfirmed. Regarding these three periods, Navigator is estimated to pay to the DoC approximately Euro 2,121,441 (Note 4.3).

Amounts paid by the Group in respect of review periods 1 to 5 amount to Euro 18,593,543 as follows:

Amounts in Euro	Amount paid by the Group
Review periods (POR)	
POR 1: Aug 15 - Feb 17	3,718,475
POR 2: Mar 17 - Feb 18	2,011,029
POR 3: Mar 18 - Feb 19	7,089,677
POR 4: Mar-19 - Feb 20	2,767,437
POR 5: Mar-20 - Feb 21	3,006,925
	18,593,543

Enviva Pellets Greenwood, LLC (USA)

In February 2023, the Navigator Group received the final instalment for the sale of the US pellet business.

Accrued Income and Deferred Expenses

Accrued income and deferred expenses are detailed as follows:

Amounts in Euro	2023	2022
Accrued income		
Interest receivable	570,646	-
Energy sales	10,280,593	1,871,271
Other	1,453,189	1,099,110
	12,304,428	**2,970,381**
Deferred expenses		
Insurance	91,023	289,531
Rentals	12,587,120	9,938,537
Other	2,277,431	1,093,425
	14,955,574	**11,321,493**
	27,260,002	**14,291,874**

The increase in accrued income from energy sales is due to the switch to a special remuneration scheme (self-billing) in June 2023 while in 2022, energy sales were made on the market with a shorter collection period.

Other receivables

Other current and non-current receivables consist of the following:

Other non-current receivables

Amounts in Euro	2023	2022
Captive reinsurance value	-	11,200,000
Labour Compensation Fund	769,982	752,840
Collateral	45,707	41,002
Pensions and other post-employment benefits	777,147	-
Other shareholdings (Almascience, Forestwise, Cecolab, Colab BIOREF)	69,800	69,600
Other debtors	43,237	-
	1,705,873	**12,063,442**

The amount of Euro 11,200,000 from Empremédia RE DAC in 2022, which was intended to cover potential claims in the Group, is no longer captive in the period.

Other current receivables

Amounts in Euro	2023	2022
Advances to personnel	114,765	113,456
Advances to suppliers	7,432,928	11,286,508
Other debtors	1,564,764	2,074,740
	9,112,457	**13,474,704**

The increase in advances to suppliers is due to advances paid at the end of the year for wood imports.

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	2023	2022
Trade payables - current account	209,023,299	207,316,143
Trade payables - invoices pending - logistics	12,915,733	20,788,722
Trade payables - invoices pending - other	60,955,309	135,066,307
Trade payables - fixed assets - current account	14,588,147	5,134,947
State	47,238,622	44,299,175
Related parties (Note 11.3)	1,542,197	156,764
Other creditors - CO_2 emission allowances	39,325,970	44,830,523
Other payables	21,675,082	5,693,320
Derivative financial instruments (Note 8.2)	5,691,818	4,682,533
Accrued expenses - payroll	39,402,872	52,435,012
Accrued expenses - interest payable	4,192,903	4,032,370
Wood suppliers bonus	3,266,604	5,687,729
Water resource fee	1,570,025	1,461,937
Rent liabilities	18,723,772	17,461,167
Other accrued expenses	9,874,933	17,130,610
Non-repayable grants	13,059,496	9,290,430
Payables – current	**503,046,782**	**575,467,689**
Non-repayable grants	112,549,349	30,545,424
Department of Commerce (US) (Note 4.2)	2,121,441	4,306,974
Payables – non-current	**114,670,790**	**34,852,398**
	617,717,572	**610,320,087**

The increase in the balance of Trade payables – fixed assets – current account is due to the greater volume of investments made in 2023, as mentioned in Note 2.1.

The decrease in Accrued expenses - payroll results from the recognition of a higher amount for bonuses to employees in 2022 and the reinforcement of the rejuvenation programme.

State – details

Amounts in Euro	2023	2022
Personal income tax withhold (IRS)	2,388,230	4,209,006
Value Added Tax	41,208,469	36,628,850
Social Security contributions	2,721,253	2,470,143
Other	920,670	991,176
	47,238,622	**44,299,175**

As at 31 December 2023 and 31 December 2022, there were no arrears with the State.

Non-repayable grants – details

Amounts in Euro	2023	2022
Government grants (Note 3.5)	3,352,238	3,271,135
Other grants	9,707,258	6,019,295
Non-repayable grants - current	**13,059,496**	**9,290,430**
Government grants (Note 3.5)	112,549,349	30,545,424
Non-repayable grants - non-current	**112,549,349**	**30,545,424**
	125,608,845	**39,835,854**

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 as a going concern 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:

Amounts in Euro	2023	2022
Interest-bearing liabilities (Note 5.7)	659,344,463	725,301,722
Cash and cash equivalents (Note 5.9)	(169,464,967)	(343,083,788)
Net debt	**489,879,496**	**382,217,934**
Equity	1,315,572,833	1,259,707,514
Non-controlling interest (Note 5.6)	(327,018)	(297,977)
Equity, except for treasury shares and non-controlling interests	**1,315,245,815**	**1,259,409,537**
Total equity	**1,805,125,311**	**1,641,627,471**
Gearing	**27.14%**	**23.28%**

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 2023, The Navigator Company, S.A.'s share capital of Euro 500,000,000 was fully subscribed and is represented by 711,183,069 shares without nominal value (31 December 2022: 711,183,069 shares).

As at 31 December 2023 and 31 December 2022, the Shareholders with qualified shareholdings in the Company's capital were as follows:

	2023		2022	
Entity	**No. of shares**	**%**	**No. of shares**	**%**
Semapa, SGPS, S.A.	497,617,299	69.97%	497,617,299	69.97%
Floating shares	213,565,770	30.03%	213,565,770	30.03%
	711,183,069	**100.0%**	**711,183,069**	**100.0%**

As at 31 December 2023 and 31 December 2022, Navigator did not hold any treasury shares.

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 Company's equity holders 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

	2023	2022
Profit attributable to Navigator's shareholders (Euro)	**274,923,820**	392,537,070
Total number of shares issued	711,183,069	**711,183,069**
Weighted average number of shares	**711,183,069**	711,183,069
Basic earnings per share (Euro)	**0.387**	0.552
Diluted earnings per share (Euro)	**0.387**	0.552

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 2023		
Distribution of retained earnings	199,984,679	0.281
Attributions in 2023		
Distribution of retained earnings	131,632,875	0.185
Distribution of anticipated dividends	118,355,086	0.166

At the General Shareholders Meeting of 17 May 2023, The Navigator Company, S.A. resolved to distribute dividends in the amount of Euro 199,984,679.

At the General Shareholders Meeting held on 27 May 2022, The Navigator Company, S.A. resolved to distribute dividends in the amount of Euro 99,992,340.

At the General Shareholders Meeting held on 21 November 2022, The Navigator Company, S.A. resolved to distribute reserves amounting to Euro 149,995,621, of which Euro 118,355,086 came from the Other reserves and Euro 31,640,535 was recorded in Retained earnings.

Accounting policies

The distribution of dividends to equity holders 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 Shareholders 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	2023	2022
Currency translation reserve	5,309,023	5,343,706
Fair value reserves	12,898,767	33,997,828
Legal reserve	100,000,000	100,000,000
Other reserves	3,481,014	3,481,014
Retained earnings	418,633,191	224,049,919
Reserves and retained earnings	**540,321,995**	**366,872,467**

Currency translation reserve – details

Amounts in Euro	2023	2022
Navigator North América (USD)	(6,699,934)	(4,147,000)
Navigator Paper Mexico (MXN)	(186,032)	(115,521)
Navigator Middle East Trading DMCC (AED)	(8,036)	(6,017)
Navigator Egypt (EGP)	16,092	(1,901)
Navigator Paper Company UK (GBP)	69,824	(230,994)
Navigator Eurasia (TYR)	799	799
Navigator Afrique du Nord (MAD)	395	395
Navigator Paper Poland (PLN)	(2,897)	(2,897)
Portucel Moçambique (MZM)	12,118,812	9,846,842
	5,309,023	**5,343,706**

Fair value reserves - details

	2023			2022		
Amounts in Euro	**Gross amount**	**Tax**	**Net amout**	**Gross amount**	**Tax**	**Net amout**
Interest rate risk hedging	16,015,134	(4,404,162)	11,610,972	30,899,904	(8,497,474)	22,402,430
Currency hedging and others	1,776,268	(488,473)	1,287,795	15,993,652	(4,398,254)	11,595,398
	17,791,402	**(4,892,635)**	**12,898,767**	**46,893,556**	**(12,895,728)**	**33,997,828**

Fair value reserves – movements

Amounts in Euro	2023	2022
Opening balance	**33,997,828**	**(5,604,076)**
Change in the fair value of derivative financial instruments (Note 8.2)	(29,102,154)	54,623,316
Deferred tax	8,003,093	(15,021,412)
Closing balance	**12,898,767**	**33,997,828**

The transfer from fair value reserves to profit or loss resulting from the settlement or maturity of hedging instruments is net of the following effects:

a) Transfer to profit or loss of: i) energy and pulp hedging instruments included in Energy and Pulp Sales with an positive impact on profit or loss of Euro 28,523,595 (Note 2.1); and ii) interest hedging instruments with an positive impact on financial profit or loss of Euro 9,722,523 (Note 5.11);

b) Changes in the fair value of hedging derivative financial instruments negative amounted to Euro 9,143,964.

Other reserves – details

There were no changes under Other reserves in the period.



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 fair value adjustments of financial investments recorded under this caption is not recycled to profit or loss.

Currency translation 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

The Portuguese commercial legislation 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 share 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 caption 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

	%	Equity		Equity	
Amounts in Euro	held	2023	2022	2023	2022
Raiz - Instituto de Investigação da Floresta e Papel	3.0%	327,018	297,977	25,322	1,861
Portucel Moçambique	9.98%	-	-	-	-
		327,018	**297,977**	**25,322**	**1,861**

Non-controlling interests are related to RAÍZ – Instituto de Investigação da Florestal e Papel, where the Group owns 97% of the 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.

On 19 December 2023, an addendum was made to the agreements initially signed with the IFC - International Finance Corporation, extending the date of entry of this institution into the capital of the subsidiary Portucel Moçambique, S.A. from 31 December 2023 to 31 December 2028.

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	2023	2022
Opening balance	**297,977**	**286,896**
Net profit for the period	25,322	1,861
Other comprehensive income	3,719	9,220
Closing balance	**327,018**	**297,977**

5.7. Interest-bearing liabilities

	2023			2022		
Amounts in Euro	**Non-current**	**Current**	**Total**	**Non-current**	**Current**	**Total**
Bond loans	397,500,000	22,500,000	420,000,000	420,000,000	22,500,000	442,500,000
Commercial paper	70,000,000	35,000,000	105,000,000	105,000,000	35,000,000	140,000,000
Bank loans	71,972,222	34,539,683	106,511,905	91,511,905	17,575,397	109,087,302
Charges with bond issuances	(2,614,750)	-	(2,614,750)	(3,480,083)	-	(3,480,083)
Repayable grants	23,227,869	7,219,439	30,447,308	29,975,064	7,219,439	37,194,503
Debt securities and bank debt	**560,085,341**	**99,259,122**	**659,344,463**	**643,006,886**	**82,294,836**	**725,301,722**
Average interest rate, considering charges for annual fees and hedging operations			2.0%			1.5%

During the period, the development of financing was determined by the repayments related to contracted debt, leading to the reduction observed.

At the end of June 2022, Navigator issued a Euro 150 million bond loan maturing in 2028, under the Sustainability-Linked Bonds Framework, having simultaneously repaid early a loan of the same amount valid until 2023.

This operation contributed to extending the average life of the Group's debt, as well as reducing the Company's financing cost, in addition to having conditions adjusted to the fulfilment of sustainability commitments. The loan conditions are indexed to three ESG indicators already included in the Company's Sustainability Agenda and, in turn, aligned with the Sustainable Development Goals of the United Nations.

The repayable incentives include incentives from AICEP - Agência para o Investimento e Comércio Externo de Portugal, as part of a number of research and development projects, which includes the incentive under the investment agreement entered into with Grupo Navigator Tissue Aveiro, S.A. subsidiary for the construction of the new tissue mill in Aveiro. This agreement comprises a

financial incentive in the form of a repayable 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.

In December 2023, the Navigator Group signed a new long-term loan agreement with the European Investment Bank (EIB) for Euro 115 million, maturing in 12 years. The loan will be disbursed in up to 3 instalments within 18 months of signing the contract. The loan will support the project to build and operate the high-efficiency recovery boiler at the Setúbal Industrial Complex, a key step in the decarbonisation roadmap. This green loan is part of the REPowerEU Plan, which aims to increase financing for green energy and support the autonomy and competitiveness of the European Union.



The maturity analysis of interest-bearing liabilities is presented in the Note 8.1.3 - Liquidity risk.

Interest-bearing liabilities – details

					2023	
Amounts in Euro	Amount	Outstanding amount	Maturity	Interest rate	Current	Non-current
Bond loans						
Navigator 2022-2028 ESG	150,000,000	150,000,000	June 2028	Variable rate indexed to Euribor, with fixed rate swap	-	150,000,000
Navigator 2019-2026	50,000,000	50,000,000	January 2026	Fixed rate	-	50,000,000
Navigator 2019-2025	30,000,000	30,000,000	March 2025	Variable rate indexed to Euribor, with fixed rate swap	20,000,000	10,000,000
Navigator 2021-2026	15,000,000	15,000,000	April 2026	Variable rate indexed to Euribor	2,500,000	12,500,000
Navigator 2020-2026	75,000,000	75,000,000	December 2026	Variable rate indexed to Euribor, with fixed rate swap	-	75,000,000
Navigator 2021-2026 ESG	100,000,000	100,000,000	August 2026	Variable rate indexed to Euribor, with fixed rate swap	-	100,000,000
Fees	-	(2,614,750)			-	(2,614,750)
European Investment Bank (EIB)						
EIB Loan - Energy	10,625,000	7,083,333	December 2024	Variable rate indexed to Euribor	7,083,333	-
EIB Loan - Cacia	13,888,889	12,500,000	May 2028	Fixed rate	2,777,778	9,722,222
EIB Loan - Figueira	31,428,571	31,428,571	February 2029	Fixed rate	5,714,286	25,714,286
EIB Loan - Biomass Boiler	27,500,000	27,500,000	March 2031	Fixed rate	1,964,286	25,535,714
Empréstimo BEI	115,000,000	-	up to 12 years after disbursement	Indexed rate to BEI cost of funds at disbursement	-	-
Commercial Paper Programme						
Commercial Paper Programme 175M	105,000,000	105,000,000	February 2026	Fixed rate	35,000,000	70,000,000
Commercial Paper Programme 65M ESG	42,250,000	-	February 2026	Variable rate indexed to Euribor	-	-
Commercial Paper Programme 75M	75,000,000	-	January 2026	Variable rate indexed to Euribor	-	-
Commercial Paper Programme 50M	50,000,000	-	December 2025	Variable rate indexed to Euribor	-	-
Loans						
Long-term investment	13,000,000	13,000,000	March 2026	Variable rate indexed to Euribor	2,000,000	11,000,000
Repayable grants						
AICEP	30,447,309	30,447,309	November 2027	Fixed rate	7,219,439	23,227,869
Bank credit facilities						
Short-term facility 20M	20,450,714	15,000,000			15,000,000	-
	954,590,483	**659,344,463**			**99,259,122**	**560,085,341**

2022

Amounts in Euro	Amount	Outstanding amount	Maturity	Interest rate	Current	Non-current
Bond loans						
Navigator 2022-2028 ESG	150,000,000	150,000,000	June 2028	Variable rate indexed to Euribor, with fixed rate swap	-	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, with fixed rate swap	20,000,000	30,000,000
Navigator 2021-2026	17,500,000	17,500,000	April 2026	Variable rate indexed to Euribor	2,500,000	15,000,000
Navigator 2020-2026	75,000,000	75,000,000	December 2026	Variable rate indexed to Euribor, with fixed rate swap	-	75,000,000
Navigator 2021-2026 ESG	100,000,000	100,000,000	August 2026	Variable rate indexed to Euribor, with fixed rate swap	-	100,000,000
Fees	-	(3,480,083)			-	(3,480,083)
European Investment Bank (EIB)						
EIB Loan - Energy	14,166,667	14,166,667	December 2024	Variable rate indexed to Euribor	7,083,333	7,083,334
EIB Loan - Cacia	15,277,778	15,277,778	May 2028	Fixed rate	2,777,778	12,500,000
EIB Loan - Figueira	37,142,857	37,142,857	February 2029	Fixed rate	5,714,286	31,428,571
EIB Loan - Biomass Boiler ESG	27,500,000	27,500,000	March 2031	Fixed rate	-	27,500,000
Commercial Paper Programme						
Commercial Paper Programme 175M	140,000,000	140,000,000	February 2026	Fixed rate	35,000,000	105,000,000
Commercial Paper Programme 65M ESG	65,000,000	-	December 2026	Variable rate indexed to Euribor	-	-
Commercial Paper Programme 75M	75,000,000	-	February 2026	Variable rate indexed to Euribor	-	-
Commercial Paper Programme 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	2,000,000	13,000,000
Repayable grants						
AICEP	37,194,503	37,194,503	November 2027	Fixed rate	7,219,439	29,975,064
Bank credit facilities						
Short-term facility 20M	20,450,714	-			-	-
	939,232,519	**725,301,722**			**82,294,836**	**643,006,886**

As at 31 December 2023, the average cost of debt, considering interest rate, the annual fees and hedging operations, was 2% (31 December 2022: 1.5%).

At 31 December 2023, 46% of the Group's financing is linked to compliance with sustainability commitments (31 December 2022: 38%).

The repayment terms for the interest-bearing liabilities recorded as non-current are detailed as follows:

Amounts in Euro	2023	2022
Non-current		
1 to 2 years	156,640,074	84,259,122
2 to 3 years	261,140,074	156,640,074
3 to 4 years	19,640,074	261,140,074
4 to 5 years	112,601,298	19,640,074
More than 5 years	12,678,571	124,807,625
	562,700,091	**646,486,969**
Fees	(2,614,750)	(3,480,083)
	560,085,341	**643,006,886**

As at 31 December 2023, the Group had contracted Commercial Paper Programmes, contracted and undisbursed Long-term financing, as well as available and undrawn credit facilities of Euro 287,700,714 (31 December 2022: Euro 210,450,714).

As at 31 December 2023 and 31 December 2022, the Group's interest-bearing net debt was as follows:

Amounts in Euro	2023	2022
Interest-bearing liabilities	659,344,463	725,301,722
Cash and cash equivalents (Note 5.9)	(169,464,967)	(343,083,788)
Interest-bearing net debt	**489,879,496**	**382,217,934**
Lease liabilities (Note 5.8)	69,996,821	61,641,049
Interest-bearing net debt with lease liabilities	**559,876,317**	**443,858,983**

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
Net Debt / EBITDA	(Interest-bearing debt - Cash) / EBTDA 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 2023 and 31 December 2022:

Ratio	2023	2022
Interest coverage	36.01	85.43
Indebtedness	1.31	0.98
Net Debt / EBITDA	0.98	0.52

The amounts calculated in the table above exclude lease liabilities.

Considering the contracted limits, in 2023 and 2022, the Group is in compliance with the covenants negotiated. As at 31 December 2023 and 31 December 2022, the company presents a minimum safety margin above 80% on the fulfilment of its covenants.



Estimates and judgements

Commercial paper

The Group has several commercial paper programmes 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.



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 repayment amount and the initial measurement amount is recognised in the Income statement over the debt period under "Interest expenses on interest-bearing liabilities" in Note 5.11 – Net financial results.

Fair value

The book value of short-term interest-bearing liabilities or loans contracted at variable interest rates are close to 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.

5.8. Lease liabilities

Lease liabilities – nature

	2023			2022		
Amounts in Euro	**Non-current**	**Current**	**Total**	**Non-current**	**Current**	**Total**
Forestry lands	55,314,521	3,183,910	58,498,431	46,724,663	2,666,086	49,390,749
Buildings	1,374,377	540,140	1,914,517	1,868,940	513,178	2,382,118
Vehicles	3,815,266	1,580,224	5,395,490	3,070,109	1,540,904	4,611,013
Software licenses	-	94,312	94,312	94,312	155,401	249,713
Other lease liabilities	2,344,597	1,749,474	4,094,071	3,331,059	1,676,397	5,007,456
	62,848,761	**7,148,060**	**69,996,821**	**55,089,083**	**6,551,966**	**61,641,049**

Lease liabilities – movements

Amounts in Euro	2023	2022
Balance as at 1 January	**61,641,049**	**53,240,925**
Contract amortisation	(10,694,178)	(8,837,422)
New contracts	16,003,677	15,338,938
Interest expense	2,517,826	2,300,665
Other changes	528,447	(402,057)
Total changes in related liabilities	**8,355,772**	**8,400,124**
Balance as at 31 December	**69,996,821**	**61,641,049**

Lease liabilities – future liabilities

	2023			2022		
Amounts in Euro	Maturing rents	Interest on liabilities	Present value of liabilities	Maturing rents	Interest on liabilities	Present value of liabilities
Less than 1 year	4,716,806	2,431,254	7,148,060	4,435,662	2,116,304	6,551,966
1 to 2 years	3,897,834	2,229,000	6,126,834	3,891,713	1,952,737	5,844,450
2 to 3 years	3,567,730	2,044,103	5,611,833	3,041,072	1,797,386	4,838,458
3 to 4 years	2,949,250	1,867,883	4,817,133	2,809,096	1,653,338	4,462,434
4 to 5 years	2,431,219	1,711,124	4,142,343	2,165,139	1,516,362	3,681,501
More than 5 years	30,952,202	11,198,416	42,150,618	25,989,077	10,273,163	36,262,240
Present value of liabilities	**48,515,041**	**21,481,780**	**69,996,821**	**42,331,759**	**19,309,290**	**61,641,049**

For the periods ended 31 December 2023 and 31 December 2022, there were no changes in the liability arising from financing activities, including changes arising from cash flows and/or other changes in lease liabilities.

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 price of exercise of 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	2023	2022
Cash	42,100	32,356
Short-term bank deposits	34,422,867	191,824,254
Other short-term investments	135,000,000	151,227,178
	169,464,967	**343,083,788**

In 2023, the caption Other short-term investments includes Euro 135,000,000 (31 December 2022: Euro 151,227,178) of amounts invested by Navigator in a portfolio of short-term, high-liquidity deposits and issuers with adequate ratings.

As at 31 December 2023 and 31 December 2022, 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 Interest-bearing liabilities (Note 5.7).

5.10 Cash flows from financing activities

Movements in liabilities of the Group's financing activities

Amounts in Euro	2023	2022
Balance as at 1 January	**725,301,722**	**833,944,049**
Payment of interest-bearing liabilities	(107,276,122)	(533,070,676)
Receipts from interest-bearing liabilities	15,000,000	430,000,000
Repayable grants	(7,219,438)	(5,636,313)
Changes in borrowing costs	865,333	64,662
Change in the perimeter (Note 1.2)	32,672,968	-
Changes in interest-bearing debt	**(65,957,259)**	**(108,642,327)**
Gross interest-bearing debt	**659,344,463**	**725,301,722**

The receipt of Euro 15,000,000 corresponds to the use of a short-term escrow account with a credit limit of Euro 20,000,000.

5.11. Net financial results

Amounts in Euro	2023	2022
Interest paid on debt securities and bank debt	(23,497,743)	(9,900,458)
Commissions on loans and expenses with the opening of credit facilities	(2,747,479)	(4,355,369)
Interest paid using the effective interest method	**(26,245,222)**	**(14,255,827)**
Interest paid on lease liabilities	(2,517,826)	(2,300,665)
Financial expenses related to the Group's capital structure	**(28,763,048)**	**(16,556,492)**
Favourable / (Unfavourable) exchange rate differences	(2,021,459)	(33,492,711)
Gains / (Losses) on financial instruments - interest-rate hedging (Note 8.2)	-	(1,504,772)
Gains / (Losses) on financial instruments - hedging (Note 8.2)	(1,151,931)	(4,289,597)
Losses on compensatory interest	(561,180)	(1,229,577)
Other expenses and financial losses	(855,584)	(1,598,842)
Financial expenses and losses	**(33,353,202)**	**(58,671,991)**
Interest earned on financial assets at amortised cost	4,119,466	1,146,979
Gains on financial instruments - hedging (Note 8.2)	9,722,523	-
Gains / (Losses) on financial instruments - hedging (Note 8.2)	191,295	-
Gains on compensatory interest	-	395,732
Other income and financial gains	-	146,270
Financial income and gains	**14,033,284**	**1,688,981**
Financial profit/(loss)	**(19,319,918)**	**(56,983,010)**

Financial losses amounted to Euro 19,319,918 (31 December 2022: Euro 56,983,010). This reduction was caused by net gains on hedging and trading derivatives amounting to Euro 8,761,887 and the recognition in the previous year of the one-off effect of Euro 30,356,972 related to accumulated unfavourable exchange differences directly linked to the repayment of the long-term loan (shareholder loan) granted to the subsidiary Portucel Moçambique. This loan, of a quasi-equity nature, was denominated in foreign currency and, upon termination, and in accordance with the Group's accounting policy, the corresponding accumulated exchange rate differences, recognized in previous years in the Statement of Comprehensive Income, were recognised in profit or loss for the period.

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	2023	2022
Current tax	83,576,447	150,703,440
Change in uncertain tax positions in the period	(10,524,611)	(18,448,125)
Deferred tax (Note 6.2)	(965,713)	(8,317,503)
	72,086,123	**123,937,812**

As at 31 December 2023, current tax includes Euro 77,442,414 (31 December 2022: Euro 132,480,440) regarding the liability created under the aggregated income tax regime of The Navigator Company, S.A. in Portugal.

As at 31 December 2023 and 31 December 2022, the caption Change in 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 Authorities 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:

	2023	2022
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	2023	2022
Profit before income tax	**347,035,265**	**516,476,743**
Expected tax at nominal rate (21%)	72,877,406	108,460,116
Municipal surcharge (2023: 1.24% ; 2022: 1.38%)	4,312,541	7,144,221
Derrama estadual (2023; 3,84% ; 2022: 5.23%)	13,341,979	27,023,780
Income tax resulting from the applicable tax rate	**90,531,926**	**142,628,117**
Nominal tax rate for the period	**26.1%**	**27.6%**
Differences (a)	(7,114,724)	(17,001,119)
Excess of income tax estimate	(10,964,626)	-
Tax benefits	(1,701,356)	(2,557,382)
Autonomous taxation	1,334,903	868,196
	72,086,123	**123,937,812**
Effective tax rate	**20.8%**	**24.0%**

(a) This amount concerns mainly:

	2023	2022
Capital gains/ (losses) for tax purposes	9,207	(92,879)
Capital gains/ (losses) for accounting purposes	(244,774)	16,734
Taxable provisions and impairment	1,603,069	(32,689,635)
Tax benefits	(20,442,661)	(26,637,333)
Post-employment benefits	(2,402,501)	(2,394,591)
Other	(4,394,062)	(24,547)
	(25,871,722)	**(61,822,251)**
Tax effect (27.5%)	**(7,114,724)**	**(17,001,119)**

6.1.2. Tax recognised in the consolidated statement of financial position

Amounts in Euro	2023	2022
Assets		
Amounts pending repayment	18,385,534	16,216,543
	18,385,534	**16,216,543**
Liabilities		
Corporate Income Tax - IRC	4,727,342	110,712,325
Additional tax liabilities (IRC)	18,100,389	14,762,361
	22,827,731	**125,474,686**

Detail of Corporate Income Tax - IRC (net)

Amounts in Euro	2023	2022
Income tax for the period	83,576,447	150,703,440
Payments on account, special and additional payments on account	(75,943,340)	(37,500,934)
Withholding tax recoverable	(1,798,031)	(44,686)
Other payables / (receivables)	(1,107,734)	(2,445,495)
	4,727,342	**110,712,325**

The amounts of corporate income tax paid in the period are detailed as follows:

Amounts in Euro	2023	2022
Payment / (Repayment) of corporate income tax for the previous period	85,292,216	10,851,693
Payments on account, special and additional payments on account	75,943,340	37,500,934
Withholding tax	1,798,031	44,686
Repayments of tax proceedings decided in favour of the group	(335,564)	(977,298)
Payments of additional tax liabilities	222,634	17,350,270
Other income tax payments / (repayments)	829	(4,905)
Income tax paid / (received)	**162,921,486**	**64,765,380**

Amounts pending repayment

Amounts in Euro	2023	2022
IRC (RETGS) 2005 - Proceeding 1259/09.3BESNT	13,886,728	13,886,728
2018 Corporate income tax (RETGS) - Proceeding CAAD 103/2023	1,749,389	-
RFAI 2010 to 2012 - Default interest	494,856	1,076,611
IRC 2016 - Navigator Tissue Rodão - Proceeding CAAD 575/2020	861,866	861,866
2016 Corporate income tax - Proceeding CAAD 7/2022	-	272,697
2017 Corporate income tax - Proceeding CAAD 756/2022	1,379,125	-
2020 Corporate income tax (RETGS)	-	62,867
Other	13,570	55,774
	18,385,534	**16,216,543**

The movements in the period are detailed as follows:

Amounts in Euro	2023	2022
Balance at the beginning of the period	**16,216,543**	**1,118,815**
Increases	3,142,084	16,075,026
Payments / (receipts)	(335,564)	(977,298)
Reversals	(637,529)	-
	18,385,534	**16,216,543**

Uncertain tax positions- Liabilities

Amounts in Euro	2023	2022
Balance at the beginning of the period	**14,762,361**	**19,967,180**
Increases	6,276,135	4,572,566
Payments / (receipts)	222,634	17,350,270
Reversals	(3,160,741)	(27,127,655)
Changes in the period	**3,338,028**	**(5,204,819)**
	18,100,389	**14,762,361**

Taxes paid in litigation

As at 31 December 2023 and 31 December 2022, the additional tax assessments that are already paid and contested, not recognised in assets, refer to the Navigator Group and are summarised as follows:

Amounts in Euro	2023	2022
Aggregate Corporate Income Tax 2005 (Note 10.3) - Proceeding no. 88/13.4BEALM	10,394,386	10,394,386
Aggregate Corporate Income Tax 2006 (Note 10.3) - Proceeding no. 909/11.6 BEALM	8,150,146	8,150,146
Aggregate Corporate Income Tax 2018 - Proceeding no. 103/2023 and no. 648/23.5BEALM	11,138,180	14,433,913
2015 Corporate Income Tax - Navigator Tissue Ródão, S.A. - Proceeding no. 235/23.8BECTB	7,586,361	7,586,361
State Surcharge 2015 II - Proceeding no. 453/23.9BEALM	6,970,541	-
State Surcharge 2016 - Proceeding no. 457/21.6BEALM	3,761,397	3,761,397
State Surcharge 2017 - Proceeding no. 456/21.8BEALM	8,462,724	8,462,724
State Surcharge 2018 - Proceeding no. 707/21.9 BEALM	12,223,705	12,223,705
State Surcharge 2019 - Proceeding no. 557/23.8BEALM	2,466,974	-
State Surcharge 2020 - Proceeding no. 26/24.9BEALM	5,183,000	-
CDTJI IRC 2017 - Proceeding no. 7/2022 and no. 756/2022-T	-	1,522,660
	76,337,414	**66,535,292**



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 2023, although the *periods* up to and including 2019 have already been reviewed.

As at 31 December 2023, if the effective tax rate corresponded to the nominal rate of 26.1%, there would be an increase in expenses with income taxes in the amount of Euro 18,445,803 (31 December 2022: Euro 18,093,292, calculated at a nominal rate of 27.5%).

Uncertain tax positions

The amount of assets and liabilities recorded for tax proceedings arises from an assessment made by the Group, as at 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.

Pillar Two Model Rules - OECD

The Navigator Group is subject to the OECD Pillar Two model rules from 1 January 2024. It has applied the exception to the recognition and disclosure of information on deferred tax assets and liabilities related to Pillar Two income taxes, as provided for in the amendments to IAS 12.

As at the date of this report, the Group is currently assessing the impact of this change. However, based on the current understanding of the interpretation of the new rules, no significant impacts are expected.



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 controlling company of the tax business Group, currently The Navigator Company, S.A. which is responsible for the Group's overall assessment and payment of the corporate income tax. Where there are gains on the use of this regime, these are recorded as income in the controlling company's financial statements.

In 2018, a tax group was also established in Spain, which includes the three subsidiaries of the group based in that country and owned by Bosques do Atlântico, S.L., the controlling company in the tax group.

6.2. Deferred taxes

Movements in deferred taxes

Amounts in Euro	1 January 2023	Change in perimeter	Income Statement		Equity	31 December 2023
			Increases	Decreases		
Temporary differences originating deferred tax assets						
Taxed provisions	13,913,990	-	3,358,291	(597,357)	-	16,674,924
Adjustment of property, plant and equipment	43,767,507	317,077	8,579,320	(20,279,854)	-	32,384,050
Deferred accounting gains on intra-group transactions	26,228,453		1,561,458	(16,039,667)	-	11,750,244
Appreciation of biological assets	14,456,082		10,448,215	-	-	24,904,297
Conventional capital remuneration	560,000	-	-	(280,000)	-	280,000
Tax losses	-	52,846	-	-	-	52,846
	98,926,032	**369,923**	**23,947,284**	**(37,196,878)**	**-**	**86,046,361**
Temporary differences originating deferred tax liabilities						
Pensions and other post-employment benefits	(358,483)	-	(34,476)	17,172	(419,643)	(795,430)
Financial instruments	(47,174,485)	-	-	-	29,102,154	(18,072,331)
Appreciation of biological assets	(5,403,744)	-	-	1,883,900	-	(3,519,844)
Adjustment of property, plant and equipment	(300,707,813)	(3,606)	(4,124,908)	18,556,522	-	(286,279,805)
Fair value calculated in business combinations	-	(39,840,800)	-	-	-	(39,840,800)
Government grants	(3,862,494)	(646,777)	-	462,851	331,950	(3,714,470)
	(357,507,019)	**(40,491,183)**	**(4,159,384)**	**20,920,445**	**29,014,461**	**(352,222,680)**
Deferred tax assets	**27,204,659**	**92,481**	**6,585,503**	**(10,229,142)**	**-**	**23,653,501**
Deferred tax liabilities	**(98,314,430)**	**(10,122,796)**	**(1,143,770)**	**5,753,122**	**7,971,861**	**(95,856,013)**

Amounts in Euro	1 January 2022	Income Statement		Equity	31 December 2022
		Increases	Decreases		
Temporary differences originating deferred tax assets					
Taxed provisions	4,544,163	9,369,827	-	-	13,913,990
Adjustment of property, plant and equipment	62,470,397	-	(18,702,890)	-	43,767,507
Financial instruments	7,448,830	-	-	(7,448,830)	-
Deferred accounting gains on intra-group transactions	21,090,053	5,138,400	-	-	26,228,453
Appreciation of biological assets	-	14,456,082	-	-	14,456,082
Government grants	203,588	-	(203,588)	-	-
Conventional capital remuneration	4,200,000	-	(3,640,000)	-	560,000
	99,957,031	**28,964,309**	**(22,546,478)**	**(7,448,830)**	**98,926,032**
Temporary differences originating deferred tax liabilities					
Pensions and other post-employment benefits	(388,758)	(213,971)	-	244,246	(358,483)
Financial instruments	-	-	-	(47,174,485)	(47,174,485)
Appreciation of biological assets	(25,294,177)	21,570,514	(1,680,081)	-	(5,403,744)
Adjustment of property, plant and equipment	(306,642,712)	5,934,899	-	-	(300,707,813)
Government grants	(4,142,627)	213,450	-	66,683	(3,862,494)
	(336,468,274)	**27,504,892**	**(1,680,081)**	**(46,863,556)**	**(357,507,019)**
Deferred tax assets	27,488,184	7,965,185	(6,200,281)	(2,048,428)	27,204,659
Government grants (Note 3.5)	549,224	-	(549,224)	-	-
Deferred tax assets	**28,037,408**	**7,965,185**	**(6,749,505)**	**(2,048,428)**	**27,204,659**
Deferred tax liabilities	**(92,528,775)**	**7,563,845**	**(462,022)**	**(12,887,478)**	**(98,314,430)**

In the measurement of the deferred taxes as at 31 December 2023 and 31 December 2022, 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 that tax losses will not be used.

Deferred taxes are recorded as an income or expense for the year, except where they result from amounts recorded directly under equity, situation in which deferred tax is also recorded under the same caption. 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	2023	2022
Remuneration of Corporate Bodies - fixed (Note 7.3)	3,571,826	3,352,988
Remuneration of Corporate Bodies - variable	2,825,009	6,780,465
Other remunerations	129,023,410	128,388,853
Social Security contributions	26,401,281	23,596,088
Post-employment benefits (Note 7.2.4)	1,344,766	1,305,000
Other payroll costs	9,085,911	22,815,841
Payroll costs	**172,252,203**	**186,239,235**

By resolution of the General Shareholders Meeting of 17 May 2023, the remuneration of the Corporate Bodies will now be paid 12 times a year instead of 14.

The reduction in payroll costs is due to the reduction in costs with the rejuvenation programme, despite the inclusion of the subsidiary Navigator Tissue Ejea, S.L.U. and the average salary increase implemented in 2023, particularly at Navigator, of 5.3%.

The caption Other payroll costs, in particular, decreased in the current period due to a revision of the estimated liabilities associated with the rejuvenation programme. This was caused by a longer delay between expressing interest in joining the programme and actually leaving.

Number of employees by segment at the end of the period

	2023	2022	Variation 23/22
Market pulp	272	262	10
UWF	1,808	1,801	7
Tissue	586	410	176
Corporativos	801	773	28
	3,467	**3,246**	**221**

The headcount includes 150 employees assigned to the 'Consumer' tissue business in Spain and France as a result of the acquisition of Navigator Tissue Ejea, S.L.U. and Navigator Tissue France SAS.

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 Group companies are entitled to a 25 working days leave, as well as to a month's holiday allowance.

Productivity bonus

In 2022, the Group introduced a Productivity bonus in addition to the normal bonus paid to employees. The aim of this bonus is to focus on increasing productivity and profitability, which are critical and fundamental prerequisites for continued investment in business growth and sustainable improvements in salaries and benefits. Thus, the Productivity Bonus sets the achievement of production levels at challenging thresholds corresponding to different levels of remuneration, based on a basic monthly salary.

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, 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 Current payables.

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 (The Navigator Company) or who have chosen to maintain a Safeguard Clause, the latter following the conversion of their plan into a Defined Contribution Plan (The Navigator Company). 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.

B. Pension Plan – Defined contribution

As at 31 December 2023, three Defined Contribution plans were in force covering 3,200 employees (2022: 3,097 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 the 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:

	2023		2022	
Amounts in Euro	**No. of Beneficiaries**	**Amount**	**No. of Beneficiaries**	**Amount**
Past service liabilities				
Active employees, including individual accounts	352	50,509,668	367	49,465,578
Alumni	112	17,469,425	140	22,728,925
Retired employees	622	90,277,782	590	85,075,143
Market value of pension funds		(159,034,022)		(154,433,916)
Total net liabilities	**1,086**	**(777,147)**	**1,097**	**2,835,730**

Historical information - last five years

Amounts in Euro	2019	2020	2021	2022	2023
Present value of liabilities	179,880,752	191,253,527	191,002,589	157,269,646	158,256,875
Fair value of assets and reserves	173,292,676	178,691,062	185,327,671	154,433,916	159,034,022
Surplus / (deficit)	**(6,588,076)**	**(12,562,465)**	**(5,674,918)**	**(2,835,730)**	**777,147**

Evolution of defined benefit plan liabilities

2023	Opening balance	Current services cost	Interest expense	Actuarial deviations	Payments performed	Closing balance
Amounts in Euro						
Pensions with autonomous fund	157,269,646	18,878	5,398,760	2,467,179	(6,897,588)	158,256,875
	157,269,646	**18,878**	**5,398,760**	**2,467,179**	**(6,897,588)**	**158,256,875**

2022	Opening balance	Current services cost	Interest expense	Actuarial deviations	Payments performed	Closing balance
Amounts in Euro						
Pensions with autonomous fund	191,002,589	26,336	2,349,180	(29,869,349)	(6,239,110)	157,269,646
	191,002,589	**26,336**	**2,349,180**	**(29,869,349)**	**(6,239,110)**	**157,269,646**

The average expected duration of the defined benefit liabilities is 13 years (2022: 13.4 years).

Funds

Funds allocated to the defined benefit pension plans – evolution

Amounts in Euro	2023	2022
Opening balance	**154,433,916**	**185,327,671**
Charge for the period	-	-
Expected income for the period	5,291,759	2,277,915
Remeasurement	6,205,945	(26,932,571)
Pensions paid	(6,897,598)	(6,239,099)
Closing balance	**159,034,022**	**154,433,916**

The assets of the pension fund related to the defined benefit plan are under the management of AGEAS – Pensões, Schroders, BlackRock and Credit Suisse, as detailed below:

Amounts in Euro	2023	2022
Defined benefits and *Conta* 1:		
AGEAS - Pensões	(17,192)	105,079
Schroders	64,806,718	62,325,236
Santander AM	65,605,927	62,244,783
Conta 1 - Julius Baer	28,638,569	29,758,819
Total defined benefits and *Conta* 1	**159,034,022**	**154,433,916**

Funds allocated to defined benefit plans - composition of assets

Amounts in Euro	2023	%	2022	%
Securities listed in the market				
Bonds	96,701,081	60.81%	94,778,925	61.37%
Shares	38,457,610	24.18%	40,402,326	26.16%
Public debt	17,419,598	10.95%	17,282,244	11.19%
Liquidity	2,206,803	1.39%	1,865,342	1.21%
Other short-term investments	4,248,930	2.67%	105,079	0.07%
Amounts in Euro	**159,034,022**	**100.00%**	**154,433,916**	**100.00%**

The assets of the pension fund do not include any assets of the Group.

7.2.3. Defined contributions plan

As at 31 December 2023 and 31 December 2022, 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 %	2023	No. of Beneficiaries	Profitability %	2022
Defined contribution (Ageas Pensões):						
Defensive sub-fund	122	7.17%	6,262,270	112	-12.79%	6,804,787
Conventional sub-fund	392	8.50%	15,291,344	370	-13.41%	14,513,526
Dynamic sub-fund	737	10.90%	15,713,487	716	-13.40%	14,840,248
Aggressive sub-fund	1,949	13.30%	6,398,935	1,899	-14.56%	5,541,395
Total defined contribution	3,200		**43,666,036**	3,097		**41,699,956**

7.2.4. Expenses incurred with post-employment benefit plans

The effect in the income statement for the periods ended 31 December 2023 and 31 December 2022 was as follows:

	2023				2022			
Amounts in Euro	**Current services cost**	**Net interest**	**Defined contribution - Contributions for the period**	**Impact on net profit or loss (Note 7.1)**	**Current services cost**	**Net interest**	**Defined contribution - Contributions for the period**	**Impact on net profit or loss (Note 7.1)**
Pensions with autonomous fund	18,878	107,001	-	125,879	26,336	71,265	-	97,601
Defined contributions plans	-	-	1,218,887	1,218,887	-	-	1,207,399	1,207,399
	18,878	**107,001**	**1,218,887**	**1,344,766**	**26,336**	**71,265**	**1,207,399**	**1,305,000**

7.2.5. Remeasurement recognised directly in other comprehensive income

2023

Amounts in Euro	Remeasurement: Financial assumptions	Remeasurement: Experience assumptions	Expected return on plan assets	Gross amount	Deferred tax	Impact on Equity
Pensions with autonomous fund	-	(2,467,179)	6,205,945	3,738,766	(115,461)	3,623,305
	-	**(2,467,179)**	**6,205,945**	**3,738,766**	**(115,461)**	**3,623,305**

2022

Amounts in Euro	Remeasurement: Financial assumptions	Remeasurement: Experience assumptions	Expected return on plan assets	Gross amount	Deferred tax	Impact on Equity
Pensions with autonomous fund	(35,726,332)	6,059,525	32,603,596	2,936,789	67,168	3,003,957
	(35,726,332)	**6,059,525**	**32,603,596**	**2,936,789**	**67,168**	**3,003,957**

The re-measurements referred to above result from experience gains and losses, both in financial and demographic terms.

Estimates and judgements

Actuarial assumptions

	2023	2022
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	3.50%	3.50%
Wage growth rate	2.00%	2.00%
Return rate on plan assets	3.50%	3.50%
Pensions growth rate	1.5% or 2.00%	1.5% or 2.00%

Sensitivity analysis

Amounts in Euro	2023	2022
0.5% decrease in the discount rate		
Increase in liabilities assumed	10,348,867	10,585,975
0.5% increase in the discount rate		
Decrease in liabilities assumed	(9,316,819)	(9,619,544)
0.5% decrease in the wage growth rate		
Decrease in liabilities assumed	(1,886,275)	(2,067,884)
0.5% increase in the wage growth rate		
Increase in liabilities assumed	1,976,098	2,174,018
0.5% decrease in the pensions growth rate		
Decrease in liabilities assumed	(7,646,125)	(7,796,773)
0.5% increase in the pensions growth rate		
Increase in liabilities assumed	8,056,199	7,963,146

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 profit or loss 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.

7.3. Remuneration of corporate bodies

Amounts in Euro	2023	2022
Navigator Corporate Bodies		
Board of Directors	3,094,271	2,980,652
Supervisory Board	83,521	53,998
Environment Board	79,750	15,250
General Meeting	8,000	7,000
	3,265,542	**3,056,900**
Corporate Bodies of other Group companies	**306,283**	**296,088**
Total (Note 7.1)	**3,571,826**	**3,352,988**

Remuneration of the members of the Board of Directors

Full details of the remuneration policy for the members of Navigator's Board of Directors are described in the company's Corporate Governance Report.

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 2023 and 31 December 2022, regarding the members of the Board of Directors of Navigator, there were no: i) any additional liabilities allocated to other long-term benefits, ii) employment termination benefits, iii) share-based payments and iv) any outstanding balances.

8. Financial instruments

8.1. Financial risk management

The Company, at the level of the Navigator Group, has a risk-management programme, 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 Company adopts a proactive approach to risk management, as a way to mitigate the potential adverse effects associated with those risks, namely the 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.

Moreover, 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 payables, 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 and other assets 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

	2023								
Amounts in Euro	US dollar	Sterling pound	Polish zloti	Turkish lira	Swiss franc	Mozambican metical	Moroccan dirham	South African rand	Total (Euro)
Amounts in foreign currency									
Cash and cash equivalents	3,754,684	863,437	259,824	525,311	2,731	24,591,876	418,145	40,922	4,858,597
Receivables	145,638,716	21,697,447	14,349,866	124,322	1,572,289	16,154,123			162,002,359
Total financial assets	**149,393,400**	**22,560,884**	**14,609,690**	**649,633**	**1,575,020**	**40,745,999**	**418,145**	**40,922**	**166,860,956**
Loans	-	-	-	-	-	-	-	-	
Payables	(12,831,555)	(64,414)	(25,273)	(5,124,236)	(84,250)		(134,963)		(11,952,451)
Total financial liabilities	**(12,831,555)**	**(64,414)**	**(25,273)**	**(5,124,236)**	**(84,250)**	**-**	**(134,963)**	**-**	**(11,952,451)**
Financial net position in foreign currency	**136,561,845**	**22,496,470**	**14,584,417**	**(4,474,603)**	**1,490,770**	**40,745,999**	**283,181**	**40,922**	**154,908,505**
Financial net position in Euro	**123,585,380**	**25,884,789**	**3,360,852**	**(137,035)**	**1,609,903**	**576,730**	**25,874**	**2,011**	**154,908,505**
Impact of + 10% change in all exchange rates on profit or loss for the period									**14,082,591**
Impact of - 10% change in all exchange rates on profit or loss for the period									**(17,212,056)**

									2022
Amounts in Euro	US dollar	Sterling pound	Polish zloti	Turkish lira	Swiss franc	Mozambican metical	Moroccan dirham	South African rand	Total (Euro)
Amounts in foreign currency									
Cash and cash equivalents	669,343	920,577	628,521	277,417	60,783	69,989,502	528,284	40,922	3,033,736
Receivables	121,178,751	27,203,259	22,284,073	124,322	3,171,682	119,228,330	-	-	158,098,615
Total financial assets	**121,848,094**	**28,123,836**	**22,912,594**	**401,739**	**3,232,465**	**189,217,832**	**528,284**	**40,922**	**161,132,351**
Loans	-	-	-	-	-	-	-	-	-
Payables	-	(270,975)	(11,083)	(22,910)	(30,685)	-	(98,203)	-	(1,373,124)
Total financial liabilities	**-**	**(270,975)**	**(11,083)**	**(22,910)**	**(30,685)**	**-**	**(98,203)**	**-**	**(1,373,124)**
Financial net position in foreign currency	**121,848,094**	**27,852,861**	**22,901,511**	**378,829**	**3,201,780**	**189,217,832**	**430,081**	**40,922**	**159,759,227**
Financial net position in Euro	**117,308,264**	**32,454,977**	**4,882,635**	**21,870**	**3,214,639**	**2,847,308**	**40,715**	**2,405**	**160,772,812**
Impact of + 10% change in all exchange rates on profit or loss for the period									**9,305,760**
Impact of - 10% change in all exchange rates on profit or loss for the period									**(11,373,706)**

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 1.4.4 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 are 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 income statement.

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 2023, approximately 5% (31 December 2022: 6%) 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 2023 and 31 December 2022, the detail of the financial assets and liabilities with interest rate exposure, considering the maturity or the next interest-fixing date is as follows:

2023						
Amounts in Euro	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
Assets						
Current						
Cash and cash equivalents	169,464,967	-	-	-	-	169,464,967
Total financial assets	**169,464,967**	**-**	**-**	**-**	**-**	**169,464,967**
Liabilities						
Non-current						
Interest-bearing liabilities	-	-	-	524,178,900	12,678,571	536,857,471
Repayable grants	-	-	-	23,227,870	-	23,227,870
Current						
Interest-bearing liabilities	15,000,000	49,857,143	27,182,540	-	-	92,039,683
Repayable grants	-	-	7,219,439	-	-	7,219,439
Total financial liabilities	**15,000,000**	**49,857,143**	**34,401,979**	**547,406,770**	**12,678,571**	**659,344,463**
Cumulative differential	**154,464,967**	**104,607,824**	**70,205,845**	**(477,200,925)**	**(489,879,497)**	

2022						
Amounts in Euro	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
Assets						
Current						
Cash and cash equivalents	343,083,788	-	-	-	-	343,083,788
Total financial assets	**343,083,788**	**-**	**-**	**-**	**-**	**343,083,788**
Liabilities						
Non-current						
Interest-bearing liabilities	-	-	-	492,801,587	123,710,317	616,511,905
Repayable grants	-	-	-	28,877,757	1,097,307	29,975,064
Current						
Interest-bearing liabilities	-	49,857,143	25,218,254	-	-	75,075,397
Repayable grants	-	-	7,219,439	-	-	7,219,439
Total financial liabilities	**-**	**49,857,143**	**32,437,693**	**521,679,344**	**124,807,625**	**728,781,805**
Cumulative differential	**343,083,788**	**293,226,645**	**260,788,952**	**(260,890,392)**	**(385,698,017)**	



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 profit before income tax, for the period ended 31 December 2023 by approximately Euro 175,417 (31 December 2022: Euro 233,333).

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)

						2023
Amounts in Euro	-1 month	1-3 months	3-12 months	1-5 years	+ 5 years	Total
Liabilities						
Interest-bearing liabilities (Note 5.7)						
Bond loans	420,000	10,721,500	30,895,000	432,923,500	-	474,960,000
Commercial paper	-	745,500	35,745,500	71,491,000	-	107,982,000
Bank loans	15,000,000	5,189,218	16,188,037	62,679,270	12,840,786	111,897,311
Other loans	-	-	7,219,439	23,227,870	-	30,447,309
Derivative financial instruments (Note 8.2)	-	-	(10,087,985)	(14,934,263)	-	(25,022,248)
Total liabilities	**15,420,000**	**16,656,218**	**79,959,992**	**575,387,376**	**12,840,786**	**700,264,372**
Of which interest (at the rates prevailing at that date)						**63,327,406**

						2022
Amounts in Euro	-1 month	1-3 months	3-12 months	1-5 years	+ 5 years	Total
Liabilities						
Interest-bearing liabilities (Note 5.7)						
Bond loans	420,000	10,257,500	19,942,100	341,457,650	101,310,000	473,387,250
Commercial paper	-	35,994,000	745,500	107,733,500	-	144,473,000
Bank loans	-	5,150,218	21,558,721	100,824,499	25,127,815	152,661,253
Other loans		-	4,099,902	28,877,757	5,631,853	38,609,513
Derivative financial instruments (Note 8.2)	-	(1,027,675)	(5,685,408)	(24,583,272)	(652,775)	(31,949,130)
Total liabilities	**420,000**	**50,374,043**	**40,660,815**	**554,310,134**	**131,416,893**	**777,181,886**
Of which interest (at the rates prevailing at that date)						**41,739,698**

The table considers the debt issued and the long-term debt contracted and not disbursed that will refinance the debt maturing in 2024 (Available and undrawn 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.

Available and undrawn credit facilities

Amounts in Euro	2023	2022
Undrawn credit facilities		
Commercial paper (with long term underwriting)	167,250,000	190,000,000
Long-term financing contracted and not disbursed	115,000,000	-
Other credit facilities	5,450,714	20,450,714
	287,700,714	**210,450,714**
Commercial paper used (Note 5.7)	105,000,000	140,000,000
Other credit facilities used	561,889,769	588,781,805
Contracted credit facilities (nominal value)	**954,590,483**	**939,232,519**

8.1.4. Credit risk

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:

Amounts in Euro	2023	2022
Non-current		
Receivables (Note 4.2)	44,399,506	25,282,858
Current		
Receivables (Note 4.2)	424,740,973	499,143,408
Cash and cash equivalents (Note 5.9)	169,464,967	343,083,788
	638,605,447	**867,510,054**

Ageing structure of trade receivables balances

As at 31 December 2023 and 31 December 2022, Trade receivables showed the following ageing structure, considering the due dates for the balances outstanding before impairment:

Amounts in Euro	2023	2022
Amounts not due	238,684,032	300,633,239
from 1 to 90 days	20,206,869	40,593,683
from 91 to 180 days	127,789	339,640
from 181 to 360 days	42,151	22,940
from 361 to 540 days	-	2,224
from 541 to 720 days	-	8,507
more than 721 days	-	1,226
	259,060,841	**341,601,458**
Balances considered impaired	3,293,670	6,621,084
Impairment	(3,293,670)	(6,621,084)
Net balance of trade receivables (Note 4.2)	**259,060,841**	**341,601,458**
Trade receivables covered by credit insurance	226,072,918	314,114,794
Trade receivables covered by bank guarantees	1,300,000	3,133,247
Trade receivables covered by title retention agreements	7,046,082	12,271,335
Trade receivables covered by letters of credit / documentary remittances	22,910,875	9,310,135
Covered receivables	**257,329,875**	**338,829,511**
Available and undrawn credit facilities	503,473,207	459,495,787
Credit hedging facilities contracted	**760,803,082**	**559,454,583**

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 Executive Committee of the Navigator Group (Euro 1,730,966).

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 Group, ensure a significant hedge of all outstanding balances.

The analysis of the open balances, by business area, is as follows:

Amounts in Euro	MARKET PULP	UWF PAPER	TISSUE PAPER	ENERGY	SUPPORT	2023 Total
Amounts not due	25,375,941	137,661,510	63,994,452	2,752,026	8,900,103	238,684,032
from 1 to 90 days	9,532,915	7,413,930	2,077,939	-	1,182,085	20,206,869
from 91 to 180 days	-	-	127,789	-	-	127,789
from 181 to 360 days	-	-	42,151	-	-	42,151
from 361 to 540 days	-	-	-	-	-	-
from 541 to 720 days	-	-	-	-	-	-
more than 721 days	-	-	-	-	-	-
	34,908,856	**145,075,440**	**66,242,331**	**2,752,026**	**10,082,188**	**259,060,841**

Amounts in Euro	MARKET PULP	UWF PAPER	TISSUE PAPER	ENERGY	SUPPORT	2022 Total
Amounts not due	18,354,214	205,260,083	41,107,860	23,335,066	12,576,016	300,633,239
from 1 to 90 days	578,572	35,168,534	3,229,499	124,008	1,493,070	40,593,683
from 91 to 180 days	7,275	-	42,050	-	290,315	339,640
from 181 to 360 days	-	-	9,449	-	13,490	22,939
from 361 to 540 days	-	-	2,224	-	-	2,224
from 541 to 720 days	-	-	8,507	-	-	8,507
more than 721 days	-	-	1,226	-	-	1,226
	18,940,061	**240,428,617**	**44,400,815**	**23,459,074**	**14,372,891**	**341,601,458**

The table below represents the quality of the Navigator Group's credit risk, as at 31 December 2023 and 31 December 2022, for financial assets (cash and cash equivalents), (Highest credit rating by one of the three rating agencies, Standard & Poor's, Fitch or Moody's):

Financial Institutions

Amounts in Euro	2023	2022
Rating		
AA	-	6,231,679
AA-	-	74,995,499
A+	56,769,567	122,316,040
A	61,675,370	476,414
A-	42,824,483	83,063,488
BBB+	2,643,288	-
BBB	1,546,150	51,917,908
BBB-	2,358,707	-
BB+	-	186,584
BB	-	-
BB-	-	899,601
B+	-	-
B	-	-
B-	-	-
Other	1,647,402	2,996,574
	169,464,967	**343,083,788**

"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

	Impairment		
Amounts in Euro	**Trade receivables**	**Other debtors**	**Total**
Balance as at 1 January 2022	**(2,173,129)**	**(235,024)**	**(2,408,153)**
Increases - IFRS 9 impact on profit or loss for the period	(1,171,788)	-	(1,171,788)
Increases (Note 2.3)	(3,277,947)	(45,116)	(3,323,063)
Reversals	101,523	1,283	102,806
Charge-off	(99,743)	(4,885)	(104,628)
Balance as at 31 December 2022	**(6,621,084)**	**(283,742)**	**(6,904,826)**
Increases - IFRS 9 impact on profit or loss for the period	1,279,362	-	1,279,362
Increases (Note 2.3)	(535,067)	(61,746)	(596,813)
Reversals	4,634,383	-	4,634,383
Charge-off	(2,051,264)	-	(2,051,264)
Balance as at 31 December 2023	**(3,293,670)**	**(345,488)**	**(3,639,158)**

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 forecasts 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).

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

	2023			2022		
Amounts in Euro	**Trading derivatives**	**Hedging derivatives**	**Net total**	**Trading derivatives**	**Hedging derivatives**	**Net total**
Balance at the beginning of the period	**(3,106,233)**	**46,938,143**	**43,831,911**	**(1,728,458)**	**(4,771,149)**	**(6,499,606)**
New contracts / settlements	(1,999)	(9,722,524)	(9,724,524)	2,911,822	(1,409,252)	1,502,569
Change in fair value through profit or loss (Note 5.11)	(960,636)	9,722,523	8,761,887	(4,289,597)	(1,504,772)	(5,794,369)
Change in fair value through other comprehensive income (Note 5.5)	-	(29,102,154)	(29,102,154)	-	54,623,316	54,623,316
Balance at the end of the period	**(4,068,868)**	**17,835,988**	**13,767,120**	**(3,106,233)**	**46,938,143**	**43,831,909**

8.2.1. Detail and maturity of derivative financial instruments by nature

2023

Amounts in Euro	Notional	Currency	Maturity	Positive (Note 4.2)	Negative (Note 4.3)	Net amount
Hedging						
Hedging (future sales)	287,500,000	USD	2024	1,348,010	(608,037)	739,973
Interest rate swaps - Bonds	355,000,000	EUR	2028	17,064,360	-	17,064,360
BHKP pulp	7,092,000	USD	2024	31,655	-	31,655
				18,444,025	**(608,037)**	**17,835,988**
Trading						
Foreign exchange forwards (future sales)	(46,000,000)	USD	2024	1,014,913	(4,987,262)	(3,972,349)
Foreign exchange forwards (future sales)	(6,099,807)	GBP	2024	-	(96,519)	(96,519)
				1,014,913	**(5,083,781)**	**(4,068,868)**
				19,458,938	**(5,691,818)**	**13,767,120**

2022

Amounts in Euro	Notional	Currency	Maturity	Positive (Note 4.2)	Negative (Note 4.3)	Net amount
Hedging						
Hedging (future sales)	345,000,000	USD	2023	6,011,256	-	6,011,256
Hedging (future sales)	144,000,000	GBP	2023	1,294,665	-	1,294,665
Interest rate swaps - Bonds	375,000,000	EUR	2028	31,949,130	-	31,949,130
Energy	50,521,199	EUR	2023	7,683,092	-	7,683,092
				46,938,143	**-**	**46,938,143**
Trading						
Foreign exchange forwards (future sales)	76,977,456	USD	2023	1,325,016	(4,679,289)	(3,354,273)
Foreign exchange forwards (future sales)	18,800,000	GBP	2023	251,284	-	251,284
Foreign exchange forwards (future sales)	1,750,000	CHF	2023	-	(3,243)	(3,243)
				1,576,300	**(4,682,532)**	**(3,106,232)**
				48,514,443	**(4,682,533)**	**43,831,911**

Cash flow hedge | Exchange rate risk EUR/USD

During the last 6 months of 2023, the Group contracted derivative financial instruments by acquiring USD 287,500,000 in Zero Cost Collar, thus guaranteeing total coverage of the estimated value of exposure for 2024.

Interest rate hedge

During the first quarter of 2022, the Group contracted two swaps in the amount of Euro 75,000,000 each, to fix the interest rate associated with the Navigator 2022-2028 bond loan in the amount of Euro 150,000,000, starting in June 2022.

Energy Hedging

In view of the Group's exposure to energy prices, during the last quarter of 2022, swaps were contracted to set the price of energy sold for a volume of approximately 253,716 MWh, which ended on 31 December 2023.

Commodities Hedging – BHKP

During the second quarter of 2023, the Group entered into a swap valued at USD 7,092,000 to fix the price of short fibre pulp (BHKP) starting in January 2024.

Estimates and judgements

Fair value of 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.

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 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 fair value 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. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. 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 under 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 required, 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 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 hedge of cash flows from the commercial paper programme 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.

8.3. Financial assets and liabilities

8.3.1. Categories of Group Financial Instruments

The financial instruments included in each caption of the consolidated statement of financial position are classified as follows:

Amounts in Euro	Note	Financial assets at amortised cost	Hedging derivative financial instruments	Trading derivative financial instruments	Non-financial assets	Total
31 December 2023						
Non-current receivables	4.2	44,399,506	-	-	-	44,399,506
Current receivables	4.2	311,882,736	18,444,025	1,014,913	93,399,299	424,740,973
Cash and cash equivalents	5.9	169,464,967	-	-	-	169,464,967
Non-current assets held for sale	3.8	-	-	-	-	-
Total assets		**525,747,210**	**18,444,025**	**1,014,913**	**93,399,299**	**638,605,447**
31 December 2022						
Non-current receivables	8.3	25,282,858	-	-	-	25,282,858
Current receivables	4.2	363,009,769	46,938,143	1,576,300	87,619,196	499,143,408
Cash and cash equivalents	5.9	343,083,788	-	-	-	343,083,788
Total assets		**731,376,415**	**46,938,143**	**1,576,300**	**87,619,196**	**867,510,054**

Amounts in Euro	Note	Financial liabilities at amortised cost	Hedging derivative financial instruments	Trading derivative financial instruments	Financial liabilities outside the scope of IFRS 9	Total
31 December 2023						
Interest-bearing liabilities	5.7	659,344,463	-	-	-	659,344,463
Lease liabilities	5.8	-	-	-	69,996,821	69,996,821
Payables	4.3	612,025,754	608,037	5,083,781	-	617,717,572
Total liabilities		**1,271,370,217**	**608,037**	**5,083,781**	**69,996,821**	**1,347,058,856**
31 December 2022						
Interest-bearing liabilities	5.7	725,301,722	-	-	-	725,301,722
Lease liabilities	5.8	-	-	-	61,641,049	61,641,049
Payables	4.3	605,630,951	-	4,682,533	-	610,313,484
Total liabilities		**1,330,932,673**	**-**	**4,682,533**	**61,641,049**	**1,397,256,255**

8.3.2. Fair value of financial assets and liabilities

Financial assets and liabilities measured at fair value

	2023		2022		
Amounts in Euro	Level 1	Level 2	Level 1	Level 2	Level 3
Financial assets at fair value through profit and loss					
Trading derivatives (Note 8.2)	-	1,014,913	-	1,576,300	-
Hedging financial instruments (Note 8.2)	-	18,444,025	-	46,938,143	-
Assets measured at fair value					
Biological assets (Note 3.8)	-	-	-	-	122,499,875
Total assets	**-**	**19,458,938**	**-**	**48,514,443**	**122,499,875**
Financial liabilities at fair value through profit or loss					
Trading derivatives (Note 8.2)	-	(5,083,781)	-	(4,682,533)	-
Hedging financial instruments (Note 8.2)	-	(608,037)	-	-	-
Total liabilities	**-**	**(5,691,819)**	**-**	**(4,682,533)**	**-**

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.

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 the 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.

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 it incorporates essentially 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 Group is involved are subject to risks which could have a significant impact on its operations, its operating profit or loss, 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 (Note 9.1.1)
- Risks associated with the production and sale of BEKP pulp, UWF paper and tissue paper (Note 9.1.2)
- Risks associated with the production of energy (Note 9.1.3)
- Environmental risks (Note 9.1.4)
- Human resources and talent management (Note 9.1.5)
- Information systems and cybersecurity (Note 9.1.6)
- Other risks associated the Group's activity (Note 9.1.7)
- General context risks (Note 9.1.8)

ii. Group risks and the way it performs its activities.

The Group has a risk-management programme 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 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 Navigator Group operates

9.1.1. Risks associated with the forestry sector

As at 31 December 2023, the Navigator Group managed around 109,0 thousand hectares (2022: 106.8 thousand hectares) distributed across Portugal and Spain, in 1,375 Management Units in 170 municipalities in Portugal, and 47 Management Units

distributed across 3 provinces in Galicia, Spain, in accordance with the principles set forth 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 12.2% of the total area under management in Portugal, 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 programme 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 2023 both via FSC® (from 370,000 ha to around 594,110 ha) and PEFC (from 260,000 ha to around 329,744 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 2023 the forestry area managed by the Navigator Group, although it represents about 3% of Portugal's total forested area, it represents, however, 34% of all certified Portuguese forests according with PEFC standards and 18% of all certified Portuguese forests according with FSC® standards (2022: 34% and 19%, respectively.

We are, however, optimistic about the path taken, which demonstrates the adherence of Forestry Production to sustainable forest management models. In 2023, 68% of wood from national sources, excluding wood from areas managed by the group, already came from properties that had their forest management certified (2022: 65%). 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, to demonstrate its ongoing commitment to its sustainable development objectives, in June 2022 the Group issued a Euro 150 million bond under the Sustainability Linked Bonds framework, with an interest rate linked to three ESG indicators: CO_2 emissions (EU ETS basis); % of certified wood purchased in the Portuguese market; energy consumption from renewable sources. With this operation, we ended the year with almost 42% of total funding issued being of a sustainable nature.

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 240,000 hectares, made available under the Investment Agreement signed with the Mozambican Government, of which around 14,000 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. Once the above conditions have been met, 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 (about 1 million tons per year), in an estimated additional investment of USD 140 million.

Due to the repeated delays in commencing construction of this infrastructure, Portucel is evaluating the possibility of alternative logistics solutions, either through the port of Nacala or by implementing a temporary solution in Macuse.

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 2,500 hectares having been planted between 2019 and 2022. The plan is to plant 1,000 hectares in the 2023-2024 campaign. 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.

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 2023, approximately 74,000 m^3 of wood were harvested, with two shipments to Portugal amounting to around 60,000 m^3, and a total export volume of 251,000 m^3 through 8 shipments.

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 all players. Since the entire forest-based industrial production sector depends on the availability of raw materials in the quality and quantity necessary to maintain the industrial units in our country, it is shocking to conclude that the lack of investment in the rehabilitation of national forest areas is currently jeopardising the sustainability of such an important sector for Portugal, both economically, socially (given the impact it has on local populations and economies) and environmentally.

The Group 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 stemming from a genetic improvement programme 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).

One of the initiatives and projects developed in 2023 was the launch of “Clube Produtores Florestais Navigator”, a pioneering initiative aimed at all those who make a living from forestry in Portugal, with the aim of supporting the company's partners in a collaborative way in the implementation of active and responsible forest management. The “Clube Produtores Florestais”, launched by Navigator in November 2023, had over a hundred members by the end of the year. This figure highlights the need in the country for a movement to enhance the capacity and competitiveness of forestry industry players.

Navigator believes that investing in the training and development of all players, through innovation in mechanical means and in attracting, valuing and retaining human resources, as well as increasing the national area in which best forestry practices are applied and all certification requirements are met, creates benefits that go far beyond strengthening the eucalyptus sector. It helps reducing the risk of fires, lowering CO_2 emissions, increasing biodiversity through conservation areas, and boosting the economy in the country's inland.

Moreover, through Biond (an association of forest-based bio-industries, representing the main industrial groups in the sector), Navigator has also collaborated in the “Melhor Eucalipto” Programme, in which “Limpa & Aduba” is developed. Under this initiative, Biond 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 14,550 ha during 2022 and on more than 24,629 ha in 2023, accumulating more than 72,000 ha already intervened, with visible effects on productivity and reducing the incidence of fires. CBiond is also implementing 2 additional programmes - "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 nature - Recuperação de Áreas Ardidas - aimed at the recovery of burned areas hit by fires, seeking the rehabilitation of these areas for forest management (331 hectares completed in 2023).

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; and

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 Group, the respect for biodiversity conservation, 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 aid in the fight against forest fires at the grouped companies' properties, in strict coordination and collaboration with the National Civil Protection Authority (ANEPC – Autoridade Nacional de Protecção Civil). This grouping manages an annual budget of over 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 194 thousand hectares of forests in Portugal.

The Group also has a research institute, RAIZ, whose activity is focused on 3 main areas: Applied Research, Advisory 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; and

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

Navigator's own supply of wood (from its own assets and leases) for the production of BEKP pulp represented only around 12% of the Group's needs in 2023 (2022: 11%). As a result, the Company regularly has to purchase timber from the domestic market, the Spanish market and non-European markets, mainly Brazil, Uruguay and Mozambique (mainly from Navigator's local plantations).

As new forest plantations in Portugal are subject to approval by the relevant authorities and a policy of restricting land expansion limits the country's production potential, Navigator has developed a number of initiatives to support forest producers, including technical support for the replanting/maintenance of eucalyptus plantations, certification of forest management to meet commercial demand for certified products (paper and pulp) and incentives to maximise the productivity of existing areas, thereby contributing to better national forest management and consequently greater availability of raw materials.

Due to the lack of sufficient domestic wood production to meet our needs, the Group has had to increase the amount of wood imported in recent years, mainly from outside Europe, to ensure the supply of purchased eucalyptus species to the mills. The increase in the cost of this raw material compared to other nearby raw materials was/is directly related to the lower availability of wood on the world market, also due to the embargo on exports from Russia to Europe, but also to the distance between the origin of the wood (Brazil, Uruguay, Mozambique) and Portugal, new industrial pulp mills (Uruguay, Chile), increased operating costs and logistical transport costs (mainly by sea), also influenced by fluctuations in fuel prices and exchange rate effects.

On 31 December 2023, a 10% decrease in the cost per m^3 of eucalyptus wood consumed in BEKP pulp production would have had a negative impact in the Navigator Group’s operating results of approximately Euro 37,800,000 (31 December 2022: Euro 41,100,000).

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 2023, a 10% worsening in the price of chemical products would have represented a negative impact on the Group's operating results of around Euro 19,400,000 (31 December 2022: Euro 25,200,000).

Water

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. As part of the Group's Water Use Reduction Programme (PRUA - “Programa de Redução do Uso de Água”), it has been possible to reduce the use of water in Navigator's industrial complexes by 5% between 2019 (base year) and 2023, and it is expected that the use of this resource will be reduced by at least 33% by 2030. This is part of a comprehensive strategy that is being pursued rigorously, bringing the Group closer to achieving the goals of its “Agenda 2030”.

Market Price for UWF paper, BEKP pulp and Tissue paper

Imbalances in the supply/demand ratio in the BEKP, UWF paper and tissue paper markets may have a significant impact on prices and, as a consequence, on the Group's performance. The market prices of BEKP pulp and 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 the prices of BEKP pulp and UWF and Tissue paper 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 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.

As at 31 December 2023, 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 24,900,000 and Euro 76,400,000, respectively (31 December 2022: Euro 20,900,000 and Euro 101,400,000, 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.

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 and innovative 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 combined heat and power production units, which supply steam to the process, and redundancies have been planned between the various units in order to mitigate the risk of any unplanned shutdowns.

Moreover, the Group owns two biomass power plants that are independent of the pulp and paper production process and are dedicated to the production of renewable electricity for sale to the grid.

Under the current regulatory framework, all electricity generated from renewable cogeneration is sold to the grid under the general remuneration scheme established by Decree-Law 23/2010 of 25 March, republished by Decree-Law 68 A/2015 of 30 April, in its current wording.

In the first half of 2023, the sale of renewable cogeneration on the market was carried out in accordance with the general modality of the remuneration regime, switching in the second half to the special modality under Decree-Law 68 A/2015 of 30 April. The Setúbal Natural Gas Combined Cycle Power Plant continued to sell all of its electricity production to the grid under the general scheme of the aforementioned Decree-Law.

In 2023, The Navigator Company continued to provide the Regulation Reserve Band service to the national electricity system operator. This service, used by authorised industrial consumers, contributes to the security of the electric power system and the constant balance between electricity demand and supply. System services are an increasingly important tool in today's context, and industrial consumers play a very important role in this respect.

As at 31 December 2023, a 10% worsening in the price of electricity would have represented a negative impact on the Group's operating results of around Euro 5,500,000 (31 December 2022: Euro 17,300,000).

Country risk - Portugal

The Navigator Group has a strong presence in Portugal. Its activity is based on assets mainly located in Portugal. Similarly, around 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 0.75% of the national GDP, about 2.5% 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 2023, the expenses incurred in this project amount to Euro 137.4 million (31 December 2022: Euro 132.7 million), mainly related to plantation, land preparation and forest maintenance, to the programme for land management, environmental and social licensing, training, and the construction of what is now one of Africa's largest forest nurseries.

Considering that Navigator is still working on the conditions above for Phase 1 of the MoU, as previously mentioned, the estimated probable liabilities are duly provisioned.

Country risk - US

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 2023 these duties affected the Group's earnings by Euro 30,295,018 - review periods 1 to 8 (2022: Euro 32,334,413).

Competition

Increased competition in the paper and pulp markets may have a significant impact in price and consequently, in the 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 significantly lower production costs, have been gaining weight in the market, undermining the competitive position of European pulp producers. This year and next, 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 and today has a significant presence in the United States and North Africa.

The turnover intended to the European markets represented 63% (2022: 65%), 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 2023, the Group's 10 main BEKP Customer groups accounted for 9% of the period's production of BEKP pulp (2022: 13%) and 28% of external sales of BEKP pulp (2022: 74%). This asymmetry is a result of the strategy pursued by the 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 2023, the Navigator Group's decreased its reliance on its 10 main Customer groups for UWF paper which accounted for 35% of this product's sales during the period (2022: 39%).

The Navigator Group recorded 6 new Customers with sales in 2023. Also, regarding UWF paper, the Group follows a strategy for mitigating the risk of concentration in its customer portfolio. The Navigator Group sells UWF paper to around 134 countries and to around 1,000 individual Customers, thereby allowing a dispersion of the risk of sales concentration in a reduced number of markets and/or Customers.

In 2021, the Navigator Group launched its omnichannel platform, NVG Hub, to improve the level of service, transparency and information provided to its customers. In 2022, the Group extended the NVG Hub platform to the Tissue Business Unit, significantly improving the user experience (UX) thanks to the 360º redesign of the portal and introducing a number of functionalities to improve customer service and process optimisation. Online quotation requests, the integration of the claims module, a new section dedicated to notifications and shipment monitoring are just some of the new features that users can now find online. The NVG Hub ended the year with a presence in 22 markets, 700 customer onboardings and a high level of activation and loyalty to the portal.

The NVG Hub omni-channel platform continues to strengthen links with UWF and Tissue customers. By the end of 2023, 1,000 customers were already on board. The scope of the platform is being extended to include the Pulp and Moulded Pulp businesses.

In the Packaging segment, the expansion of the offer continues with the development of new product ranges that will open doors to other high value-added segments in the short term, an evolution supported by the execution of market tests (220 in 2023) with more than 100 customers (including around 80 potential customers), of which 45 tests are still ongoing.

The packaging business, which is still developing a consolidated base on the international market, also felt the adverse effects of a year marked by overstocking throughout the distribution chain, reflected in the slowdown and irregularity of demand. In

particular, the consumption of bags—one of Navigator's main segments—fell by around 40% following the introduction of in-store payment by consumers.

However, the development of the packaging business continues to show very promising signs, reflected in the growing customer base, the recognition of the quality of our Globulus eucalyptus fibre-based products and, consequently, of the gKraft™ brand, which serves brands with high exposure in sectors as diverse as fashion, food retail, e-commerce, industry, and agriculture.

This recognition is reflected in the development of the customer base, which today has more than 230 active customers in 30 countries since the start of the business in 2021. This recognition goes beyond commercial success: Navigator's work in the field of sustainable packaging solutions won the National Innovation Award last June. In turn, the "From Fossil to Forest – Produtos de Embalagem Sustentáveis para Substituição do Plástico Fóssil" mobilizing agenda led by Navigator was recognised by Deloitte Portugal in the "Transformation Award – Projetos de transformação e de inovação com impacto no mercado" category.

Navigator bases its packaging paper offer on three macro gKraft™ segments: BAG, FLEX and BOX, which are subdivided into 12 segments for different applications, respectively addressing the markets of Bags (retail, consumer and industrial bags), Flexible Packaging (serving a wide range of flexible packaging) and "Boxes" (corrugated boxes for value-added products and food packaging, including board for the production of paper cups and food trays). These are products in which the innovative introduction of eucalyptus fibre qualities has been crucial to the enormous market acceptance already recognised.

During 2023, Navigator has developed new product ranges aimed at the food industry and a wide range of consumer products, whose testing and launch phase, which is still underway, represents a large-scale operation to reach new customers, supported by 220 market tests carried out in 2023. Developments included the creation of new product ranges, in particular innovative 100% eucalyptus products, with a total of 31 new grades.

As part of the diversification of the packaging business, the project for the integrated production of eucalyptus-based moulded cellulose parts to replace single-use plastic packaging in the foodservice and food packaging market continues to progress as planned, with production expected to start at the beginning of the second half of 2024 under the gKraft™ Bioshield brand. The plant will have a production capacity of around 100 million units per year, making it one of the largest in Europe and the first integrated plant in Southern Europe, entering a market with high potential and growth. It will launch 4 products for the food sector, with production flexibility and scalability to take advantage of the various opportunities opening up in the replacement of plastics.

In this segment, sales in 2023 amounted to 40 ktons (contrary to the growth rate of the first two years, which shows the strong impact of the difficult adverse market conditions experienced in 2023), representing sales of Euro 40 million.

In the tissue business, the acquisition and integration of the Goma-Camps consumer business in Spain, effective from the second quarter, positioned Navigator as the second largest producer and marketer of tissue products in the Iberian Peninsula. This acquisition contributed significantly to the increase in revenue, which rose from Euro 198 million (2022) to Euro 294 million (2023), an increase of 48%.

The customer base in Spain and France was also strengthened by the acquisition, reaching 728 customers at the end of 2023 (up 15% from a base of 635).

Separately, brand building in the markets in which it operates continued at a good pace, with sales of Tissue Navigator brands reaching 30,000 tonnes in 2023, compared to 24,000 tonnes in 2022, an increase of 25%.

Finally, sales of more differentiated and innovative products reached a new record of 5,000 tonnes in 2023, an increase of +64% compared to 2022.

9.1.3. Risks associated with the production of energy

In 2023, the macroeconomic environment remained unstable, influenced by the war in Ukraine and the resurgence of conflict in the Middle East. In this context, combined with a high inflation rate in Europe, energy prices remained high, although below the historic highs resulting from the energy crisis in 2022.

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.

The Group has played a pioneering role and has been promoting and developing a market for the sale of biomass for supplying its renewable cogeneration units 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.

Existing incentives in Portugal only cover the use of residual forest biomass (RFB) for electricity generation, excluding the use of wood for this purpose.

In terms of legal framework, we highlight the following diplomas:

i. Decree-Law 68-A/2015 of 30 April, which establishes provisions on energy efficiency and cogeneration and amends Decree-Law 23/2010, of 25 March, and Order 140/2012, of 14 May, revised by Order 325-A/2012, of 16 October, applicable to the regime of PRE- Special Regime Production in cogeneration;

ii. For the For the Biomass Power Plants (CTB - "Centrais Termoelétricas a Biomassa") in operation, dedicated to the production of electricity the legal framework is supported by Decree-Law 33-A/2005, of 16 February, revised by Decree-Law 225/2007, of 31 May, which changes the guaranteed remuneration period for Special Regime Production (PRE - "Produção em Regime Especial") from 15 to 25 years. For these assets, the legal framework thus supports a tariff framework that is expected to be stable over the coming years.

iii. Decree-Law 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 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.

iv. Decree-Law 15/2022 of 14 January establishing the organisation and operation of the National Electric System (NES), transposing Directive (EU) 2019/944 and Directive (EU) 2018/2021.

v. Decree-Law 33/2022, of 14 May, which sets out an exceptional and temporary mechanism for the adjustment of electricity generation costs within the framework of the Iberian Mechanism, subsequently amended by Decree-Law 21 B/2023 of 30 March, which extends the application of the mechanism until 31 December 2023.

As the period for selling electricity from cogeneration plants under a special regime comes to an end, they will gradually switch to self-consumption, i.e. direct supply to industrial consumers, with any surpluses being sold on the market.

The Group is seeking to mitigate the risk associated with the activity by constantly seeking to optimise production costs and the efficiency of generation units, analysing new renewable energy generation projects, long-term energy contracting and active risk management, as well as promoting several photovoltaic solar energy projects in the self-consumption regime.

9.1.4. Environmental risks

Regulatory environment

In recent years, environmental legislation in the EU has become increasingly restrictive regarding the control of effluents. The Group's companies comply with the legislation in force in all aspects of their environmental licences, namely their various parameters (VLEs), their water use permits (TURH), their permits to emit greenhouse gases (TEGEEs), etc.

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 CO_2 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 CO_2 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 CO_2 emissions.

In addition, the group has a Carbon Neutrality Roadmap ("Roteiro para a Neutralidade Carbónica") that aims to implement, by 2035, changes in its production processes in order to minimise the use of fossil fuels and consequently reduce their CO_2 emissions.

To this end, the programme defined in 2019 includes projects based on the use of renewable energy sources, namely biomass and solar, with the aim of minimizing CO_2 emissions resulting from its activity and promoting the improvement of its energy performance.

Navigator kept 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 CO_2 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 addition to contributing to climate change mitigation, Navigator's decarbonisation plan includes the use of residual forest biomass for energy production—adding value to the resource and helping to protect forests from fires—and the production of electricity from renewable sources. The company is gradually replacing its use of fossil fuels with less carbon-intensive energy sources and is investing in photovoltaic solar energy, which will allow it to produce electricity for its own use, thereby reducing energy costs.

In 2022, the company received approval from the Science Based Targets Initiative (SBTi) for its greenhouse gas (GHG) emission reduction targets based on climate science. This step has been identified by SBTi as a "key element" of a net zero decarbonisation path as recommended by the Intergovernmental Panel on Climate Change (IPCC) report.

As a bioindustry on the right side of the future, based on the eucalyptus and pulp and paper industries, we promote a forest-based bioeconomy with potential positive impacts based on the sustainable management of our forests.

In 2023, Navigator was rated "A-" in the CDP - Disclosure Initiative Action assessment, maintaining its position as a world leader in combating climate change and managing deforestation risks. The company was also awarded "ESG Industry Top Rated" based on an assessment by the rating agency Sustainalytics, which classified it as a "Low Risk ESG Company" for investors in 2022. This rating assesses a company's performance in environmental, social and governance (ESG) areas, and is therefore a recognition of the efforts made to manage the impact of its activities.

Navigator monitors the European Commission's policy and legislative initiatives in areas such as the EU forestry and biodiversity strategies, the Renewable Energy Directive, the EU Emissions Trading System (EU ETS) as well as the EU taxonomy, the Non-Financial Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD).

Good management of financial and sustainability risks and opportunities, as well as their disclosure, encourages a favourable perception by the capital markets and, consequently, the cost of capital. Since, Navigator Group has reported information on the alignment of its economic activities with the EU taxonomy and implement the recommendations of the Task Force on Climate-related financial Disclosures (TCFD).

For more detailed information on these and other initiatives under the Navigator Group's 2030 Agenda, we recommend consulting the "Sustainability Statement" section in this Report.

Risks associated with climate change

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.

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. In 2022, the Navigator Group integrated 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. More detailed information on this initiative can be found in the notes to the management report.

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 forecasts 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. As mentioned in Note 3.7, during 2022, the Group requested an external valuation of its assets by an independent entity, which estimated the useful life of the assets, considering current conditions and functional obsolescence. Based on the results of the studies carried out, as well as on the Group's investment prospects for the 2023-2027 period, namely as a result of decarbonisation commitments and projects under the Recovery and Resilience Plan, Navigator reviewed the useful life of its assets with reference to 1 January 2022, resulting in an average reduction of approximately 7 years in useful life.

Physical risks arising from fires and droughts are largely covered by the Group's property and operating loss insurance programmes. 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 a relevant role in mitigating the negative impacts of climate change.

As widely disclosed, the Group's strategy, with a corporate purpose and a 2030 Responsible Management Agenda (“Agenda de Gestão Responsável 2030”) in line with the United Nations Sustainable Development Goals, is to provide sustainable and renewable alternatives to fossil-based solutions, offering attractive growth opportunities in the future and promoting the decarbonisation of the economy. 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 robust 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 the consolidated financial statements.

9.1.5. Human resources and talent management

Human resources management in the Navigator Group in 2022 was marked by an innovative and impactful agreement for the Company's nearly 1,700 operational technicians. The agreement, which had a term of two years, is a milestone for the Company, especially at a time of economic and social uncertainty. The agreement, which was developed with the trade unions and worker representative organisations (WROs), is crucial to ensuring social peace in the Company. Furthermore, the balance achieved will also provide increased income for employees, based on four fundamental principles: strengthening variable remuneration by sharing the Company's results, merit as a factor in increasing remuneration, harmonisation of conditions between the companies of the Navigator Group and an increase in the income available to employees. This experience was repeated in 2023, with an agreement for the years 2024-2025.

2023 was a year of consolidation in terms of Talent Management policies and processes, and important steps were also taken to meet the needs of employees and the challenges of the market and evolution, including:

- Continuation of programmes to attract young talents in order to meet the future needs of The Navigator Company and at the same time increase the employability of young people:
    - more than 40 internships for graduates and postgraduates;
    - more than 100 for future operators, the latter with a prior training programme carried out in partnership with the IEFP with a practical component in our mills;
    - more than 45 summer internships, including a corporate social responsibility component for employees' children; and
    - around 50 curriculum development internships in technical areas of industrial production and laboratories.
- Review of our employer branding strategy, through greater engagement of our internal ambassadors and a redefinition of the positioning of our image as an employer brand;
- Completion of the new career model for the company's employees (career families), with individual and group communications to all employees involved, to promote the benefits of the model, namely: valorisation of technical careers, diversification of career opportunities and internal development, with clear and transparent criteria;
- A platform for internal mobility between all SEMAPA Group companies has also been implemented;
- Alignment of the remuneration policy with the new career model (career families) to ensure a competitive salary policy based on merit, but also on the potential for growth within the organisation. As a result of this strategy, new Mobility Guidelines have also been approved. Focus on improving internal equity, external competitiveness and retention;
- As a result of the new Career Plan for Operational Technicians, 213 new training programmes and a new MOVE registration and monitoring system were created. This, together with several other factors set out in the plan, will enable the team to continuously acquire skills that will also allow for professional development. In addition to the new and existing programmes, more than 600 skills acquisition processes were initiated;
- Implementation of various internal programmes to mobilise teams, generate ideas and bring them closer to the company's strategy and the Board of Directors, namely *Dia do Trainee*, *Future Leaders Fórum*, *Straight to the Top*, *Lembranças de Antiguidade*, *Fórum de Supervisores*;
- Implementation of programmes focused on the families of our employees, such as: Summer camps (for employees' children) and *Portas Abertas à Família*
- The CRESCER project continued with the aim of having "committed and fulfilled" people, always in line with the company's purpose. More than 80 employees were involved in the project, so that the initiatives to be implemented were fully adapted to the reality of the organisation and created an increasingly robust dynamic of proximity and interaction. Of particular note was the implementation of the "Leadership Golden Book", which aims to ensure the sustainable development of leaders in line with the strategy defined by the company, enabling them to better manage and anticipate Navigator's current and future challenges; and
- Finally, a Climate Survey was carried out, with a voluntary participation rate of over 70%, covering all employees, whose action plan will be implemented in 2024 and/or integrated into the ongoing Crescer project.

9.1.6. Information Systems and Cybersecurity

The Navigator Group's information systems play a fundamental role in the operation of its businesses. Given the growing 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.

The Navigator Group has cybersecurity policies and procedures in place, which are in line with industry standards and mitigate many of the risks. Despite these 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 fully sufficient to prevent such system failures, as well as the related repercussion on reputation, litigation, inefficiencies or even in allocating operating margins.

In addition to its internal team, the Group uses outsourced service providers for information systems, having renewed the outsourcing contract for the management of the digital workspace in 2021 and, at the beginning of 2024, the outsourcing contract for the management and operation of the infrastructure and the outsourcing contract for the management and maintenance of applications.

9.1.7. Other risks associated with the Group's activity

The 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 primarily exports its production of UWF paper and 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 structural inefficiency of the Portuguese economy, which continues to be followed by management, adversely affects the Group's competitiveness, mainly in the following areas:

i. Ports and railroads;

ii. Roads, particularly those providing access to the Navigator Group's mills;

iii. Territorial planning and forest fires;

iv. Low productivity of the country's forests;

v. Lack of certification of most of the Portuguese forest; and

vi. Volatility of the fiscal policy and no reduction of the IRC 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 2022	**6,951,273**	**19,800,807**	**26,752,081**
Increases	3,488,765	4,576,941	8,065,706
Reversals	(5,392,411)	(1,051,848)	(6,444,259)
Impact in profit or loss for the period	**(1,903,646)**	**3,525,093**	**1,621,447**
Exchange rate adjustment	2,223	-	2,223
Other transfers and adjustments	57,126	-	57,126
31 December 2022	**5,106,975**	**23,325,900**	**28,432,877**
Increases	601,811	217,808	819,619
Reversals	(25,660)	(1,800,000)	(1,825,660)
Impact in profit or loss for the period	**576,151**	**(1,582,192)**	**(1,006,041)**
Change in the perimeter	-	105,854	105,854
Other transfers and adjustments	1,826,208	(1,521,612)	304,596
31 December 2023	**7,509,334**	**20,327,950**	**27,837,286**

No repayments 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 2023, the balance is mainly composed of amounts referring to labour processes (2023: Euro 2.8 million; 2022: Euro 2.6 million) and the processes with APA - Agência Portuguesa do Ambiente regarding the water resources tax (2023: Euro 2.3 million; 2022: Euro 2 million).

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 2023 and 2022, Other provisions includes Euro 15.500.000 and Euro 17,300,000, respectively, 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 2023, and both parties continued to work towards that goal.

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.

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.

10.2. Commitments

Guarantees provided to third parties

Amounts in Euro	2023	2022
Guarantees provided		
Navigator guarantees for EIB loans	22,083,333	37,708,333
Ocean Network Express	2,751,947	-
Comissão Coordenação Desenvolvimento Regional	354,083	354,083
IAPMEI	1,280,701	1,280,701
Customs clearance	-	1,250
Agência Portuguesa Ambiente	2,846,271	2,390,006
Simria	338,829	338,829
Other	838,256	838,256
	30,493,420	**42,911,458**

The guarantees provided to IAPMEI were made in the context 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.

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 2022.

Purchase commitments

Amounts in Euro	2023	2022
Purchase commitments		
Property, plant and equipment - Industrial equipment	140,885,321	57,737,388
Wood		
Commitments with acquisitions in the subsequent period	265,000,000	362,700,000
Commitments to long-term acquisitions	102,600,000	117,600,000
	508,485,321	**538,037,388**

In the first half of 2022, the subsidiary Navigator Abastecimento de Madeira, ACE, signed a contract with Portline Ocean Bulk, Inc. for the chartering of vessels for the transportation of timber in 2022, 2023 and 2024. The contract provides for the transport of approximately 940,000 m^3 during this period.

Moreover, the Group has entered into energy purchase commitments amounting to Euro 125,753,200.

Purchase commitments of an operational nature, which are not reflected in the statement of financial position, include liabilities associated with long-term contracts for the supply of raw materials, products and services within the scope of The Navigator Company's activity. The value of the commitments has been estimated on the basis of the information available at the time, based on the contractual terms and the best information available at the time on the volumes and prices applicable for the remaining period of the contracts.

Other commitments

The Navigator Group has made a commitment to achieve carbon neutrality by 2035, with an estimated global investment of Euro 340 million, of which Euro 137.6 million have already been invested until 31 December 2023 (2022: Euro 57.4 million).

10.3. Contingent assets and liabilities

Public Debt Settlement Fund

According to Decree-Law 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 Authorities for the periods of 2006 and 2003, which was supplemented, on 13 October 2011, with the amounts already paid and uncontested relating to these same debts, as well as the expenses directly related thereto, pursuant to the ruling dated 24 May 2011 (Case 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 Portuguese Tax Authorities, in which was recognised the responsibility of the Public Debt Settlement Fund (PDSF) for repaying the amount of Euro 5,725,771 corresponding to the amount of Corporate Income Tax improperly paid, resulting from the alleged incorrect qualification / consideration, by the tax administration, of the tax loss calculated as a result of the operations performed by Soporcel, S.A. in 2003, as well as to promote restitution 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 in favour of the Group	Outstanding amounts
Proceedings confirmed in court					
Corporate income tax	2002	18,923	-	-	18,923
Corporate income tax (FR)	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 repayment 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 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 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.

In January 2023, the Court, while rejecting in their entirety the defendants' pleas in law, issued a judgment against the Navigator Group and acquitted the defendants. Following this decision, the Group appealed to the Supreme Administrative Court in February 2023.

11. Group structure

11.1. Companies included in the consolidation perimeter

11.1.1. Navigator Group subsidiaries

Company	Head Office	% Shareholding 2023 Direct	2023 Indirect	2023 Total	2022 Total	Main activity
Parent company:						
The Navigator Company, S.A.	Portugal	-	-	-	-	Sale of paper and pulp
Subsidiaries:						
Navigator Brands , S.A.	Portugal	100.0	-	100.0	100.0	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	100.0	-	100.0	100.0	Management of industrial real estate
Navigator Paper Figueira, S.A	Portugal	100.0	-	100.0	100.0	Paper production
Empremédia - Corretores de Seguros, S.A.	Portugal	100.0	-	100.0	100.0	Insurance mediation and advisory services
Empremedia, DAC	Ireland	100.0	-	100.0	100.0	Management of shareholdings
Empremedia RE, DAC	Ireland	-	100.0	100.0	100.0	Insurance mediation and advisory services
Raiz - Instituto de Investigação da Floresta e Papel	Portugal	97.0	-	97.0	97.0	Applied research in the field of pulp and paper industry and forestry activity
Enerpulp – Cogeração Energética de Pasta, S.A.	Portugal	100.0	-	100.0	100.0	Energy production
Navigator Pulp Figueira, S.A.	Portugal	100.0	-	100.0	100.0	Production of cellulose pulp and provision of administration, management and internal advisory services
Ema Cacia - Engenharia e Manutenção Industrial, ACE	Portugal	-	73.8	73.8	73.8	
Ema Setúbal - Engenharia e Manutenção Industrial, ACE	Portugal	-	79.7	79.7	79.7	Provision of industrial maintenance services
Ema Figueira da Foz- Engenharia e Manutenção Industrial, ACE	Portugal	-	80.7	80.7	80.7	
Navigator Pulp Setúbal, S.A.	Portugal	100.0	-	100.0	100.0	Cellulose pulp production
Navigator Pulp Aveiro, S.A.	Portugal	100.0	-	100.0	100.0	Cellulose pulp production
Navigator Fiber Solutions , S.A.	Portugal	0.1	99.9	100.0	-	Wholesale and manufacture of packaging and other items made from cellulose pulp, paper and cardboard and related products.
Navigator Tissue Aveiro, S.A.	Portugal	100.0	-	100.0	100.0	Tissue paper production
Navigator Tissue Ródão , S.A.	Portugal	-	100.0	100.0	100.0	
Navigator Tissue Iberica , S.A.	Spain	-	100.0	100.0	100.0	Sale of tissue paper
Navigator Tissue Ejea , SL	Spain	100.0	-	100.0	-	Tissue paper production
Navigator Tissue France ,EURL	France	-	100.0	100.0	-	Sale of tissue paper
Portucel Moçambique - Sociedade de Desenvolvimento Florestal e Industrial, Lda	Mozambique	90.0	-	90.0	90.0	Forestry production
Navigator Forest Portugal, S.A.	Portugal	100.0	-	100.0	100.0	Forestry production
EucaliptusLand, S.A.	Portugal	-	100.0	100.0	100.0	Forestry production
Sociedade de Vinhos da Herdade de Espirra - Produção e Comercialização de Vinhos, S.A *	Portugal	-	-	-	100.0	Wine production
Gavião - Sociedade de Caça e Turismo, S.A.	Portugal	-	100.0	100.0	100.0	Management of hunting resources
Afocelca - Agrupamento complementar de empresas para protecção contra incêndios, ACE	Portugal	-	64.8	64.8	64.8	Provision of forest fire prevention and fighting services
Viveiros Aliança - Empresa Produtora de Plantas, S.A.	Portugal	-	100.0	100.0	100.0	Plant production in nurseries
Bosques do Atlantico, SL	Spain	-	100.0	100.0	100.0	Trade in wood and biomass and logging
Navigator Africa, SRL	Italy	-	100.0	100.0	100.0	Trade in wood and biomass and logging
Navigator Paper Setúbal , S.A.	Portugal	100.0	-	100.0	100.0	Paper and energy production
Navigator North America Inc.	USA	-	100.0	100.0	100.0	Sale of paper
Navigator Afrique du Nord	Morocco	-	100.0	100.0	100.0	
Navigator España, S.A.	Spain	-	100.0	100.0	100.0	
Navigator Netherlands, BV	The Netherlands	-	100.0	100.0	100.0	
Navigator France, EURL	France	-	100.0	100.0	100.0	
Navigator Paper Company UK, Ltd	United Kingdom	-	100.0	100.0	100.0	
Navigator Italia, SRL	Italy	-	100.0	100.0	100.0	
Navigator Deutschland, GmbH	Germany	-	100.0	100.0	100.0	
Navigator Paper Austria, GmbH	Austria	-	100.0	100.0	100.0	Provision of sales intermediation services
Navigator Paper Poland SP Z o o	Poland	-	100.0	100.0	100.0	
Navigator Eurasia	Turkey	-	100.0	100.0	100.0	
Navigator Paper Mexico	Mexico	25.0	75.0	100.0	100.0	
Navigator Middle East Trading DMCC	Dubai	-	100.0	100.0	100.0	
Navigator Egypt, ELLC	Egypt	1.0	99.0	100.0	100.0	
Navigator Paper Southern Africa	South Africa	1.0	99.0	100.0	100.0	
Portucel Nigeria Limited	Nigeria	1.0	99.0	100.0	-	
Navigator Green Fuels Setúbal, S.A.	Portugal	100.0	-	100.0	-	Sustainable fuel production
Navigator Green Fuels Figueira da Foz, S.A.	Portugal	100.0	-	100.0	-	Sustainable fuel production
Navigator Abastecimento de Madeira, ACE	Portugal	97.0	3.0	100.0	100.0	Sale of timber

* Company merged in 2023 (Note 11.2))

11.1.2. Incorporated joint operations

Company	Head Office	% Shareholding 2023 Direct	2023 Indirect	2023 Total	2022 Total	Main activity
Pulpchem Logistics, A.C.E.	Portugal	50	-	50	50	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 2023, the consolidation perimeter was changed from the previous period by the following corporate reorganisation operations:

- Acquisition of Navigator Tissue Ejea, S.L.U. (formerly Gomà-Camps Consumer, S.L.U.)
- Acquisition of Navigator Tissue France SAS (formerly Gomà-Camps France SAS)
- Merger by incorporation of Sociedade de Vinhos da Herdade de Espirra - Produção e Comercialização de Vinhos, S.A. into The Navigator Company, S.A.
- Incorporation of Portucel Nigeria Limited, Navigator Green Fuels Setúbal, S.A., Navigator Green Fuels Figueira da Foz, S.A. and Navigator Fiber Solutions, S.A.

11.3. Transactions with related parties

Balances with related parties

	2023				2022		
Amounts in Euro	Receivables (Note 4.2)	Payables (Note 4.3)	Interest-bearing liabilities (Note 5.7)	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.	-	952,804	-	-	-	-	-
Other subsidiaries of Semapa Group							
Secil - Companhia Geral Cal e Cimento, S.A.	-	40,974	-	-	-	19,049	-
Secil Britas, S.A.	-	111,647	-	-	-	126,329	-
CMP - Cimentos Maceira e Pataias, S.A.	-	-	-	-	-	9,659	-
Unibetão, S.A.	-	435,100	-	-	-	-	-
Other related parties							
Hotel Ritz, S.A.	-	1,672	-	-	-	1,727	-
	-	**1,542,197**	**-**	**-**	**-**	**156,764**	**-**

Transactions of the period with related parties

	2023				2022			
Amounts in Euro	Purchase of goods and services	Sales and services rendered	Other operating income	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.	9,730,534	44	-	-	8,936,416	-	-	-
	9,730,534	**44**	**-**	**-**	**8,936,416**	**-**	**-**	**-**
Other subsidiaries of Semapa Group								
Secil - Companhia Geral Cal e Cimento, S.A.	157,892	2,435	-	-	139,199	-	-	-
Secil Britas, S.A.	212,333	-	-	-	271,313	-	-	-
CMP - Cimentos Maceira e Pataias, S.A.	-	-	-	-	-	-	403	-
Unibetão, S.A.	598,752	-	-	-	14,063	-	-	-
	968,977	**2,435**	**-**	**-**	**424,575**	**-**	**403**	**-**
Other related parties								
Hotel Ritz, S.A.	7,131	-	-	1,106	20,922	-	-	-
	7,131	**-**	**-**	**1,106**	**20,922**	**-**	**-**	**-**
	10,706,642	**2,479**	**-**	**1,106**	**9,381,913**	**-**	**403**	**-**

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.

The operations performed with the Secil Group arise from normal market operations.

In the identification of the Navigator Company Group's related parties for the purpose of financial reporting, the members of the Navigator Company Group's Board of Directors and other corporate bodies were considered as related parties.



The remuneration of the Group's key management personnel 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

José Fernando Morais Carreira de Araújo
Executive Board Member

Nuno Miguel Moreira de Araújo Santos
Executive Board Member

João Paulo Cabete Gonçalves Lé
Executive Board Member

Dorival Martins de Almeida
Executive Board Member

António Quirino Vaz Duarte Soares
Executive Board Member

Ana Teresa Cunha de Pinto Tavares Lehmann
Board Member

Hugo Alexandre Lopes Pinto
Board Member

Maria Isabel da Silva Marques Abranches Viegas
Board Member

Maria Teresa Aliu Presas
Member

Mariana Rita Antunes Marques dos Santos
Member

Sandra Maria Soares Santos
Member

Vítor Paulo Paranhos Ferreira
Board Member

2023 Annual Report

Statutory Auditor's Report and Auditor's Report

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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 2023 (showing a total of 2,809,152,719 euros and total equity of 1,315,572.833 euros, including a profit for the year attributable to shareholders of 274,923,820 euros), and the consolidated income statement, 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 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 2023 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 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

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statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of Goodwill (381,496,008 euros) and Property, Plant and Equipment (1,233,223,791 euros)

See note 1.6 of the Relevant Accounting Estimates and Judgments 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 due to the uncertainty inherent in financial forecasts, which are based on the Board of Directors' expectations, materialised in business and investment plans, which are based on various assumptions, associated with discount rates, expected margins, short and long-term growth rates and demand behaviour, decarbonization initiatives in response to changes in laws and regulations and assumptions 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 in this regard and analysed the budgeting procedures on which the forecasts are based, by reference to the comparison of current performance with estimates made in previous periods, and the integrity of the discounted cash flow model;
- We assessed the internal and external assumptions used and their reasonableness, such as current business trends, market performance, inflation, forecasted economic growth and discount rates;
- We conducted sensitivity analyses of the significant assumptions used by the Entity;
- We involved our specialists in assessing the discount rate; and,
- We assessed the adequacy of the respective disclosures to the financial statements, in accordance with the applicable accounting framework.

Fair value of biological assets (115,591,979 euros)

See note 1.6 of the Relevant Accounting Estimates and Judgments and notes 3.8 of the Notes to the Financial Statements.

The Risk	Our response to the identified risk
The fair value of biological assets is determined using a model developed internally, based on economic and market forecasts, the assumptions of which, namely the productivity of the forests, the selling price of the wood less the cost of logging, the rental value of the land owned and leased, the collection and transport costs, the planting and maintenance costs and the discount rate, require a high degree of estimation and judgement on the part of the Board of Directors.	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 in this area; ▪ We validated the mathematical correctness and underlying integrity of the model; ▪ We analysed the budgeting procedures on which the forecasts are based; ▪ We compared the current performance of the variables underlying the model with estimates made in previous periods for the main variables: forest productivity, land rents, structural costs, collection and transport costs, planting and maintenance costs; ▪ We compared the internal and external assumptions used in the model, such as the spot and trend price and the discount rate with market data and considered their sensitivity analysis; and, ▪ We assessed the adequacy of the respective disclosures to the financial statements, in accordance with the applicable accounting framework.

Uncertainty over income tax treatments

See note 1.6 of the Relevant Accounting Estimates and Judgments and notes 6.1 and 6.2 of the Notes to the Financial Statements.

The Risk	Our response to the identified risk
The application of tax legislation to the various transactions and circumstances with uncertain tax treatment is inherently complex and requires judgement in determining and measuring the risks and uncertainties in defining the best estimate, by weighing up all the possible outcomes it controls and their associated probabilities. Estimating the possible amounts to be spent requires a high degree of judgement on the part of the Board of Directors, which assesses the probability of the outcome, supported by the opinion of legal and tax advisors.	Our audit procedures included, amongst others, those that we describe below: ▪ We assessed the processes for monitoring uncertain tax positions in relation to the treatment of income tax, including testing the design and implementation of the main controls in place and making enquiries of the Board of Directors and 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 relating to the treatment of income tax, with the support of tax specialists and review of existing documentation; ▪ We analysed the responses to requests for information made to external lawyers; ▪ We assessed the consistency of the criteria used in relation to previous years; and, ▪ We assessed the adequacy of the respective disclosures to the financial statements, in accordance with the applicable accounting framework.

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 consolidated management report, the consolidated corporate governance report, the consolidated non-financial information and the remunerations' report in accordance with applicable laws and regulations;
- the designing and maintenance of an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and,
- the assessment of 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 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 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 non-financial information and the remunerations report were presented.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the consolidated management report

Pursuant to article 451, no. 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. As defined in the article 451, no. 7 of the Portuguese Companies' Code, this opinion is not applicable to the non-financial statement that is included in the management report.

On the Corporate Governance Report

Pursuant to article 451, no. 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 no. 1 of that article.

On the non-financial information

Pursuant to article 451, no. 6, of the Portuguese Companies' Code, we inform that the Group has included in its management report the non-financial statement defined in article 508-G of the Portuguese Companies' Code.

On the remunerations' report

Pursuant to article 26-G, no. 6, of Portuguese Companies' Code, we inform that the Entity has included in the corporate governance report in a separate chapter the information defined in no. 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 2023 must comply with the applicable requirements set out in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (ESEF Regulation).

Management is responsible for drawing up and disclosing the annual report in accordance with the ESEF Regulation.

We are responsible for obtaining reasonable assurance as to whether the consolidated financial statements included in the annual report are presented in accordance with the requirements set out in the ESEF Regulation.

Our procedures took into consideration the OROC Technical Application Guide on ESEF reporting and included, among others:

- understanding the financial reporting process, including the presentation of the annual report in valid XHTML format; and
- identifying and assessing the risks of material misstatement associated with marking up financial statement information in XBRL format using iXBRL technology. This assessment was based on an understanding of the process implemented by the entity to mark up the information.

In our opinion, the consolidated financial statements included in the annual report are presented, in all material respects, in accordance with the requirements established in the ESEF Regulation.

On the additional matters provided in article 10 of the Regulation (EU) no. 537/2014

Pursuant to article 10 of the Regulation (EU) no. 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 general shareholders meeting held on 22 September 2017 to complete the final year of the mandate between 2015 and 2018. We were reappointed as auditors in the general shareholders meeting held on 9 April 2019 for a second mandate from 2019 to 2022 and on 17 May 2023 for a third mandate from 2023 to 2025.

- Management as 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 12 April 2024.
- We declare that we have not provided any prohibited services as described in under Article 5 of Regulation (EU) no 537/2014 of the European Parliament and of the Council of 16 April 2014, and we have remained independent of the Group in conducting the audit.

15 April 2024

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

2023 Annual Report

Report and Opinion of the Supervisory Board

The Navigator Company, S.A.

Report and Opinion of the Supervisory Board
Consolidated Financial Statements

2023 Financial Year

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

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 carried out in 2023 and issue our opinion on the Consolidated Management Report and Consolidated Financial Statements presented by the Board of Directors of the Navigator Company, S.A., for the financial year ended 31 December 2023.

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 Board Members and directors. 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. We monitored compliance with the Law and the Articles of Association. In the course of our activities we encountered no constraints whatsoever.

3. We met several times with the Statutory Auditor and External Auditor, KPMG & Associados, SROC, Lda, monitoring the audit activities carried out and checking its independence. We assessed the Statutory Auditor's Report and Auditor's Report, with which we agree.

4. The Supervisory Board analyzed the proposals submitted to it for the provision of non-audit services by the Statutory Auditor, and approved those that concerned permitted services, did not affect the independence of the Statutory Auditor and complied with additional legal requirements.

5. In the scope of our work we verified 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 accompanying 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 are suitable to ensure 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 in its activities;

   d) The Corporate Governance Report includes the information required by Article 29.º-H 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 Statutory Auditor's Report and Auditor's Report, we recommend that:

   a) The Management Report be approved;

   b) The Consolidated Financial Statements be approved.

7. Finally, the members of the Supervisory 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 Statutory Auditor, KPMG & Associados, SROC, Lda.

8. This Report and Opinion has not been signed by the Member of the Supervisory Board, Mrs. Graça Gonçalves, as, on this date, she is unable to do so. Despite this circumstance, the Supervisory Board confirms that Mrs. Graça Gonçalves collaborated in the preparation of this Report and Opinion, having monitored, throughout the year just ended and in the current year, the activities of the Company and the Supervisory Board and contributed to the performance of the duties and powers of this body.

Lisbon, 15 April 2024

The Chairman of the Supervisory Board

José Manuel Oliveira Vitorino

Member

Gonçalo Nuno Palha Gaio Picão Caldeira

2023 Annual Report

Separate Financial Statements

Separate Income Statement

For the periods ended 31 December 2023 and 31 December 2022

Amounts in Euro	Note	2023	2022
Revenue	2.1	2,659,705,827	3,531,205,717
Other operating income	2.2	5,115,697	3,478,417
Costs of goods sold and materials consumed	4.1	(2,339,940,354)	(3,138,646,788)
External services and supplies	2.3	(221,634,640)	(318,009,546)
Payroll costs	7.1	(7,186,383)	(13,521,497)
Other operating expenses	2.3	(2,400,470)	(7,339,126)
Net provisions	9.1	1,789,744	857,042
Income from subsidiaries	10.1	224,727,140	349,940,785
Depreciation, amortisation and impairment losses in non-financial assets	3.3	(580,489)	(573,331)
Operating profit/(loss)		**319,596,072**	**407,391,673**
Financial income and gains	5.10	36,416,925	22,095,577
Financial expenses and losses	5.10	(58,664,258)	(33,204,745)
Profit before income tax		**297,348,739**	**396,282,505**
Income tax	6.1	(22,424,919)	(3,745,435)
Net profit for the period		**274,923,820**	**392,537,070**
Earnings per share			
Basic earnings per share, Eur	5.3	0.387	0.241
Diluted earnings per share, Euro	5.3	0.387	0.241

The accompanying notes form an integral part of these separate financial statements.

Separate statement of comprehensive income

For the periods ended 31 December 2023 and 31 December 2022

Amounts in Euro	Note	2023	2022
Net profit for the period		**274,923,820**	**392,537,070**
Items that may be reclassified to the income statement			
Hedging derivative financial instruments			
Changes in fair value	8.2	(29,102,154)	54,623,316
Tax effect	6.2	8,003,092	(15,021,412)
Other changes in equity of subsidiaries	10.1	1,013,513	28,416,539
Items that may not be reclassified to the income statement			
Remeasurement of post-employment benefits	7.2	248,140	(823,821)
Other comprehensive income		734,546	4,838,622
Total other comprehensive income net of taxes		**(19,102,863)**	**72,033,244**
Total comprehensive income		**255,820,957**	**464,570,314**

The accompanying notes form an integral part of these separate financial statements.

Separate statement of financial position

As at 31 December 2023 and 31 December 2022

Amounts in Euro	Note	2023	2022
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	909,232	855,022
Right-of-use assets	3.2	1,787,685	2,256,124
Investments in subsidiaries	10.1	1,751,528,123	2,093,159,574
Investments in associates		46,225	45,860
Non-current receivables	4.2	27,956	6,684
Deferred tax assets	6.2	3,937,992	7,074,922
		1,758,237,213	**2,103,398,186**
Current assets			
Inventories	4.1	32,116,019	25,927,585
Current receivables	4.2	816,521,582	900,006,340
Income tax	6.1	17,510,098	15,341,107
Cash and cash equivalents	5.8	310,150,771	390,640,161
		1,176,298,470	**1,331,915,193**
Total assets		**2,934,535,683**	**3,435,313,379**
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	5.2	500,000,000	500,000,000
Reserves by applying the equity method	5.5	(404,214,827)	(405,228,340)
Fair value reserves	5.5	12,898,767	33,997,828
Legal reserve	5.5	100,000,000	100,000,000
Other reserves	5.5	1,103,749	1,103,749
Retained earnings	5.5	830,534,306	636,999,230
Net profit for the period		274,923,820	392,537,070
Total Equity		**1,315,245,815**	**1,259,409,537**
Non-current liabilities			
Interest-bearing liabilities	5.6	536,857,472	613,031,822
Lease liabilities	5.7	1,371,022	1,866,759
Pensions and other post-employment benefits	7.2	167,936	400,299
Deferred tax liabilities	6.2	5,013,621	13,021,836
Provisions	9.1	16,344,333	18,132,790
		559,754,384	**646,453,506**
Current liabilities			
Interest-bearing liabilities	5.6	360,172,883	372,414,631
Lease liabilities	5.7	540,140	515,211
Current payables	4.3	677,666,895	1,048,887,425
Income tax	6.1	21,155,566	107,633,069
		1,059,535,484	**1,529,450,336**
Total liabilities		**1,619,289,868**	**2,175,903,842**
Total Equity and Liabilities		**2,934,535,683**	**3,435,313,379**

The accompanying notes form an integral part of these separate financial statements.

Statement of Changes in Equity

31 December 2023 and 31 December 2022

2023

Amounts in Euro	Note	Share capital	Reserves by applying the equity method	Fair value reserves	Legal reserve	Other reserves	Retained earnings	Net profit for the period	Prepaid dividends	Total
Equity as at 1 January 2023		**500,000,000**	**(405,228,340)**	**33,997,828**	**100,000,000**	**1,103,749**	**636,999,230**	**392,537,070**	**-**	**1,259,409,537**
Net profit for the period		-	-	-	-	-	-	274,923,820	-	274,923,820
Other comprehensive income (net of taxes)		-	1,013,513	(21,099,061)	-	-	982,685	-	-	(19,102,863)
Total comprehensive income for the period		**-**	**1,013,513**	**(21,099,061)**	**-**	**-**	**982,685**	**274,923,820**	**-**	**255,820,957**
Appropriation of 2022 net profit for the period:										
- Dividends paid	5.4	-	-	-	-	-	(199,984,679)	-	-	(199,984,679)
- Appropriation of prior period's net profit		-	-	-	-	-	426,537,070	(392,537,070)	-	34,000,000
- Bonus to employees		-	-	-	-	-	(34,000,000)	-	-	(34,000,000)
Total transactions with shareholders		**-**	**-**	**-**	**-**	**-**	**192,552,391**	**(392,537,070)**	**-**	**(199,984,679)**
Equity as at 31 December 2023		**500,000,000**	**(404,214,827)**	**12,898,767**	**100,000,000**	**1,103,749**	**830,534,306**	**274,923,820**	**-**	**1,315,245,815**

2022

Amounts in Euro	Note	Share capital	Reserves by applying the equity method	Fair value reserves	Legal reserve	Other reserves	Retained earnings	Net profit for the period	Prepaid dividends	Total
Equity as at 1 January 2022		**500,000,000**	**(437,672,593)**	**(5,604,076)**	**100,000,000**	**119,458,835**	**647,229,733**	**171,411,455**	**(49,996,170)**	**1,044,827,184**
Net profit for the period		-	-	-	-	-	-	392,537,070	-	392,537,070
Other comprehensive income (net of taxes)		-	32,444,253	39,601,904	-	-	(12,913)	-	-	72,033,244
Total comprehensive income for the period		**-**	**32,444,253**	**39,601,904**	**-**	**-**	**(12,913)**	**392,537,070**	**-**	**464,570,314**
Appropriation of 2021 net profit for the period:										
- Dividends paid	5.4	-	-	-	-	-	(131,632,875)	-	-	(131,632,875)
- Appropriation of prior period's net profit	5.4	-	-	-	-	-	132,415,285	(171,411,455)	49,996,170	11,000,000
- Bonus to employees		-	-	-	-	-	(11,000,000)	-	-	(11,000,000)
Distribution of reserves		-	-	-	-	(118,355,086)	-	-	-	(118,355,086)
Total transactions with shareholders		**-**	**-**	**-**	**-**	**(118,355,086)**	**(10,217,590)**	**(171,411,455)**	**49,996,170**	**(249,987,961)**
Equity as at 31 December 2022		**500,000,000**	**(405,228,340)**	**33,997,828**	**100,000,000**	**1,103,749**	**636,999,230**	**392,537,070**	**-**	**1,259,409,537**

The accompanying notes form an integral part of these separate financial statements.

Separate Statement of Cash Flows

For the periods ended 31 December 2023 and 31 December 2022

Amounts in Euro	Note	2023	2022
OPERATING ACTIVITIES			
Receipts from customers		2,916,796,392	3,960,422,577
Payments to suppliers		(3,141,110,037)	(4,186,123,618)
Payments to employees		(8,581,366)	(4,095,315)
Cash flow from operations		**(232,895,011)**	**(229,796,356)**
Income tax received/ (paid)		(44,563,608)	(64,445,158)
Other receipts / (payments) relating to operating activities		292,731,522	445,117,777
Cash flows from operating activities (1)		**15,272,903**	**150,876,263**
INVESTING ACTIVITIES			
Inflows:			
Property, plant and equipment		184,016	14,342
Loans to subsidiaries		68,106,083	507,014
Interest and similar income		26,395,411	15,278,082
Investments in subsidiaries	10.1	372,038,000	-
Dividends from subsidiaries		243,131,096	92,799,990
		709,854,606	**108,599,428**
Outflows:			
Investments in subsidiaries		(62,651,861)	(8,909,329)
Loans to subsidiaries		(26,313,809)	(105,311,036)
Property, plant and equipment		(146,821)	-
		(89,112,491)	**(114,220,365)**
Cash flows from investing activities (2)		**620,742,115**	**(5,620,937)**
FINANCING ACTIVITIES			
Inflows:			
Interest-bearing liabilities	5.9	15,000,000	430,000,000
Loans to subsidiaries		-	120,650,000
		15,000,000	**550,650,000**
Outflows:			
Interest-bearing liabilities	5.9	(75,075,396)	(545,218,254)
Amortisation of lease agreements	5.7	(589,098)	(591,252)
Interest and similar expense		(54,635,392)	(30,443,814)
Distribution of dividends	5.4	(199,984,679)	(131,632,875)
Distribution of reserves	5.4	-	(118,355,086)
Loans to subsidiaries		(372,850,000)	(2,000,000)
		(703,134,565)	**(828,241,281)**
Cash flows from financing activities (3)		**(688,134,565)**	**(277,591,281)**
CHANGES IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)		**(52,119,547)**	**(132,335,955)**
Effect of exchange rate differences		145,219	1,075,735
Merger by incorporation of Soc. Vinhos Herdade Espirra, S.A.		690,972	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5.8	**93,300,927**	**224,561,148**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5.8	**42,017,571**	**93,300,927**

The accompanying notes form an integral part of these separate financial statements.

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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 1.6.



References

This symbol indicates a reference to another Note or another section of the Financial Statements were more information about the items disclosed is presented.

1.1. Disclosure

The Navigator Company, S.A. (Navigator or the Company) is a publicly traded company with its head office in Mitrena, 2901-861 Setúbal, and it is listed on NYSE Euronext Lisbon under the ISIN PTPTI0AM0006.

Company: The Navigator Company, S.A.

Head Office: Mitrena – Apartado 55 | 2901-861 Setúbal | Portugal

Legal Form: Public Limited Company

Share Capital: €500,000,000

TIN: 503 025 798

Navigator is the parent company of the Navigator Group (Group), comprising Navigator and Subsidiaries, as presented in the consolidated financial statements.

The Navigator Company, S.A. (until 2015 designated Portucel, S.A.), hereinafter referred to as Company or Navigator, is a publicly traded company with its share capital represented by nominal shares and was incorporated on 31 May 1993, under Decree- Law no. 39/93 of 13 February, as a result of the restructuring process of Portucel - Empresa de Celulose e Papel de Portugal, E.P.

The Group it currently leads was created in 1953, 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 nationalisation 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. (Setúbal), Celtejo – Celulose do Tejo, S.A.R.L. (Vila Velha de Ródão), Celnorte – Celulose do Norte, S.A.R.L. (Viana do Castelo) and Celuloses do Guadiana, S.A.R.L. (Mourão) incorporated Portucel - Empresa de Celulose e Papel de Portugal, E.P., converted into a Public Limited Company of mainly public capital by Decree-Law 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 privatisation, Portucel S.A. was created, on 31 May 1993, through Decree-law 39/93, of 13 February, with the former assets of the two main companies, based in Aveiro and Setúbal.

In 1995, the Company was again privatised, and became a publicly traded company.

Aiming to restructure the paper industry in Portugal, Portucel acquired Papéis Inapa, S.A. (Setúbal), in 2000, and Soporcel – Sociedade Portuguesa de Papel, S.A. (Figueira da Foz), in 2001. These strategic moves were decisive and gave rise to the Portucel Soporcel Group (now The Navigator Group), which is currently the largest European producer of bleached eucalyptus pulp and one of the largest European producers of uncoated wood-free paper (UWF).

In June 2004, the Portuguese Government sold 30% of Portucel's capital, which was acquired by the 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 Párpublica, SGPS, S.A. sold the remaining 25.72% it still held, thus increasing the free float.

In 2007 the Group invested in a new paper machine located at the Setúbal industrial site which started operating on a regular basis in October 2009.

From 2009 to July 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 less than 70% following the conclusion of the offer for the acquisition, in the form of an exchange offer, of the ordinary shares of Portucel shares for Semapa shares, carried out 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 production unit, located in Vila Velha de Ródão. A new industrial facility was built in Aveiro, in August 2018, operated by Navigator Tissue Aveiro, S.A.

Also in 2015, the company sold the industrial assets used in the production of BEKP at the Setúbal Industrial Complex to its indirect subsidiary Navigator Pulp Setúbal, S.A., thus ceasing to have any industrial activity, as it had already sold the industrial assets used in the production to the current Navigator Paper Setúbal, S.A. in 2009.

On 6 February 2016, the PortucelSoporcel Group changed its corporate brand to The Navigator Company. This new corporate identity represents the union of companies with a history of more than 60 years, aiming to give the Group a more appealing and modern image.

Following this event, and after approval in the General Shareholder's Meeting, held on 19 April 2016, Portucel S.A. changed its designation to The Navigator Company, S.A.

Also, in 2016, the Company carried out a capital increase in kind in Enerpulp - Cogeração Energética da Pasta, S.A., through the delivery of the two biomass power generation plants located at the Setúbal and Aveiro industrial sites, and also carried out a capital increase in kind in Navigator Parques Industriais, S.A. through the incorporation of the industrial land and buildings located in Aveiro and Setúbal.

On 1 January 2017, the Company started to concentrate its sales of paper, cellulose pulp and Tissue products, becoming the Group's product distributor. As a result, it quickly became one of the main national exporters, and certainly the one with the highest added value for the national economy.

In October 2017, it started to centralise supplies to the Group, with the Group's pulp producers starting to sell pulp exclusively to Navigator, which supplies the Group's paper producers, in addition to the sales to the market it had already been developing. As from January 2018, it strengthened this new activity, centralising its foreign purchases and the supply of most of the raw materials used in the production process.

Also, in 2017, Navigator started to prepare its separate financial statements in accordance with IFRS - International Financial Reporting Standards.

Thus, from 2017 onwards, and with reinforcement in 2018, the Company focused its activities on selling paper and related products, supplying industrial products, as well as providing administration and management services to its direct and indirect subsidiaries, and on managing its shareholdings. In addition, the Company manages the brands of the former Papéis Inapa, S.A., rents equipment and transfers personnel within the group.

On 31 March 2023 the acquisition of the Gomà-Camps Group's consumer Tissue business in Spain was concluded, with a view to strengthening the Navigator Group's presence in this business segment. The integration of this new mill has elevated the Group to the position of second largest Iberian tissue producer, with a production and converting capacity of 180 thousand tonnes.

The Navigator Group’s main business is the production and sale of writing and printing uncoated woodfree paper (UWF) and domestic consumption paper (Tissue), as well as pulp, and it is present in the whole value-added chain, from research and development of forestry and agricultural production, to the purchase of wood and the production and sale of bleached eucalyptus kraft pulp – BEKP and electric and thermal energy, as well as its commercialisation.

A more detailed description of the activity in each business line of Navigator 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.

In turn, Filipa Mendes de Almeida de Queiroz Pereira, Mafalda Mendes de Almeida de Queiroz Pereira and Lua Mónica Mendes de Almeida de Queiroz Pereira hold joint control of Sodim - SGPS, S.A. (Sodim) through the combination of a shareholders' agreement. (Sodim) with their respective direct and indirect shareholdings in the share capital of this company, joint control of Sodim, Semapa and Navigator is attributable to each of them and to Sodim, under the terms of Article 20 of the Portuguese Securities Code, 83.221% of the non-suspended voting rights relating to shares representing the share capital of Semapa and also to each of them, Sodim and Semapa, 69.970% of the non-suspended voting rights relating to shares representing the share capital of Navigator.

1.2. Acquisition of the Gomà-Camps Group's consumer tissue business in Spain

On 31 March 2023, Navigator acquired all the shares representing the share capital of Gomà-Camps Consumer, S.L.U., based in Zaragoza, Spain, which in turn holds the entire share capital of Gomà-Camps France SAS, based in Castres, France. These companies have been renamed Navigator Tissue Ejea, S.L.U. and Navigator Tissue France SAS, respectively.

This acquisition is part of the Navigator Group's ambitious growth and diversification plan and is expected to generate synergies in the tissue segment, increase the Group's market share through access to Gomà-Camps' customer portfolio and reduce costs through economies of scale. The goodwill arising from this transaction is not expected to be tax deductible.

Transferred consideration

In the context of the acquisition of Gomà-Camps Consumer, S.L.U., which in turn holds the entire share capital of Gomà-Camps France SAS, the consideration transferred by the Company amounted to Euro 58,551,811 and was paid entirely in cash and cash equivalents, with no contingent consideration associated with this acquisition.

Identification of assets and liabilities acquired and goodwill

As at this date, the necessary procedures to recognise and measure the identifiable assets acquired, the liabilities assumed and consequently the calculation of the goodwill, in accordance with IFRS 3, have been concluded. This valuation was carried out by specialised, independent external valuers and resulted in an increase in the fair value of the customer portfolio and property, plant and equipment. Given the value of the net assets acquired of Euro 54,395,269, a goodwill of Euro 4,156,542 was calculated (Note 10.1).

The valuation techniques used to determine the fair value of the assets acquired were as follows:

Customer portfolio	In determining the fair value of the customer portfolio, the multi-period excess earnings method (MPEE) was used, which considered the present value of the expected net cash flows of the portfolio
Property, plant and equipment	The fair value of the property, plant and equipment acquired, namely land, buildings and factory equipment, was determined in accordance with the replacement cost method, which consisted of identifying the replacement value of the assets acquired adjusted for depreciation, in accordance with the useful life of the assets at the date of purchase. According to the study, the following useful lives were considered: - Buildings and other constructions - 40 years; - Manufacturing equipment - between 25 and 30 years

The net assets acquired, the fair value attributed, and the goodwill calculated at the date of acquisition are summarised as follows:

Amounts in Euro	Group Gomà-Camps Consumer, S.L.U	Value allocation to net assets acquired	Group Gomà-Camps Consumer, S.L.U Adjusted
Non-current assets			-
Other intangible assets - customer portfolio	-	1,600,000	1,600,000
Other intangible assets	404,765	-	404,765
Property, plant and equipment	42,966,095	38,240,800	81,206,895
Deferred tax assets	92,481	-	92,481
Other non-current assets	45,171	-	45,171
Current assets			
Inventories	11,201,641	-	11,201,641
State	45,747	-	45,747
Other current receivables	16,295,513	-	16,295,513
Cash and cash equivalents	5,741,209	-	5,741,209
Non-current liabilities			
Deferred tax liabilities	(162,596)	(9,960,200)	(10,122,796)
Provisions	(105,854)	-	(105,854)
Current liabilities			
Interest-bearing liabilities	(32,672,968)	-	(32,672,968)
State	(2,165,791)	-	(2,165,791)
Government grants	(463,290)	-	(463,290)
Other payables	(16,707,454)	-	(16,707,454)
Total identifiable assets and liabilities	**24,514,669**	**29,880,600**	**54,395,269**
Goodwill	34,037,142	(29,880,600)	4,156,542
Total acquisition value	**58,551,811**	**-**	**58,551,811**

Acquisition-related costs

The Group incurred costs related to this acquisition amounting to Euro 493,741, related to legal fees and other due diligence costs. These costs are recorded under external supplies and services in the Separate income statement.

1.3. Subsequent events

On March 22, 2024, through its subsidiary Navigator Paper UK Limited, the Navigator Group launched a public all-cash firm offer (OPA) to acquire the entire issued and to-be-issued share capital of Accrol, a British company operating in the paper conversion segment.

Accrol is a leader in the Tissue paper conversion segment in the UK, producing own-brand toilet paper rolls, kitchen rolls, and facial tissues for most major retailers in the UK. In its last fiscal year, ending April 30, 2023, the turnover amounted to £242 million, with EBITDA reaching £15.6 million and Net Debt (pre-IFRS16) of £26.8 million.

Navigator Group sees this Offer as an attractive opportunity to enter the British market by acquiring a leading company in the Tissue paper conversion sector, with competitive advantages, complementary values, strong alignment with Navigator, and a strategic opportunity for sustained expansion of its Tissue business in the Western European market.

The Offer was set at 38 pence (GBX) per share, representing a premium of 11.8% over the closing price of the British company on March 21, 2024, which is the last trading day immediately preceding the Offer announcement, and values Accrol's equity at approximately £127.5 million.

1.4. Basis for preparation

1.4.1. Authorisation to issue financial statements

These separate financial statements were approved by the Board of Directors on 26 March 2024. However, they are still subject to approval by the General Shareholders Meeting, in accordance with the Portuguese commercial legislation.

The Company'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 compliance with the applicable accounting standards, providing a true and fair view of the assets and liabilities, the financial position and results of the Company.

1.4.2. Accounting Standards

The separate financial statements for the period ended 31 December 2023 were prepared in accordance with the International Financial Reporting Standards (IFRS), effective 1 January 2023 and as adopted by the European Union.

1.4.3. Presentation currency and transactions in a currency other than the presentation currency

The items included in the Separate Financial Statements are measured using the currency of the economic environment in which the entity operates (functional currency).

These financial statements are presented in Euro, which is the functional and reporting currency.

Transactions in currencies other than Euro are translated into the functional currency using the exchange rates at the date of the transactions (Note 8.1.1).

The currency differences arising from differences between the exchange rates ruling at the transaction date and those ruling on collection, payment or at the separate statement of financial position date, are recorded as income and expenses in the period (Note 5.10).

The amounts recorded in profit or loss of subsidiaries were translated using the exchange rates prevailing at the dates of the transactions. Where this is not possible, or where the cost of such a procedure exceeds the benefits to be derived therefrom, they have been translated at the average exchange rate for the period. The differences resulting from the application of these rates compared with the previous values were reflected as a separate component of Equity, under Other reserves (Note 5.5).

Exchange rates used

	31-12-2023	31-12-2022	Appreciation / (Depreciation)
GBP (Sterling pound)			
Average exchange rate for the period	0.87	0.85	-1.99%)
Closing exchange rate for the period	0.87	0.89	2.01%)
USD (American dollar)			
Average exchange rate for the period	1.08	1.05	-2.71%)
Closing exchange rate for the period	1.11	1.07	-3.60%)
PLN (Polish zloti)			
Average exchange rate for the period	4.54	4.69	3.09%)
Closing exchange rate for the period	4.34	4.68	7.29%)
SEK (Swedish krona)			
Average exchange rate for the period	11.48	10.63	-7.98%)
Closing exchange rate for the period	11.10	11.12	0.23%)
CZK (Czech koruna)			
Average exchange rate for the period	24.00	24.57	2.29%)
Closing exchange rate for the period	24.72	24.12	-2.52%)
CHF (Swiss franc)			
Average exchange rate for the period	0.97	1.00	3.26%)
Closing exchange rate for the period	0.93	0.98	5.96%)
DKK (Danish krone)			
Average exchange rate for the period	7.45	7.44	-0.15%)
Closing exchange rate for the period	7.45	7.44	-0.22%)
MZN (Mozambican metical)			
Average exchange rate for the period	69.11	67.20	-2.83%)
Closing exchange rate for the period	70.65	68.18	-3.62%)
MAD (Moroccan dirham)			
Average exchange rate for the period	10.96	10.69	-2.52%)
Closing exchange rate for the period	10.94	11.16	1.92%)
MXN (Mexican peso)			
Average exchange rate for the period	19.18	21.18	9.42%)
Closing exchange rate for the period	18.72	20.86	10.23%)
AED (Dirham)			
Average exchange rate for the period	3.97	3.87	-2.68%)
Closing exchange rate for the period	4.06	3.92	-3.60%)
CAD (Canadian dollar)			
Average exchange rate for the period	1.46	1.37	-6.59%)
Closing exchange rate for the period	1.46	1.44	-1.40%)
ZAR (South African rand)			
Average exchange rate for the period	19.96	17.21	-15.96%)
Closing exchange rate for the period	20.35	18.10	-12.43%)
BRL (Brazilian real)			
Average exchange rate for the period	5.40	5.44	0.68%)
Closing exchange rate for the period	5.36	5.64	4.91%)
EGP (Egyptian pound)			
Average exchange rate for the period	33.11	20.18	-64.05%)
Closing exchange rate for the period	34.27	26.31	-30.27%)
TRY (Turkish lira)			
Average exchange rate for the period	25.76	17.42	-47.90%)
Closing exchange rate for the period	32.65	19.96	-63.55%)

1.4.4. Basis for measurement

The accompanying separate financial statements have been prepared on a going concern basis from Navigator's books and accounting records and based on historical cost, except 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).

1.4.5. Comparability

These financial statements are comparable in all material respects with those of the previous year.

1.5. New IFRS standards adopted and to be adopted

1.5.1. Other standards, amendments and interpretations adopted or to be adopted

Standards, amendments and interpretations adopted in 2023

No impacts on the financial statements

	Amendment	Date of application
Standards and amendments endorsed by the European Union		
Disclosure of Accounting policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2)	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. 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. 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: "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".	1 January 2023
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	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. 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. 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.	1 January 2023
Amendments to IAS 12: deferred tax related to assets and liabilities arising from a single	The IASB issued amendments to IAS 12 Income Taxes on 7 May 2021. The amendments require companies to recognise deferred tax on transactions that, on initial	1 January 2023

	Amendment	Date of application
transaction	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.	
IFRS 17 — Insurance Contracts	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.	1 January 2023
Amendments to IFRS 17 - Insurance Contracts: First-time Adoption of IFRS 17 and IFRS 9 - Comparative Information	The IASB has issued an amendment to the scope of the transitional requirements of IFRS 17 - Insurance Contracts, which provides insurers with an option to improve the usefulness of information to investors on first-time adoption of the new standard. The change does not affect any other requirements of IFRS 17. IFRS 17 and IFRS 9 - Financial Instruments have different transition requirements. For some insurers, these differences can cause temporary accounting mismatches between financial assets and insurance contract liabilities in the comparative information they present in the financial statements when applying IFRS 17 and IFRS 9 for the first time. The amendment helps insurers to avoid these temporary accounting mismatches and will therefore increase the usefulness of comparative information for investors.	1 January 2023
Amendments to IAS 12 - International Tax Reform - Pillar Two Model Rules	On 23 May 2023, the IASB issued International Tax Reform - Pillar Two Model Rules - Amendments to IAS 12 to clarify the application of IAS 12 - Income Taxes to income taxes arising from tax legislation enacted or substantively enacted to implement the OECD Pillar Two model rules. The amendments introduce: a) a mandatory temporary exception to accounting for deferred taxes arising from the jurisdictional implementation of Pillar Two model rules; and b) Disclosure requirements for affected entities to help users of financial statements understand an entity's exposure to Pillar Two income tax arising from that legislation, especially before its effective date. The mandatory temporary exception—the use of which must be disclosed—is effective immediately. The remaining disclosure requirements apply to annual reporting periods beginning on or after 1 January 2023	1 January 2023

Standards, amendments and interpretations to be adopted in subsequent periods

	Amendment	Date of application
Standards and amendments endorsed by the European Union which the Group has opted not to apply early		
Clarification 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 the Board'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 after 1 January 2024.	1 January 2024
Lease liabilities in sale and leaseback transactions (amendments to IFRS 16 - Leases)	The IASB issued amendments to IFRS 16 - Leases in September 2022 that introduce a new accounting model for variable payments in a sale and leaseback transaction. The amendments confirm that: - On initial recognition, the seller-lessee includes variable lease payments in measuring a lease liability arising from a sale and leaseback transaction; - After initial recognition, the seller-lessee applies the general requirements for subsequent accounting for the lease liability so that it does not recognise any gain or loss relating to the right of use it retains. A seller-lessee may use different approaches to comply with the new requirements for subsequent measurement. The Amendments are applied for annual periods beginning on or after 1 January 2024, with earlier application permitted. In accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, a seller-lessee shall apply the amendments retrospectively to sale and leaseback transactions entered into on or after the date of initial application of IFRS 16. This means that it will have to identify and reassess sale and leaseback transactions entered into since the implementation of IFRS 16 in 2019, and potentially restate those that include variable lease payments.	1 January 2024

Standards and amendments not yet endorsed by the European Union

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures - Supplier Finance Arrangements	On 25 May 2023, the International Accounting Standards Board (IASB) published Supplier Finance Arrangements with amendments to IAS 7 - Statement of Cash Flows and IFRS 7 - Financial Instruments Disclosures. The amendments refer to the disclosure requirements relating to supplier finance arrangements—also known as supply chain financing, accounts payable financing or recourse factoring arrangements. The new requirements supplement those already included in the IFRS standards and include disclosures on: - Terms and conditions of supplier finance agreements; - The amounts of the liabilities which are the subject of such arrangements, for which part of them the suppliers have already received payments from the providers of funds and under which caption these liabilities are presented in the balance sheet; - Maturity date intervals; and - Information on liquidity risk. The amendments are effective for periods beginning on or after 1 January 2024.	1 January 2024
Amendments to IAS 21 - The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	On 15 August 2023, the International Accounting Standards Board (IASB or Board) issued Lack of Exchangeability (Amendments to IAS 21 - The Effects of Changes in Foreign Exchange Rates) (the amendments). The amendments clarify how an entity should assess whether a currency is exchangeable or not and how it should determine a spot exchange rate in situations of lack of exchangeability.	1 January 2025

	Amendment	Date of application
	A currency is exchangeable for another currency when a company is able to exchange that currency for another currency on the measurement date and for a specific purpose. When a currency is not exchangeable, the company has to estimate a spot exchange rate. According to the amendments, companies will have to provide new disclosures to help users assess the impact of using an estimated exchange rate on financial statements. These disclosures could include: a) the nature and financial impacts of the currency not being exchangeable; b) the spot exchange rate used; c) the estimation process; and d) the risks to the company because the currency is not exchangeable. The amendments are effective for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.	

With respect to the above standards, which are not yet mandatory, the Company has not yet completed the calculation of all impacts arising from their application and has therefore elected to apply them early, although these impacts are not expected to be material.

1.6. Significant accounting estimates and judgments

The preparation of separate financial statements requires management to make judgements and estimates that affect the amount of revenue, costs, assets, liabilities and disclosures at the date of the statement of financial position. To that effect, the management's estimates and judgements 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 Company considers it may have to take in the future.

On the date on which the operations take place, the outcome could differ from those estimates.

Significant estimates and judgements

The estimates and assumptions which present a significant risk of generating a material adjustment to the book value of assets and liabilities in the following financial period are presented below:

Estimates and judgements	Notes
Uncertainty over Income Tax Treatments	6.1 - Income tax for the period 6.2 - Deferred taxes
Valuation of financial investments	10.1 – Investments in subsidiaries

2. Operational performance

2.1. Revenue and segment reporting



Accounting policies

Within the Navigator Group, the Company operates as a trader of the Group's products and supplier of most of the Group's raw materials.

In preparing the separate financial statements, the accounting policies used by the Company in the areas of revenue and segment reporting are consistent with the policies applied in the consolidated financial statements, as described below.

Navigator Group business areas

The Navigator Group's main business is the production and sale of writing and printing uncoated woodfree paper (UWF) and domestic consumption paper (tissue) as well as pulp, 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 five industrial plants. BEKP, energy and UWF paper are produced in two plants located in Figueira da Foz and Setúbal. BEKP energy and tissue paper are also produced in a plant located in Aveiro and the fourth plant, located in Vila Velha de Ródão, only produces tissue paper. On 31 March, with the acquisition of the companies Gomà-Camps Consumer, S.L.U. (Note 1.2), it now has a new industrial complex in Zaragoza, Spain, where it manufactures tissue paper.

Wood and cork are produced from woodlands from subsidiaries or leased in Portugal and Spain, and also form 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 and steam production, the Group has three cogeneration plants, integrated in the production of pulp producing steam and electricity, the former being consumed internally, and the latter sold to the national energy grid (RESP - "Rede Elétrica Nacional de Serviço Público"). The Navigator Group also owns another two cogeneration units using natural gas, integrated in the production of paper in Figueira da Foz (usually inactive) and in Setúbal, and two thermal power stations fueled by residual forest biomass, with the output of the latter two sold to the national energy grid. It also has five photovoltaic plants for self-consumption, two in Setúbal, one in Figueira da Foz, one at Raíz and one at Herdade de Espirra.

In 2023, we should also highlight the start of construction of new photovoltaic plants for self-consumption at the Figueira da Foz, Aveiro and Vila Velha de Rodão industrial sites, which will make it possible to triple the installed capacity at the Group's sites from the current 12MWp to around 38MWp.

Segment reporting

In accordance with IFRS 8, the Company 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 profit or loss are regularly reviewed by the Executive Committee, which is primarily responsible for the operational decision-making for allocation of resources to the segment and the assessment of its performance and for which separate financial information is available.

The information used in segment reporting corresponds to the financial information prepared by the Company.

Although the Group has defined a series of segments, Navigator is only responsible for the marketing of the products produced by its subsidiaries and for the management of those subsidiaries. Therefore, it is considered that all the Company's activities fall into one single segment and so no further breakdown is required.

Revenue

Revenue is presented by goods and services sold and by geographical area, based on the country of destination of the goods and services sold by the Company.

Commercial contracts with Customers refer essentially to the sale of goods such as tissue paper and pulp, and to an extent, to the transportation inherent to those goods, when applicable.

Revenue recognition by group of materials is described as follows:

BEKP pulp	Pulp revenue results from sales made to the Company's subsidiaries and international producers of paper and decoration. 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 generally occurs when the products are transferred to the control of the customer, in accordance with the negotiated Incoterms. The Company is solely responsible for selling BEKP pulp produced by Navigator Group companies, intended for sale to the market and to the Group's UWF paper and tissue producers.
UWF	Paper revenue refers to sales made through Commercial Distributors (B2B), which include large distributors, wholesalers or commercial operators, as well as producers and processors of paper products. 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 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.
Central purchasing operations	The revenue from goods purchased from producers and distributors to supply the Group's mills that use them as raw materials for processing is recognised on the date of delivery of the product to the customer, for the amount of the performance obligation satisfied, where the transaction price corresponds to a fixed amount invoiced based on the quantities sold that can be reliably determined.

Detail of revenue by materials/services groups and geographical areas

During the periods ended 31 December 2023 and 2022, the revenue from sales of goods and rendering of services is detailed as follows:

Amounts in Euro	2023	2022
Sales		
UWF Paper		
Portugal	68,015,492	86,483,079
Rest of Europe	858,105,848	1,107,618,863
United States of America	35,416,136	164,176,085
Rest of World	260,278,799	383,126,808
	1,221,816,275	1,741,404,835
Tissue Paper		
Portugal	105,623,826	93,322,231
Rest of Europe	115,323,793	113,103,140
Rest of World	5,937,111	4,182,605
	226,884,730	210,607,976
BEKP pulp to market		
Portugal	3,312,700	4,043,366
Rest of Europe	90,461,707	162,456,528
Rest of World	155,707,960	30,916,880
	249,482,367	197,416,774
BEKP pulp supplied to subsidiaries		
Portugal	545,441,729	854,575,688
Rest of Europe	12,365,173	-
	557,806,902	854,575,688
Sales of goods - subsidiaries	310,890,035	454,602,177
Total sales	**2,566,880,309**	**3,458,607,450**
Services rendered		
Management and administrative services of subsidiaries	92,825,518	72,598,267
Total services rendered	**92,825,518**	**72,598,267**
Total revenue	**2,659,705,827**	**3,531,205,717**

In 2023, the Company had a turnover of Euro 2,659,705,827, with sales of UWF paper accounting for around 46% of turnover (2022: 49%), pulp sales 30% (2022: 30%), tissue paper sales 9% (2022: 6%) and sales of raw materials to supply the Group's mills 12% (2022: 13%).

The year 2023 compares to a unique year, in which prices reached historic levels, due to an imbalance between supply and demand, justified by logistical limitations and a significant increase in costs throughout the year.

In the first half of the year there was a sharp reduction in pulp reference prices, compared to historical highs reached in 2022, due to a drop in demand, particularly in Europe. Nevertheless, the volume of pulp sales to the market increased, due to the greater availability of pulp, considering the lower need for integration by the Group's paper mills.

In the UWF paper segment, the first few months of 2023 were affected by the accumulation, during 2022, of a high volume of inventories throughout the distribution chain, which significantly affected demand. As a result, there was a historically low level of incoming orders, but by the end of the year there was already an improvement in line with the decrease in inventories.

The tissue segment, with shorter supply chains and therefore less tendency to build up inventories, performed better, also benefiting from market share gains and positive synergies from the integration of the new tissue mill in Espanha.

Services rendered to subsidiaries include corporate services related to the strategic orientation of holdings and an intermediation fee for managing the wood supply of the Group's pulp producers.

2.2. Other operating income

For the periods ended 31 December 2023 and 31 December 2022, Other operating income is detailed as follows:

Amounts in Euro	2023	2022
Gains on disposal of non-current assets	178,601	-
Supplementary gains	14,400	-
Impairment reversal on receivables	1,934,771	1,283
Impairment reversal on inventories (Note 4.1.3)	133,717	1,484,115
Discounts received on purchases	237,959	805,593
Gains on inventories	-	7,518
Compensations	1,359,235	10
Other operating income	1,257,014	1,179,898
	5,115,697	**3,478,417**

The amount of Euro 1,359,235 refers to compensation received from an insurance company in 2023 associated with the pellet business in the United States which was sold in 2018.

2.3. Other operating expenses

Amounts in Euro	2023	2022
Cost of goods sold and materials consumed (Note 4.1.2)	**2,339,940,354**	**3,138,646,788**
External services and supplies		
Transportation of goods	112,666,024	196,480,608
Specialised services	76,347,831	74,683,026
Royalties	22,826,264	34,346,641
Fees	1,251,496	5,918,051
Insurance	2,300,454	2,011,567
Rentals	1,972,532	1,074,581
Fees	1,861,555	896,480
Travel and accommodation	1,174,127	1,140,931
Advertising and marketing	394,109	471,462
Energy and fluids	131,472	178,533
Communications	105,514	129,715
Materials	113,855	104,174
Subcontracts	104,710	240,455
Maintenance and repair	22,659	19,407
Other	362,038	313,915
	221,634,640	**318,009,546**
Payroll costs (Note 7.1)	**7,186,383**	**13,521,497**
Other operating expenses		
Impairment losses on inventories (Note 4.1.4)	465,150	429,713
Impairment losses on receivables	-	3,268,851
Other inventory losses	979,581	2,661,376
Donations	95,985	154,864
Membership fees	352,990	301,707
Losses on disposal of non-current assets	3,489	-
Cash discounts granted	184,648	252,457
Indirect taxes	177,825	86,637
Other operating expenses	140,802	183,521
	2,400,470	**7,339,126**
Net provisions (Note 9.1)	**(1,789,744)**	**(857,042)**
Total operating expenses	**2,571,161,847**	**3,477,516,957**

There was a generalised reduction in the costs borne by the company, largely explained by the reduction in quantities sold, with the biggest impacts in the Transportation of goods, Royalties and Fees captions.

With regard to logistics costs, the reduction is also due to the fact that in 2022 there was a major shortage of means of transporting goods, especially by sea, and the first half of that year was marked by increased congestion in the ports.

On the other hand, in 2023, there was a reverse trend in rental expenses due to the greater use of warehouses as a result of the slow reduction of inventories of printing and packaging paper accumulated throughout the distribution chain in 2022.

The Specialised services caption includes costs for marketing and sales agency services of Euro 19,914,058 (31 December 2022: Euro 22,195,277).

Audit fees

Amounts in Euro	2023 Expenses in the period	2023 Fees invoiced	2022 Expenses in the period	2022 Fees invoiced
KPMG (SROC) and other entities belonging to the same network				
Audit fees	195,000	169,000	166,962	145,462
Other assurance services	13,260	34,010	12,378	17,750
Other services	475	475	129,748	114,250
	208,735	**203,485**	**309,088**	**277,462**

The services indicated as "Other assurance services" relate to the reporting of financial information and financial ratio verification services.

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. Property, plant and equipment

Movements in property, plant and equipment

Amounts in Euro	Land	Buildings and other constructions	Basic equipment	Transportation equipment	Administrative equipment	Other property, plant and equipment	Assets under construction	Total
Gross amount								
Balance as at 1 January 2022	**12,872**	**693,726**	**1,392,678**	**4,056,768**	**8,118,401**	**10,531,603**	**15,028**	**24,821,076**
Acquisitions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(3,651,224)	-	-	(3,651,224)
Adjustments, transfers and write-offs	-	-	-	-	-	15,028	(15,028)	-
Balance as at 31 December 2022	**12,872**	**693,726**	**1,392,678**	**4,056,768**	**4,467,177**	**10,546,631**	**-**	**21,169,852**
Acquisitions	-	-	-	-	-	117,300	-	117,300
Disposals	(5,415)	-	-	-	-	-	-	(5,415)
Adjustments, transfers and write-offs	-	-	(18,179)	(392,191)	(342,055)	(81,293)	-	(833,718)
Balance as at 31 December 2023	**7,457**	**693,726**	**1,374,499**	**3,664,577**	**4,125,122**	**10,582,638**	**-**	**20,448,019**
Accumulated depreciation and impairment losses								
Balance as at 1 January 2022	**-**	**(62,772)**	**(1,368,100)**	**(3,929,168)**	**(8,043,410)**	**(10,509,121)**	**-**	**(23,912,571)**
Depreciation for the period (Note 3.7)	-	(14,791)	(12,634)	(13,014)	(8,217)	(2,545)	-	(51,201)
Disposals	-	-	-	-	3,648,943	-	-	3,648,943
Adjustments, transfers and write-offs	-	-	-	-	-	-	-	-
Balance as at 31 December 2022	**-**	**(77,563)**	**(1,380,734)**	**(3,942,181)**	**(4,402,684)**	**(10,511,665)**	**-**	**(20,314,830)**
Depreciation for the period (Note 3.7)	-	(14,791)	(9,267)	(13,014)	(9,588)	(7,525)	-	(54,185)
Disposals	-	-	-	-	-	-	-	-
Adjustments, transfers and write-offs	-	-	16,180	392,166	336,147	85,735	-	830,228
Balance as at 31 December 2023	**-**	**(92,354)**	**(1,373,821)**	**(3,563,029)**	**(4,076,125)**	**(10,433,455)**	**-**	**(19,538,787)**
Net book value as at 1 January 2022	**12,872**	**630,954**	**24,578**	**127,600**	**74,991**	**22,483**	**15,028**	**908,505**
Net book value as at 31 December 2022	**12,872**	**616,163**	**11,944**	**114,587**	**64,493**	**34,966**	**-**	**855,022**
Net book value as at 31 December 2023	**7,457**	**601,372**	**678**	**101,548**	**48,997**	**149,183**	**-**	**909,232**

Accounting policies

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	
	2023	2022
Buildings and other constructions	20 – 50	20 – 50
Basic equipment	7 – 35	7 – 35
Transportation equipment	4 – 9	4 – 9
Administrative equipment	4 – 8	4 – 8
Other property, plant and equipment	3 – 21	3 – 21

The residual values of the assets and respective useful lives are reviewed and adjusted, on the date of the Separate statement of financial position. When the carrying amount of the asset exceeds its realisable value, the asset is written down to the estimated recoverable amount, and an impairment charge is booked.

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 to the income statement in the financial period in which they are incurred.

Write-offs and disposals

Gains or losses arising from write-offs or disposals are determined by the difference between the proceeds from the disposals when applicable less transaction costs and the carrying amount of the asset and are recognised in the income statement as Other operating income (Note 2.2) or Other operating expenses (Note 2.3).

3.2. Right-of-use assets

Movements in right-of-use assets

Amounts in Euro	Buildings	Vehicles	Total
Gross amount			
Balance as at 1 January 2022	**4,277,508**	**44,313**	**4,321,821**
Acquisitions	-	-	-
Adjustments, transfers and write-offs	-	10,583	10,583
Balance as at 31 December 2022	**4,277,508**	**54,896**	**4,332,404**
Acquisitions	-	-	-
Adjustments, transfers and write-offs	53,743	(35,612)	18,131
Balance as at 31 December 2023	**4,331,251**	**19,284**	**4,350,535**
Accumulated depreciation and impairment losses			-
Balance as at 1 January 2022	**(1,514,857)**	**(38,305)**	**(1,553,162)**
Depreciation	(510,028)	(13,090)	(523,118)
Balance as at 31 December 2022	**(2,024,884)**	**(51,396)**	**(2,076,280)**
Depreciation	(518,682)	(8,610)	(527,292)
Adjustments, transfers and write-offs	-	40,722	40,722
Balance as at 31 December 2023	**(2,543,566)**	**(19,284)**	**(2,562,850)**
Net book value as at 1 January 2022	**2,762,651**	**6,008**	**2,768,659**
Net book value as at 31 December 2022	**2,252,624**	**3,500**	**2,256,124**
Net book value as at 31 December 2023	**1,787,685**	**-**	**1,787,685**

The caption Buildings refers to the lease agreement entered into between The Navigator Company, S.A. e a MaxiRent - Fundo de Investimento Imobiliário Fechado for the building located at Avenida Fontes Pereira de Melo 27, in Lisbon, for use as an office until May 2027.

Accounting policies

At the date the lease enters into force, the Company recognises right-of-use assets 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 3.1) in the same class when there is a call-option and the Company expects to exercise it.

Short-term leases and low-value asset leases

The Company recognises payments for leases of 12 months or less and for leases of assets whose individual acquisition value is less than USD 5,000 directly as operating expenses of the period (Note 2.3), on a straight-line basis.

3.3. Depreciation, amortisation and impairment losses

Amounts in Euro	2023	2022
Depreciation of property, plant and equipment for the period (Note 3.1)	54,185	51,201
Use of government grants	(988)	(988)
Depreciation of property, plant and equipment, net of grants charged-off	**53,197**	**50,213**
Depreciation of right-of-use assets for the period (Note 3.2)	**527,292**	**523,118**
	580,489	**573,331**

4. Working capital

4.1. Inventories

4.1.1. Inventories - detail by nature

Amounts net of accumulated impairment losses

	31-12-2023			31-12-2022		
Amounts in Euro	Gross amount	Impairment	Net amout	Gross amount	Impairment	Net amout
BEKP pulp	10,621,680	(136,092)	10,485,588	14,800,385	(226,674)	14,573,711
UWF Paper	16,002,438	(963,739)	15,038,699	6,904,701	(516,528)	6,388,173
Tissue Paper	2,586,851	(24,967)	2,561,884	1,565,233	(7,029)	1,558,204
Goods supplied to the Group's mills	4,170,909	(141,061)	4,029,848	3,591,693	(184,196)	3,407,497
Total	**33,381,878**	**(1,265,859)**	**32,116,019**	**26,862,012**	**(934,427)**	**25,927,585**

Inventories – distribution by geographical area

Amounts in Euro	31-12-2023	%	31-12-2022	%
Portugal				
BEKP pulp	7,463,479	22.36%)	3,002,606	11.18%)
UWF Paper	8,220,029	24.62%)	1,169,870	4.36%)
Tissue Paper	437,634	1.31%)	600,413	2.24%)
Goods used for Group supply	4,170,909	12.49%)	3,591,693	13.37%)
	20,292,051	**60.79%)**	**8,364,582**	**31.14%)**
Rest of Europe				
BEKP pulp	3,158,201	9.46%)	11,797,779	43.92%)
UWF Paper	7,782,409	23.31%)	5,734,831	21.35%)
Tissue Paper	2,149,217	6.44%)	964,820	3.59%)
	13,089,827	**39.21%)**	**18,497,430**	**68.86%)**
	33,381,878	**100.00%)**	**26,862,012**	**100.00%)**

The Company's inventories include Euro 14,673,749 (31 December 2022: Euro 1,770,283) relating to UWF paper, tissue paper and pulp for which invoices have already been issued but whose control has not been transferred to Trade receivables.

As at 31 December 2023 and 31 December 2022, 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	2023	2022
Opening balance	25,927,585	18,548,495
Purchases	2,347,439,802	3,147,625,333
Gains / (losses) on inventories (Notes 2.2 and 2.3)	(979,581)	(2,653,858)
Gains / (losses) by impairment (Notes 2.2 and 2.3)	(331,433)	1,054,403
Closing balance	(32,116,019)	(25,927,585)
Cost of goods sold and materials consumed (Note 2.3)	**2,339,940,354**	**3,138,646,788**

Costs of goods and materials consumed by type

Amounts in Euro	2023	2022
BEKP Pulp - sales to market	255,196,325	172,783,247
BEKP Pulp - included in the Group	559,539,342	853,094,541
UWF Paper	979,105,940	1,445,591,986
Tissue Paper	238,255,673	213,120,626
Goods supplied to the Group's mills	307,843,074	454,056,388
	2,339,940,354	**3,138,646,788**

4.1.3. Movements in impairment losses in inventories

Amounts in Euro	2023	2022
Opening balance	**(934,426)**	**(1,988,828)**
Increases (Note 2.3)	(465,150)	(429,713)
Reversals (Note 2.2)	133,717	1,484,115
Impact in profit or loss for the period	**(331,433)**	**1,054,402**
Charge-off	-	-
Closing balance	**(1,265,859)**	**(934,426)**

The impairment losses in inventories recorded in 2023 and 2022 are related to adjustments in the stock of UWF paper and Eucalyptus pulp.



Accounting policies

Goods

The goods held by Navigator correspond essentially to eucalyptus pulp, UWF paper and tissue paper acquired from its subsidiaries, for sale to the market. It also includes materials acquired from third parties to supply subsidiaries as part of the Navigator Group's central purchasing functions.

The Company acts as the Navigator Group's central purchasing body, and most of the Group's purchases of raw materials are made centrally by the Company, which then supplies the manufacturing companies, except for wood supply.

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.

4.2. Receivables

	31-12-2023			31-12-2022		
Amounts in Euro	Non-current	Current	Total	Non-current	Current	Total
Trade receivables	-	203,679,470	203,679,470	-	273,900,581	273,900,581
Receivables - related companies (Note 10.2)	-	490,767,984	484,121,863	-	409,610,821	409,610,821
State	-	38,961,563	38,961,563	-	42,335,090	42,335,090
Tax consolidation - related parties (Note 10.2)	-	59,649,931	59,649,931	-	123,679,484	123,679,484
Accrued income	-	547,437	547,437	-	645,515	645,515
Deferred expenses	-	30,209	30,209	-	1,033	1,033
Derivative financial instruments (Note 8.2)	-	19,458,938	19,458,938	-	48,514,443	48,514,443
Advances to suppliers	-	3,276,567	3,276,567	-	891,489	891,489
Other receivables	27,956	149,483	177,439	6,684	427,884	434,568
	27,956	**816,521,582**	**809,903,417**	**6,684**	**900,006,340**	**900,013,024**

The amounts above are net of accumulated impairment losses. Analysis of impairment for receivables is presented in Note 8.1.4 - Credit risk.

Other - non-current

The amount recognised as non-current in 2023 relates to financial incentives receivable, namely under the RRP (Recovery and Resilience Plan) and a VAT guarantee related to the Company's VAT registration in Switzerland, amounting to Euro 6,684.

State

Amounts in Euro	31-12-2023	31-12-2022
Value added tax - recoverable	-	-
Value Added Tax - repayment requests	38,961,563	42,335,090
	38,961,563	**42,335,090**

Up to the date of issuing this report, Euro 38,961,563 of the outstanding amounts as at 31 December 2023, had already been received. The amounts requested as at 31 December 2022 were received during the first half of 2023.

Accrued income

Amounts in Euro	31-12-2023	31-12-2022
Interest receivable	212,424	-
Interest receivable - related companies (Note 10.2)	-	645,515
Other	335,013	-
	547,437	**645,515**

Accounting policies

Trade receivables and other debtors

Classification

Trade receivables balances result from the Company'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	31-12-2023	31-12-2022
Trade payables	64,536,033	107,305,035
Payables - related companies (Note 10.2)	545,994,019	874,390,872
State	2,227,427	3,976,192
Advances from customers	6,473,115	-
Other payables	239,850	258,905
Derivative financial instruments (Note 8.2)	5,691,817	4,682,533
Accrued expenses - payroll	9,165,030	15,204,544
Accrued expenses - interest payable	4,192,903	4,032,371
Accrued expenses - logistics and sales commissions	11,665,248	18,203,760
Accrued expenses - related companies (Note 10.2)	25,094,238	18,906,986
Other accrued expenses	2,325,765	1,918,689
Deferred income - operating grants	61,450	7,539
	677,666,895	**1,048,887,425**

The decrease in the caption is mainly due to the reduction in balances with related parties, namely the subsidiaries Navigator Papel Setúbal, S.A., Navigator Pulp Setúbal, S.A. and Navigator Parques Industriais, S.A., with which there were also share capital decreases at the end of the year.

The decrease in Accrued expenses - payroll results from the recognition of a higher amount for bonuses to employees in 2022 compared to 2023.

State

Amounts in Euro	31-12-2023	31-12-2022
Personal income tax withheld (IRS)	349,695	832,566
Value added tax	1,456,503	2,757,958
Social Security contributions	421,229	385,557
Other	-	111
	2,227,427	**3,976,192**

As at 31 December 2023 and 31 December 2022, there were no arrears with the State.

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 Company defines capital as including equity and net debt.

The Company's objectives in relation to capital management are:

i. To safeguard the Company's ability to continue as a going concern 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 Company 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 Company 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 Company calculates the gearing ratio as follows:

Amounts in Euro	31-12-2023	31-12-2022
Interest-bearing liabilities (Note 5.6)	897,030,355	985,446,453
Cash and cash equivalents (Note 5.8)	(310,150,771)	(390,640,161)
Net debt	**586,879,584**	**594,806,292**
Equity	1,315,245,815	1,259,409,537
Treasury shares	-	-
Equity, except for treasury shares	**1,315,245,815**	**1,259,409,537**
Total equity	**1,902,125,399**	**1,854,215,829**
Gearing	**30.85%**	**32.08%**

5.2. Share Capital and treasury shares

The Navigator Company, S.A. is a public company with its shares quoted on the Euronext Lisbon.

As at 31 December 2023, The Navigator Company, S.A.'s share capital of Euro 500,000,000 was fully subscribed and is represented by 711,183,069 shares without nominal value (31 December 2022: 711,183,069 shares).

As at 31 December 2023 and 31 December 2022, the Shareholders with qualified shareholdings in the Company's capital were as follows:

	31-12-2023		31-12-2022	
Entity	**No. of shares**	**%**	**No. of shares**	**%**
Semapa, SGPS, S.A.	497,617,299	69.97%)	497,617,299	69.97%)
Floating shares	213,565,770	30.03%)	213,565,770	30.03%)
	711,183,069	**100.0%)**	**711,183,069**	**100.0%)**

As at 31 December 2023, the unit value of each share was Euro 3.55 (31 December 2022: Euro 3.454) and the market capitalisation of the Company at this date amounted to Euro 2,524,699,895 (31 December 2022: Euro 2,456,426,320), compared to equity of Euro 1,315,245,815 (31 December 2022: Euro 1,259,409,537).

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 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

	2023	2022
Profit attributable to Navigator's shareholders (Euro)	**274,923,820**	**392,537,070**
Total number of shares issued	711,183,069	711,183,069
Weighted average number of shares	**711,183,069**	**711,183,069**
Basic earnings per share (Euro)	**0.387**	**0.552**
Diluted earnings per share (Euro)	**0.387**	**0.552**

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

Amounts in Euro	Amount approved	Dividends per share (Euro)
Allocations in 2023		
Distribution of retained earnings	199,984,679	0.281
Allocations in 2022		
Distribution of retained earnings	131,632,875	0.185
Distribution of reserves	118,355,086	0.166

At the General Shareholders Meeting held on 17 May 2023, The Navigator Company, S.A. resolved to distribute dividends in the amount of Euro 199,984,679.

At the General Shareholders Meeting held on 27 May 2022, The Navigator Company, S.A. resolved to distribute dividends in the amount of Euro 99,992,340.

At the General Shareholders Meeting held on 21 November 2022, The Navigator Company, S.A. resolved to distribute reserves amounting to Euro 149,995,621, of which Euro 118,355,086 came from the Other reserves and Euro 31,640,535 was recorded in Retained earnings.

Accounting policies

The distribution of dividends to equity holders is recognised as a liability in the Financial Statements in the period in which the dividends are approved by the Shareholders at the General Shareholders 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	31-12-2023	31-12-2022
Reserves by applying the equity method	(404,214,827)	(405,228,340)
Fair value reserves	12,898,767	33,997,828
Legal reserve	100,000,000	100,000,000
Free reserves	3,481,014	3,481,014
Other reserves	(2,377,265)	(2,377,265)
Retained earnings	830,534,306	636,999,230
Reserves and retained earnings	**540,321,995**	**366,872,467**

Reserves by applying the equity method – details

Company	31-12-2023	31-12-2022
Subsidiaries		
Soc. Vinhos Herdade Espirra, S.A.	-	(352)
Navigator Brands, S.A.	(489,989,689)	(493,026,037)
Navigator Pulp Aveiro, S.A.	(7,936,300)	(7,936,300)
Enerpulp, S.A.	154,000	154,000
Navigator Parques Industriais, S.A.	(1,499,368)	(1,499,368)
Portucel Moçambique, S.A.	26,069,669	24,336,582
Navigator Pulp Setúbal, S.A.	154,000	154,000
Navigator Pulp Figueira, S.A.	615,954	615,945
Navigator Forest Portugal, S.A.	754,578	(735,406)
Navigator Paper Setúbal, S.A.	(15,238,322)	(11,396,307)
Navigtor Tissue Aveiro, S.A.	2,117,121	2,117,121
Navigator Paper Figueira, S.A.	79,783,696	79,783,696
Raíz - Inst. Investigação Floresta e Papel	816,570	666,739
Empremédia - Corretores de Seguros, S.A.	245,721	234,017
Empremedia DAC	(222,470)	1,325,871
Navigator Paper Mexico	(40,150)	(22,522)
Navigator Egypt	161	(19)
Subsidiaries	**(404,214,827)**	**(405,228,340)**

Fair value reserves– details

	31-12-2023			31-12-2022		
Amounts in Euro	**Gross amount**	**Tax**	**Net amout**	**Gross amount**	**Tax**	**Net amout**
Interest rate risk hedging	16,015,134	(4,404,162)	11,610,972	30,899,904	(8,497,474)	22,402,430
Hedging exchange rate risk and others	1,776,268	(488,473)	1,287,795	15,993,652	(4,398,254)	11,595,398
	17,791,402	**(4,892,635)**	**12,898,767**	**46,893,556**	**(12,895,728)**	**33,997,828**

Fair value reserves - movements

Amounts in Euro	31-12-2023	31-12-2022
Opening balance	**33,997,828**	**(5,604,076)**
Changes in the fair value of derivative financial instruments (Note 8.2)	(29,102,154)	54,623,316
Deferred tax (Note 6.2)	8,003,093	(15,021,412)
Closing balance	**12,898,767**	**33,997,828**

The amount transferred from reserves to profit or loss as a result of the settlement or maturity of hedging instruments is broken down as follows:

a) Transfer to profit or loss of: i) energy and pulp hedging instruments included in Sales with a positive impact on profit or loss of Euro 28,523,595; and ii) interest rate hedging instruments, which had a positive impact on financial profit or loss of Euro 9,722,523 (Note 5.10);

b) Changes in the fair value of hedging derivative financial instruments amounted to negative Euro 9,143,964.

Accounting policies

Reserves by applying the equity method

Corresponds to the accumulated change in changes in equity in the Company's subsidiaries whose investment is measured by the equity method (Note 10.1). In accordance with the Portuguese commercial legislation, these reserves are not distributable.

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 5.10) as the hedged instruments affect profit or loss for the period. The fair value adjustments of financial investments recorded under this caption is not recycled to profit or loss.

Legal reserve

The Portuguese commercial legislation 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 share 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

This caption corresponds to reserves constituted through the transfer of prior period's profit and other movements. The portion of the balance corresponding to the acquisition value of treasury shares held (Note 5.2), if any, is not distributable.

5.6. Interest-bearing liabilities

	31-12-2023			31-12-2022		
Amounts in Euro	**Non-current**	**Current**	**Total**	**Non-current**	**Current**	**Total**
Bond loans	397,500,000	22,500,000	420,000,000	420,000,000	22,500,000	442,500,000
Commercial paper	70,000,000	35,000,000	105,000,000	105,000,000	35,000,000	140,000,000
Bank loans	71,972,222	34,539,683	106,511,905	91,511,905	17,575,396	109,087,301
Charges with bond issuances	(2,614,750)	-	(2,614,750)	(3,480,083)	-	(3,480,083)
Cash pooling Grupo Navigator	-	268,133,200	268,133,200	-	297,339,235	297,339,235
Debt securities and bank debt	**536,857,472**	**360,172,883**	**897,030,355**	**613,031,822**	**372,414,631**	**985,446,453**
Average interest rate, considering charges for annual fees and hedging operations			5.0%			2.7%

At the end of June 2022, Navigator issued a Euro 150 million bond loan maturing in 2028, under the Sustainability-Linked Bonds Framework, having simultaneously repaid early a loan of the same amount valid until 2023.

This operation contributed to extending the average life of the Group's debt, as well as reducing the Company's financing cost, in addition to having conditions adjusted to the fulfilment of sustainability commitments. The loan conditions are indexed to three ESG indicators already included in the Company's Sustainability Agenda and, in turn, aligned with the Sustainable Development Goals of the United Nations.

In December 2023, Navigator signed a new long-term loan agreement with the European Investment Bank (EIB) for Euro 115 million, maturing in 12 years. This amount will be received in up to 3 instalments within 18 months of signing the contract. The loan will support the project to build and operate the high-efficiency recovery boiler at the Setúbal Industrial Complex, a key step in the decarbonisation roadmap. This green loan is part of the REPowerEU Plan, which aims to increase financing for green energy and support the autonomy and competitiveness of the European Union.

The maturity analysis of interest-bearing liabilities is presented in the Note 8.1.3 - Liquidity risk.

Interest-bearing liabilities – details

31-12-2023

Amounts in Euro	Amount	Outstanding amount	Maturity	Interest rate	Current	Non-current
Bond loans						
Navigator 2022-2028 ESG	150,000,000	150,000,000	June 2028	Variable rate indexed to Euribor, with fixed rate swap	-	150,000,000
Navigator 2019-2026	50,000,000	50,000,000	January 2026	Fixed rate	-	50,000,000
Navigator 2019-2025	30,000,000	30,000,000	March 2025	Variable rate indexed to Euribor, with fixed rate swap	20,000,000	10,000,000
Navigator 2021-2026	15,000,000	15,000,000	April 2026	Variable rate indexed to Euribor	2,500,000	12,500,000
Navigator 2020-2026	75,000,000	75,000,000	December 2026	Variable rate indexed to Euribor, with fixed rate swap	-	75,000,000
Navigator 2021-2026 ESG	100,000,000	100,000,000	August 2026	Variable rate indexed to Euribor, with fixed rate swap	-	100,000,000
Fees	-	(2,614,750)			-	(2,614,750)
European Investment Bank (EIB)						
EIB Loan - Energy	10,625,000	7,083,333	December 2024	Variable rate indexed to Euribor	7,083,333	-
EIB Loan - Cacia	13,888,889	12,500,000	May 2028	Fixed rate	2,777,778	9,722,222
EIB Loan - Figueira	31,428,572	31,428,572	February 2029	Fixed rate	5,714,286	25,714,286
EIB Loan - Biomass Boiler	27,500,000	27,500,000	March 2031	Fixed rate	1,964,286	25,535,714
EIB Loan	115,000,000	-	up to 12 years after disbursement	Rate indexed to the cost of EIB funds on disbursement	-	-
Commercial Paper Programme						
Commercial Paper Programme 175M	105,000,000	105,000,000	February 2026	Fixed rate	35,000,000	70,000,000
Commercial Paper Programme 65M ESG	42,250,000	-	February 2026	Variable rate indexed to Euribor	-	-
Commercial Paper Programme 75M	75,000,000	-	January 2026	Variable rate indexed to Euribor	-	-
Commercial Paper Programme 50M	50,000,000	-	December 2025	Variable rate indexed to Euribor	-	-
Loans						
Long-term investment	15,000,000	13,000,000	March 2026	Variable rate indexed to Euribor	2,000,000	11,000,000
Other	3,648,804	-			-	-
Bank credit facilities						
Short-term facility 20M	20,450,714	15,000,000			15,000,000	-
Cash pooling						
Linha de Cash Pooling Grupo Navigator	268,133,200	268,133,200		-	268,133,200	-
		897,030,355			**360,172,883**	**536,857,472**

31-12-2022

Amounts in Euro	Amount	Outstanding amount	Maturity	Interest rate	Current	Non-current
Bond loans						
Navigator 2022-2028 ESG	150,000,000	150,000,000	June 2028	Variable rate indexed to Euribor, with fixed rate swap	-	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, with fixed rate swap	20,000,000	30,000,000
Navigator 2021-2026	17,500,000	17,500,000	April 2026	Variable rate indexed to Euribor	2,500,000	15,000,000
Navigator 2020-2026	75,000,000	75,000,000	December 2026	Variable rate indexed to Euribor, with fixed rate swap	-	75,000,000
Navigator 2021-2026	100,000,000	100,000,000	August 2026	Variable rate indexed to Euribor, with fixed rate swap	-	100,000,000
Fees	-	(3,480,083)			-	(3,480,083)
European Investment Bank (EIB)						
EIB Loan - Energy	14,166,667	14,166,667	December 2024	Variable rate indexed to Euribor	7,083,333	7,083,334
EIB Loan - Cacia	15,277,778	15,277,777	May 2028	Fixed rate	2,777,777	12,500,000
EIB Loan - Figueira	37,142,857	37,142,857	February 2029	Fixed rate	5,714,286	31,428,571
EIB Loan - Biomass Boiler	27,500,000	27,500,000	March 2031	Fixed rate	-	27,500,000
Commercial Paper Programme						
Commercial Paper Programme 175M	140,000,000	140,000,000	February 2026	Fixed rate	35,000,000	105,000,000
Commercial Paper Programme 65M	65,000,000	-	February 2026	Variable rate indexed to Euribor	-	-
Commercial Paper Programme 75M	75,000,000	-	January 2026	Variable rate indexed to Euribor	-	-
Commercial Paper Programme 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	2,000,000	13,000,000
Bank credit facilities						
Short-term facility 20M	20,450,714	-			-	-
Cash pooling						
Linha de Cash Pooling Grupo Navigator	297,339,235	297,339,235		-	297,339,235	-
		985,446,453			**372,414,631**	**613,031,823**

As at 31 December 2023, the average cost of debt, considering interest rate, the annual fees and hedging operations, was 5.0% (31 December 2022: 2.7%).

As at 31 December 2023, the Company had contracted Commercial Paper Programmes, contracted and undisbursed Long-term financing, as well as available and undrawn credit facilities of Euro 287,700,714 (31 December 2022: 210,450,714).

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
Net Debt / EBITDA	(Interest-bearing debt - Cash) / EBITDA 12M	Bank Commercial Paper Bonds	<= 4.0 <= 4.0 - 5.0 <= 4.0

Considering the contracted limits, in 2023 and 2022, the Company is in compliance with the covenants negotiated. As at 31 December 2023 and 31 December 2022, the 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 repayment amount and the initial measurement amount is recognised in the Income statement over the debt period under “Interest expenses on interest-bearing liabilities” in Note 5.10 – Net financial results.

Fair value

The book value of short-term interest-bearing liabilities or loans contracted at variable interest rates are close to 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 Company 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 Company 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 Company expects to extend these loans (roll over), it classifies them as non-current liabilities.

5.7. Lease liabilities

Lease liabilities– nature

	31-12-2023			31-12-2022		
Amounts in Euro	**Non-current**	**Current**	**Total**	**Non-current**	**Current**	**Total**
Buildings	1,371,022	540,140	1,911,162	1,866,759	511,666	2,378,425
Vehicles	-	-	-	-	3,545	3,545
	1,371,022	**540,140**	**1,911,162**	**1,866,759**	**515,211**	**2,381,970**

Lease liabilities – movements

Amounts in Euro	31-12-2023	31-12-2022
Balance as at 1 January	**2,381,970**	**2,883,977**
Contract amortisation	(589,098)	(591,251)
Interest expense	64,546	78,661
Other changes	53,744	10,583
Total changes in related liabilities	**(470,808)**	**(502,007)**
Balance as at 31 December	**1,911,162**	**2,381,970**

Lease liabilities – future liabilities

Amounts in Euro	31-12-2023	31-12-2022
Less than 1 year	491,279	451,843
1 to 2 years	524,289	479,584
2 to 3 years	558,307	511,808
3 to 4 years	239,558	545,016
4 to 5 years	-	234,948
More than 5 years	-	-
	1,813,433	**2,223,199**
Interest on liabilities	97,729	158,771
Present value of liabilities	**1,911,162**	**2,381,970**

Accounting policies

At the start date of the lease, the Company 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 price of exercise of renewal options reasonably certain to be exercised by the Company or lease termination penalty payments if the lease term reflects the Company's option to terminate the agreement.

In calculating the present value of future lease payments, the Company 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 5.10 - Net financial results) and decreased by the lease payments (rents).

5.8. Cash and cash equivalents

Amounts in Euro	31-12-2023	31-12-2022
Cash	3,050	5,540
Short-term bank deposits	9,661,172	189,407,443
Other short-term investments	135,000,000	146,997,320
Cash pooling (Note 10.2)	165,486,549	54,229,858
Cash and cash equivalents in the statement of financial position	**310,150,771**	**390,640,161**
Bank overdrafts - cash pooling (Notes 5.6 and 10.2)	(268,133,200)	(297,339,235)
Cash and cash equivalents in the statement of cash flows	**42,017,571**	**93,300,926**

In 2023 and 2022, Other short-terms investments corresponds to amounts invested by Navigator in a portfolio of short-term, highly liquid deposits and issuers with adequate ratings.

As at 31 December 2023 and 31 December 2022, there are no significant balances of cash and cash equivalents that are subject to restrictions on use by the Company.

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 will also include, when applicable, bank overdrafts, which are presented in the Statement of financial position as a current liability, under the caption Interest-bearing liabilities (Note 5.6).

5.9. Cash flows from financing activities

Movements in liabilities for financing activities

Amounts in Euro	2023	2022
Balance as at 1 January	**985,446,453**	**933,165,633**
Payment of interest-bearing liabilities	(75,075,396)	(545,218,254)
Receipts of interest-bearing liabilities	15,000,000	430,000,000
Cash pooling	(29,206,035)	167,563,736
Changes in borrowing costs	865,333	(64,662)
Changes in interest-bearing debt	**(88,416,098)**	**52,280,820**
Gross interest-bearing debt	**897,030,355**	**985,446,453**

5.10. Net financial results

Amounts in Euro	2023	2022
Interest paid on debt securities and bank debt	(21,303,488)	(9,418,150)
Interest paid on other interest-bearing liabilities	(31,272,805)	(11,366,018)
Commissions on loans and expenses with the opening of credit facilities	(2,219,631)	(4,370,449)
Interest paid using the effective interest method	**(54,795,924)**	**(25,154,617)**
Interest paid on lease liabilities	(64,546)	(78,661)
Financial expenses related to the Group's capital structure	**(54,860,470)**	**(25,233,278)**
Unfavourable exchange rate differences	(1,515,057)	-
Gains / (Losses) on financial instruments - interest-rate hedging (Note 8.2)	-	(1,504,772)
Gains / (Losses) on financial instruments - trading (Note 8.2)	(960,636)	(4,289,597)
Losses on compensatory interest	(671,591)	-
Other expenses and financial losses	(656,504)	(2,177,098)
Financial expenses and losses	**(58,664,258)**	**(33,204,745)**
Interest received from loans granted	18,276,509	8,404,238
Favourable exchange rate differences	-	6,875,033
Gains on financial instruments - hedging (Note 8.2)	9,722,523	-
Gains on compensatory interest	86,567	341,349
Other income and financial gains	8,331,326	6,474,957
Financial income and gains	**36,416,925**	**22,095,577**
Financial profit/(loss)	**(22,247,333)**	**(11,109,168)**

Accounting policies

The Company 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 income statement

Amounts in Euro	2023	2022
Current tax	(17,607,069)	(9,680,009)
Change in uncertain tax positions in the period	(1,690,823)	3,906,564
Deferred tax (Note 6.2)	(3,127,027)	2,028,010
	(22,424,919)	**(3,745,435)**

Nominal tax rate

In the periods presented, the Company considers a nominal tax rate in Portugal of 27.5%, resulting from the tax legislation as follows:

	2023	2022
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	2023	2022
Profit before income tax	**297,348,739**	**396,325,899**
Expected tax at nominal rate (21%)	62,443,235	83,228,439
Municipal surcharge (2023: 0.31%; 2022: 0.13%)	910,583	526,084
State surcharge (2023: 1.30%; 2022: 0.39%)	3,868,496	1,561,503
Income tax resulting from the applicable tax rate	**67,222,314**	**85,316,026**
Nominal tax rate for the period	**22.61%)**	**21.53%)**
Differences (a)	2,701,389	(4,540,176)
Effect of application of equity method	(47,192,699)	(73,487,565)
(Excess)/ Insufficiency of income tax estimate	(958,103)	(3,906,564)
Autonomous taxation	652,018	363,714
	22,424,919	**3,745,435**
Effective tax rate	**7.54%)**	**0.95%)**

(a) This amount concerns mainly:

	2023	2022
Taxable provisions and impairment	14,622,035	3,540,136
Tax benefits	(8,103,954)	(331,996)
Employee benefits	32,687	21,108
Liquidation of subsidiaries	-	(14,741,302)
Other	4,042,916	(6,292,558)
	10,593,684	**(17,804,612)**
Tax effect (25.5%)	**2,701,389**	**(4,540,176)**

6.1.2. Tax recognised in the statement of financial position

Amounts in Euro	31-12-2023	31-12-2022
Assets		
Amounts pending repayment (tax proceedings decided in favour of the Company)	17,510,098	15,341,107
	17,510,098	**15,341,107**
Liabilities		
Corporate Income Tax - IRC	4,081,875	96,139,000
Additional tax liabilities (IRC)	17,073,691	11,494,069
	21,155,566	**107,633,069**

Detail of Corporate Income Tax - IRC (net)

Amounts in Euro	31-12-2023	31-12-2022
Income tax for the period	(17,607,069)	(9,680,009)
Payments on account, special and additional payments on account	71,548,624	37,184,040
Withholding tax recoverable	1,626,501	36,453
Corporate Income Tax of companies included in the RETGS	(59,649,931)	(123,679,484)
	(4,081,875)	**(96,139,000)**

Amounts pending repayment

Amounts in Euro	31-12-2023	31-12-2022
2005 Corporate Income Tax (RETGS) - Proceeding 1259/ 09.BESNT	13,886,728	13,886,728
RFAI 2010 to 2012 - compensatory interest	494,856	1,076,611
2016 Corporate Income Tax - Proceeding CAAD 7/2022	-	272,697
2020 Corporate Income Tax (RETGS)	-	62,867
2018 Corporate Income Tax (RETGS) - Proceeding CAAD 103/2023	1,749,389	-
2017 Corporate Income Tax - Proceeding CAAD 756/2022	1,379,125	-
Other	-	42,204
	17,510,098	**15,341,107**

The movements in the period are detailed as follows:

Amounts in Euro	2023	2022
Balance at the beginning of the period	**15,341,107**	**1,118,815**
Increases	3,128,514	14,222,292
Charge-off	(959,523)	-
Reversals	-	-
	17,510,098	**15,341,107**

Uncertain tax positions - liabilities

Amounts in Euro	2023	2022
Balance at the beginning of the period	**11,494,069**	**11,741,764**
Increases	7,428,212	5,836,617
Charge-off	(198,590)	(3,599,451)
Reversals	(1,650,000)	(2,484,861)
Changes in the period	**5,579,622**	**(247,695)**
	17,073,691	**11,494,069**

Taxes paid in litigation

As at 31 December 2023 and 31 December 2022, the additional tax assessments that are already paid and contested, not recognised in assets, are summarised as follows:

Amounts in Euro	31-12-2023	31-12-2022
Aggregate Corporate Income Tax 2005 - Proceeding no. 88/13.4BEALM	10,394,386	10,394,386
Aggregate Corporate Income Tax 2006 - Proceeding no. 909/11.6BEALM	8,150,146	8,150,146
Aggregate Corporate Income Tax 2018 - Proceedings no. 103/2023 and no. 648/23.5BEALM	11,138,180	8,014,795
State Surcharge 2015 II - Proceeding no. 453/23.9BEALM	6,970,541	-
State Surcharge 2016 - Proceeding no. 457/21.6BEALM	3,761,397	3,761,397
State Surcharge 2017 - Proceeding no. 456/21.8BEALM	8,462,724	8,462,724
State Surcharge 2018 - Proceeding no. 707/21.9 BEALM	12,223,705	12,223,705
State Surcharge 2019 - Proceeding no. 557/23.8BEALM	2,466,974	-
State Surcharge 2020 - Proceeding no. 26/24.9BEALM	5,183,000	-
CDTJI IRC 2016 and 2017 - Proceeding no. 7/2022 and no. 756/2022-T	-	1,522,660
	68,751,053	**52,529,813**

Accounting policies

Current income tax is calculated based on net profit, adjusted in conformity with tax legislation in force at the Statement of 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 controlling company of the tax business Group, currently The Navigator Company, S.A. which is responsible for the Group's overall assessment and payment of the corporate income tax. Where there are gains on the use of this regime, these are recorded as income in the controlling company's financial statements.

The amounts the Company has receivable from or payable to other companies in the tax business group in respect of their liabilities are presented under Receivables and Payables.



Estimates and judgements

The Company recognises liabilities for additional tax assessments that may result from reviews by the tax authorities. 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 are calculated.

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.

The Board of Directors considers that any corrections to those declarations as a result of reviews/inspections by the Portuguese Tax Authorities will not have a significant impact in the financial statements as at 31 December 2023, although the periods up to and including 2018 have already been reviewed.

Uncertain tax positions

The amount of assets and liabilities recorded for tax proceedings arises from an assessment made by the Company, as at the date of the Statement of Financial Position, regarding potential differences of understanding with the Portuguese Tax Authorities, considering the developments in tax matters.

The Company, 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.

Pillar Two Model Rules - OECD

The Navigator Group is subject to the OECD Pillar Two model rules from 1 January 2024. It has applied the exception to the recognition and disclosure of information on deferred tax assets and liabilities related to Pillar Two income taxes, as provided for in the amendments to IAS 12.

As at the date of this report, the Group is currently assessing the impact of this change. However, based on the current understanding of the interpretation of the new rules, no significant impacts are expected.

6.2. Deferred taxes

Movements in deferred taxes

Amounts in Euro	As at 1 January 2023	Merger effect Soc. Vinhos	Income Statement		Equity	As at 31 December 2023
			Increases	Decreases		
Temporary differences originating deferred tax assets						
Taxed provisions	410,869	-	2,569,725	(410,869)	-	2,569,725
Adjustments to investments in subsidiaries	25,316,119	-	1,561,458	(15,127,333)	-	11,750,244
	25,726,988	**-**	**4,131,183**	**(15,538,202)**	**-**	**14,319,969**
Temporary differences originating deferred tax liabilities						
Adjustments to investments in subsidiaries	(177,644)	-	-	18,629	-	(159,015)
Financial instruments	(47,174,485)	-	-	-	29,102,154	(18,072,331)
Pensions and other post-employment benefits	-	(17,386)	-	17,386	-	-
	(47,352,129)	**(17,386)**	**-**	**36,015**	**29,102,154**	**(18,231,346)**
Deferred tax assets	**7,074,922**	**-**	**1,136,075**	**(4,273,006)**	**-**	**3,937,992**
Deferred tax liabilities	**(13,021,836)**	**(4,781)**	**-**	**9,904**	**8,003,092**	**(5,013,621)**

Amounts in Euro	As at 1 January 2022	Income Statement		Equity	As at 31 December 2022
		Increases	Decreases		
Temporary differences originating deferred tax assets					
Taxed provisions	-	410,869	-	-	410,869
Adjustments to investments in subsidiaries	18,752,796	9,366,282	(2,802,959)	-	25,316,119
Financial instruments	7,448,830	-	-	(7,448,830)	-
Conventional capital remuneration	140,000	-	(140,000)	-	-
	26,341,626	**9,777,151**	**(2,942,959)**	**(7,448,830)**	**25,726,988**
Temporary differences originating deferred tax liabilities					
Adjustments to investments in subsidiaries	(718,030)	802,383	(261,997)	-	(177,644)
Financial instruments	-	-	-	(47,174,485)	(47,174,485)
	(718,030)	**802,383**	**(261,997)**	**(47,174,485)**	**(47,352,129)**
Deferred tax assets	**7,243,947**	**2,688,717**	**(809,314)**	**(2,048,428)**	**7,074,922**
Deferred tax liabilities	**(197,458)**	**220,655**	**(72,049)**	**(12,972,983)**	**(13,021,836)**

In the measurement of the deferred taxes as at 31 December 2023 and 31 December 2022, the rate of 27.50% was used.

Accounting policies

Deferred tax is calculated based on the liability of the Statement of 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 that tax losses will not be used.

Deferred taxes are recorded as an income or expense for the year, except where they result from amounts recorded directly under equity, situation in which deferred tax is also recorded under the same caption. Tax benefits attributed to the Company 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	2023	2022
Remuneration of Corporate Bodies - fixed (Note 7.3)	1,157,161	1,355,315
Remuneration of Corporate Bodies - variable	1,319,093	3,968,843
Employee remuneration	3,479,121	3,455,070
Social Security contributions	957,547	1,017,117
Post-employment benefits (Note 7.2.2)	127,261	108,938
Other payroll costs	146,200	3,616,214
Payroll costs	**7,186,383**	**13,521,497**

In 2023, there was an excess estimate of the Corporate Bodies' performance bonus for 2022. The excess is mainly due to a different allocation by company compared to the estimate and the timing of its settlement.

Number of employees at the end of the period

As at 31 December 2023 and 31 December 2022, the number of Employees under contractual employment with the Company was 331 and 379, respectively, of which 318 were employed by other Group companies (31 December 2022: 347). The company employed—via multiple employment contracts—36 employees (31 December 2022: 38).

Accounting policies

Short-term employee benefits

Acquired rights - holidays and holiday allowance

In accordance with the collective agreement applicable to The Navigator Company, S.A., Workers are entitled to 25 working days leave, as well as one month's holiday allowance, acquired in the year preceding that of the payment.

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, irrespective of the date of payment, whilst the balance payable at the date of the Statement of financial position is shown under the caption Payables (Note 4.3).

Benefits arising from termination of employment

The benefits arising from termination of employment are recognised when the Company can no longer withdraw the offer of such benefits or in which the Company 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. Defined benefit plan

Policy for managing the risk associated with defined benefit plans

For capital management purposes, the Company defines capital as including equity and net debt.

The Company'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 Company.

The most significant risks to which the Company is exposed through defined benefit plans include:

i) Risk of change in the 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 Company 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 Company 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.

Net liabilities

Net liabilities reflected in the Statement of financial position and the number of beneficiaries of the defined benefit plans in force in the Company are detailed as follows:

	31-12-2023		31-12-2022	
	No. of Beneficiaries	**Amount**	**No. of Beneficiaries**	**Amount**
Past service liabilities				
Active employees, including individual accounts	13	752,992	13	696,188
Alumni	-	-	1	391,388
Retired employees	130	12,571,121	133	12,672,980
Market value of pension funds		(13,156,177)		(13,360,257)
Total net liabilities	**143**	**167,936**	**147**	**400,299**

Historical information - last five years

Amounts in Euro	2019	2020	2021	2022	2023
Present value of liabilities	17,339,850	17,087,861	16,354,196	13,760,556	13,324,113
Fair value of assets and reserves	16,409,644	15,924,756	16,798,826	13,360,257	13,156,177
Surplus / (deficit)	**(930,206)**	**(1,163,105)**	**444,631**	**(400,299)**	**(167,936)**

Evolution of defined benefit plan liabilities

2023	Opening balance	Current services cost	Interest expense	Actuarial deviations	Payments performed	Closing balance
Amounts in Euro						
Pensions with autonomous fund	13,760,556	18,879	461,493	303,971	(1,220,785)	13,324,113
	13,760,556	**18,879**	**461,493**	**303,971**	**(1,220,785)**	**13,324,113**

2022	Opening balance	Current services cost	Interest expense	Actuarial deviations	Payments performed	Closing balance
Amounts in Euro						
Pensions with autonomous fund	16,354,196	26,336	197,163	(1,624,388)	(1,192,751)	13,760,556
	16,354,196	**26,336**	**197,163**	**(1,624,388)**	**(1,192,751)**	**13,760,556**

The average expected duration of the defined benefit liabilities is 9 years (31 December 2022: 8 years).

Funds

Funds allocated to the defined benefit pension plans - evolution

Amounts in Euro	2023	2022
Opening balance	**13,360,257**	**16,798,826**
Expected income for the period	447,684	202,391
Remeasurement	552,111	(2,448,209)
Pensions paid	(1,220,785)	(1,192,751)
Merger effect Soc. Vinhos	16,910	-
Closing balance	**13,156,177**	**13,360,257**

Funds allocated to defined benefit plan - estimated contributions in the following period

The contributions planned for the next annual reporting period are, among other factors, dependent on the profitability of the funds' assets.

Funds allocated to defined benefit plans - composition of assets

Amounts in Euro	31-12-2023	%	31-12-2022	%
Securities listed in the market				
Bonds	7,988,842	60.7%	8,215,933	61.5%
Shares	3,095,335	23.5%	3,279,544	24.5%
Public debt	1,413,678	10.7%	1,199,699	9.0%
Liquidity	230,232	1.7%	217,119	1.6%
Other short-term investments	428,090	3.3%	447,962	3.4%
	13,156,177	**100%)**	**13,360,257**	**100%**

The assets of the pension fund do not include any assets of the Group.

7.2.2. Expenses incurred with post-employment benefit plans

	2023				2022			
Amounts in Euro	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	18,879	13,808	-	32,687	26,336	(5,229)	-	21,107
Defined contributions plans	-	-	94,574	94,574	-	-	87,831	87,831
	18,879	**13,808**	**94,574**	**127,261**	**26,336**	**-**	**87,831**	**108,938**

As at 31 December 2023, the Defined Contribution plans covered 388 participants (31 December 2022: 420 participants).

Accounting policies

Post-employment benefits - defined benefit plan

The Company has 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 Company set up autonomous pension funds as a means of funding most of the liabilities. Based on the projected credit unit method, the Company 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 Statement of financial position, less the fair value of the funds set up, under Pensions and other post-employment benefits.

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 (Note 7.1).

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 profit or loss for the period.

Post-employment benefits - defined contribution plan

The Company 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 Company 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

	31-12-2023	31-12-2022
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
Technical interest rate	3.50%)	3.50%)
Wage growth rate	2.00%)	2.00%)
Return rate on plan assets	3.50%)	3.50%)
Pensions growth rate	2.00%)	2.00%)

Sensitivity analysis

The Company considers the technical interest rate and the expected pension growth rate as the most significant variables in the calculation of liabilities for defined benefit plans.

As at 31 December 2023, a downward change of 0.5 percentage points in the discount rate used (3.5%) in the calculation of pension liabilities would result in an increase in liabilities of approximately Euro 570,146 (31 December 2022: Euro 543,485).

As at 31 December 2023, an upward change of 0.5 percentage points in the discount rate used (3.5%) in the calculation of pension liabilities would result in a decrease in liabilities of approximately Euro 528,393 (31 December 2022: Euro 540,589).

As at 31 December 2023, a downward change of 0.5 percentage points in the pension growth rate used (2%) in the calculation of pension liabilities would result in a decrease in liabilities of approximately Euro 462,032 (31 December 2022: Euro 489,928).

As at 31 December 2022, an upward change of 0.5 percentage points in the pension growth rate used (2%) in the calculation of pension liabilities would result in an increase in liabilities of approximately Euro 489,876 (31 December 2022: Euro 520,239).

7.3. Remuneration of Corporate Bodies

Amounts in Euro	2023	2022
Navigator Corporate Bodies		
Board of Directors	985,890	1,244,781
Supervisory Board	83,521	46,284
Environment Board	79,750	57,250
Board of the General Shareholders Meeting	8,000	7,000
	1,157,161	**1,355,315**

Remuneration of the members of the Board of Directors

Full details of the remuneration policy for the members of Navigator's Board of Directors are described in the Company's Corporate Governance Report.

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 2023 and 31 December 2022, regarding the members of the Board of Directors of Navigator, there were no: i) any additional liabilities allocated to other long-term benefits, ii) employment termination benefits, iii) share-based payments and iv) any outstanding balances.

8. Financial instruments

8.1. Financial risk management

The Company, at the level of the Navigator Group, has a risk-management programme, 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 Company adopts a proactive approach to risk management, as a way to mitigate the potential adverse effects associated with those risks, namely the exchange rate risk and interest rate risk.

8.1.1. Exchange rate risk

Exchange rate risk management policy

A significant part of the Company’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 Company'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.

Moreover, once a sale or purchase is made in a currency other than the Euro, the Company 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 payables, the latter with lesser expression, exposed to exchange rate risk.

The Company has foreign subsidiaries that expose it to exchange rate risk, namely Navigator North America in the United States and Portucel Moçambique. Besides those operations, the Company does not hold materially relevant investments in foreign operations, the net assets of which are exposed to exchange rate risk.

Use of derivative financial instruments

The Company manages exchange rate risk by using derivative financial instruments, in accordance with a policy that is subject to periodic review and whose purpose is to limit the exchange rate risk associated with future sales and purchases, receivables and payables, as well as other assets expressed in currencies other than the Euro.

In the periods presented, the Company holds derivatives that are hedging the exchange rate risk of future operations in currencies other than the presentation currency.

Exposure of financial assets and liabilities to exchange rate risk and sensitivity analysis

31 December 2023	US dollar	Sterling pound	Polish zloti	Swiss franc	Total (Euro)
Amounts in foreign currency					
Cash and cash equivalents	3,782,459	811,936	78,273	2,731	4,378,306
Receivables	120,943,141	21,697,447	14,349,866	1,572,289	139,422,401
Total financial assets	**124,725,600**	**22,509,383**	**14,428,139**	**1,575,020**	**143,800,707**
Payables	(6,517,284)	(48,356)	-	(70,250)	(6,029,501)
Total financial liabilities	**(6,517,284)**	**(48,356)**	**-**	**(70,250)**	**(6,029,501)**
Financial net position in foreign currency	**118,208,316**	**22,461,027**	**14,428,139**	**1,504,770**	**137,771,206**
Financial net position in Euro	**106,975,852**	**25,845,495**	**3,324,839**	**1,625,022**	**137,771,207**
Impact of + 10% change in all exchange rates on profit or loss for the period					**12,524,654**
Impact of - 10% change in all exchange rates on profit or loss for the period					**(15,307,912)**

31 December 2022	US dollar	Sterling pound	Polish zloti	Swiss franc	Total (Euro)
Amounts in foreign currency					
Cash and cash equivalents	834,228	600,459	524,784	60,783	1,632,988
Receivables	95,245,898	27,203,259	22,284,073	3,171,682	127,951,572
Total financial assets	**96,080,126**	**27,803,718**	**22,808,857**	**3,232,465**	**129,584,560**
Payables	(51,526)	(234,729)	-	(30,685)	(344,124)
Total financial liabilities	**(51,526)**	**(234,729)**	**-**	**(30,685)**	**(344,124)**
Financial net position in foreign currency	**96,028,600**	**27,568,989**	**22,808,857**	**3,201,780**	**129,240,436**
Financial net position in Euro	**90,032,440**	**31,083,613**	**4,872,854**	**3,251,528**	**129,240,435**
Impact of + 10% change in all exchange rates on profit or loss for the period					**11,749,131**
Impact of - 10% change in all exchange rates on profit or loss for the period					**(14,360,048)**

In this Note, the Company discloses the exposure of financial assets and liabilities to exchange rate risk, as well as the respective sensitivity analysis. There are currencies in which the Company 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 1.4.3 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 Company's financial liabilities cost are 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 Company's income statement.

The strategy for interest rate risk management is reviewed annually by the Company, and currently the Company maintains the majority of its debt traded at fixed rate.

Use of derivative financial instruments

When deemed appropriate by the Board, the Company 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 Company's risk management policies.

Exposure to interest rate risk

As at 31 December 2023, approximately 5% (31 December 2022: 6%) of the Company'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 Company's earnings.

Navigator 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 Company's borrowings within certain limits.

As at 31 December 2023 and 31 December 2022, the detail of the financial assets and liabilities with interest rate exposure, considering the maturity or the next interest-fixing date is as follows:

Amounts in Euro	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
31 December 2023						
Assets						
Current						
Cash and cash equivalents	310,150,771	-	-	-	-	310,150,771
Total financial assets	**310,150,771**	**-**	**-**	**-**	**-**	**310,150,771**
Liabilities						
Non-current						
Interest-bearing liabilities	-	-	-	492,801,587	123,710,317	616,511,905
Current						-
Interest-bearing liabilities	268,133,200	49,857,143	25,218,254	-	-	343,208,597
Total financial liabilities	**268,133,200**	**49,857,143**	**25,218,254**	**492,801,587**	**123,710,317**	**959,720,502**
Cumulative differential	**42,017,571**	**(7,839,572)**	**(33,057,826)**	**(525,859,413)**	**(649,569,731)**	

Amounts in Euro	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
31 December 2022						
Assets						
Current						
Cash and cash equivalents	390,640,161	-	-	-	-	390,640,161
Total financial assets	**390,640,161**	**-**	**-**	**-**	**-**	**390,640,161**
Liabilities						
Non-current						
Interest-bearing liabilities	-	-	-	492,801,587	123,710,317	616,511,904
Current						-
Interest-bearing liabilities	297,339,235	49,857,143	25,218,254	-	-	372,414,632
Total financial liabilities	**297,339,235**	**49,857,143**	**25,218,254**	**492,801,587**	**123,710,317**	**988,926,536**
Cumulative differential	**93,300,926**	**43,443,783**	**18,225,529**	**(474,576,058)**	**(598,286,375)**	

Estimates and judgements

Sensitivity analysis

Navigator 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 profit before taxes, for the period ended 31 December 2023 by approximately Euro 175,417 million (31 December 2022: Euro 233,333).

8.1.3. Liquidity risk

Liquidity risk management policy

The Company 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 Company'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	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
31 December 2023						
Liabilities						
Interest-bearing liabilities						
Bond loans	420,000	10,721,500	30,895,000	432,923,500	-	474,960,000
Commercial paper	-	745,500	35,745,500	71,491,000	-	107,982,000
Bank loans	15,000,000	5,189,218	16,188,037	62,679,270	12,840,786	111,897,311
Payables						
Derivative financial instruments	-	-	(10,087,985)	(14,934,263)	-	(25,022,248)
Total liabilities	**15,420,000**	**16,656,218**	**72,740,553**	**552,159,507**	**12,840,786**	**669,817,063**
Of which interest (at the rates prevailing at that date)						**63,327,406**

Amounts in Euro	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
31 December 2022						
Liabilities						
Interest-bearing liabilities						
Bond loans	420,000	10,257,500	19,942,100	341,457,650	101,310,000	473,387,249
Commercial paper	-	35,994,000	745,500	107,733,500	-	144,472,999
Bank loans	-	5,150,218	21,558,721	100,892,855	25,150,601	152,752,396
Payables						
Derivative financial instruments	-	(1,074,976)	(5,527,508)	(23,610,571)	(620,632)	(30,833,687)
Total liabilities	**420,000**	**50,326,742**	**36,718,813**	**526,473,434**	**125,839,969**	**739,778,957**
Of which interest (at the rates prevailing at that date)						**41,830,841**

The table considers the debt issued and the long-term debt contracted and not disbursed that will refinance the debt maturing in 2024 (Available and undrawn credit facilities).

The contractual maturity of the interest-bearing liabilities presupposes the fulfilment of financial covenants, as detailed in Note 5.6 - Interest-bearing liabilities.

Available and undrawn credit facilities

Amounts in Euro	31-12-2023	31-12-2022
Undrawn credit facilities		
Commercial paper (with long term underwriting)	167,250,000	190,000,000
EIB Loan	115,000,000	-
Other credit facilities	5,450,714	20,450,714
	287,700,714	**210,450,714**
Commercial paper used (Note 5.6)	105,000,000	140,000,000
Other credit facilities used	537,091,265	551,587,302
Contracted credit facilities (nominal value)	**929,791,979**	**902,038,016**

8.1.4. Credit risk

Credit risk management policy

The Company 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.

Most sales that are not covered by credit insurance are covered by bank guarantees and documentary credits, and any exposure that is not covered remains within the 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 Company's Customers to settle their liabilities, 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 customers without directly incurring credit risk levels that are not compatible with the risk policy in this area.

Cash equivalents

The Company 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 Company's maximum exposure to the credit risk of financial assets corresponds to their net amount, as follows:

Amounts in Euro	31-12-2023	31-12-2022
Non-current		
Receivables (Note 4.2)	27,956	6,684
Current		
Receivables (Note 4.2)	795,611,182	899,000,085
Cash and cash equivalents (Note 5.8)	310,150,771	390,640,161
	1,105,789,909	**1,289,646,930**

Ageing structure of Trade receivables balances

As at 31 December 2023 and 31 December 2022, Trade receivables showed the following ageing structure, considering the due dates for the balances outstanding before impairment:

Amounts in Euro	31-12-2023	31-12-2022
Amounts not due	197,615,035	243,223,269
from 1 to 90 days	16,962,609	30,108,471
from 91 to 180 days	14,983	330,827
from 181 to 360 days	-	176,147
from 361 to 540 days	-	58,893
from 541 to 720 days	-	2,974
more than 721 days	-	-
	203,679,470	**273,900,581**
Balances considered impaired	2,593,323	5,893,593
Impairment	(2,593,323)	(5,893,593)
Net balance of trade receivables (Note 4.2)	**203,679,470**	**273,900,581**
Trade receivables covered by credit insurance	172,422,513	248,861,097
Trade receivables covered by bank guarantees	1,300,000	3,061,913
Trade receivables covered by title retention agreements	7,046,082	12,511,283
Trade receivables covered by letters of credit / documentary remittances	22,910,875	9,466,288
Covered receivables	**203,679,470**	**273,900,581**
Available and undrawn credit facilities	483,461,612	493,330,233
Credit coverage facilities contracted	**687,141,082**	**798,325,298**

The amounts shown above correspond to the amounts outstanding according to the contracted due dates.

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 Company'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 Company, ensure a significant hedge of all outstanding balances.

Movements in impairment losses in Trade receivables

Amounts in Euro	2023	2022
Accumulated impairment at beginning of the period	**(5,893,593)**	**(1,452,954)**
Changes due to:		
Amounts recognised in the income statement	-	(3,268,851)
Reversal of unused amounts	3,214,133	1,283
Changes recognised in the income statement	**3,214,133**	**(3,267,568)**
Derecognition of uncollectible assets	86,137	(1,173,071)
Accumulated impairment at end of the period	**(2,593,323)**	**(5,893,593)**



Accounting policies

Impairment of debt instruments

The Company 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, Navigator 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 Company 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 forecasts 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", Navigator 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 the event of an accident in the credit insurance company, the model considers the limit paid, by Navigator, of 10% for national Customers and 5% for international Customers.

In addition, the Company 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 Company 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

	2023			2022		
Amounts in Euro	Trading derivatives	Hedging derivatives	Net total	Trading derivatives	Hedging derivatives	Net total
Balance at the beginning of the period	**(3,106,233)**	**46,938,143**	**43,831,910**	**(1,728,458)**	**(4,771,149)**	**(6,499,607)**
New contracts / settlements	(1,999)	(9,722,523)	(9,724,522)	2,911,822	(1,409,252)	1,502,569
Change in fair value through profit or loss (Note 5.10)	(960,636)	9,722,523	8,761,887	(4,289,597)	(1,504,772)	(5,794,369)
Change in fair value through other comprehensive income (Note 5.5)	-	(29,102,154)	(29,102,154)	-	54,623,316	54,623,316
Balance at the end of the period	**(4,068,868)**	**17,835,989**	**13,767,121**	**(3,106,233)**	**46,938,143**	**43,831,910**

Hedging derivative contracts entered into for pulp and paper sales had a positive impact of Euro 1,973,497 on sales margin. (31 December 2022: negative impact of Euro 28,405,470).

8.2.1. Detail and maturity of derivative financial instruments by nature

31 December 2023 Amounts in Euro	Notional	Currency	Maturity	Positive (Note 4.2)	Negative (Note 4.3)	Net amount
Hedging						
Hedging (future sales)	287,500,000	USD	2024	1,348,010	(608,037)	739,973
Interest rate swaps - Bonds	355,000,000	EUR	2028	17,064,360	-	17,064,360
BHKP pulp	7,092,000	USD	2024	31,655	-	31,655
				18,444,025	**(608,036)**	**17,835,989**
Trading						
Foreign exchange forwards (future sales)	(46,000,000)	USD	2024	1,014,913	(4,987,262)	(3,972,349)
Foreign exchange forwards (future sales)	(6,099,807)	GBP	2024	-	(96,519)	(96,519)
				1,014,913	**(5,083,781)**	**(4,068,868)**
				19,458,938	**(5,691,817)**	**13,767,121**

31 December 2022 Amounts in Euro	Notional	Currency	Maturity	Positive (Note 4.2)	Negative (Note 4.3)	Net amount
Hedging						
Hedging (future sales)	345,000,000	USD	2023	6,011,256	-	6,011,256
Hedging (future sales)	144,000,000	GBP	2023	1,294,665	-	1,294,665
Interest rate swaps - Bonds	375,000,000	EUR	2028	31,949,130	-	31,949,130
BHKP pulp	50,521,199	EUR	2023	7,683,092	-	7,683,092
				46,938,143	**-**	**46,938,143**
Trading						
Foreign exchange forwards (future sales)	76,977,456	USD	2023	1,325,016	(4,679,289)	(3,354,273)
Foreign exchange forwards (future sales)	18,800,000	GBP	2023	251,284	-	251,284
Foreign exchange forwards (future sales)	1,750,000	CHF	2023	-	(3,244)	(3,244)
				1,576,300	**(4,682,533)**	**(3,106,233)**
				48,514,443	**(4,682,533)**	**43,831,910**

Cash flow hedge | Exchange rate risk EUR/USD

During the last 6 months of 2023, the Group contracted derivative financial instruments by acquiring USD 287,500,000 in Zero Cost Collar, thus guaranteeing total coverage of the estimated value of exposure for 2024.

Interest rate hedge

During the first quarter of 2022, the Group contracted two swaps in the amount of Euro 75,000,000 each, to fix the interest rate associated with the Navigator 2022-2028 bond loan in the amount of Euro 150,000,000, starting in June 2022.

Energy Hedging

In view of the Group's exposure to energy prices, during the last quarter of 2022, swaps were contracted to set the price of energy sold for a volume of approximately 253,716 MWh, which ended on 31 December 2023.

Commodities Hedging – BHKP

During the second quarter of 2023, the Group entered into a swap valued at USD 7,092,000 to fix the price of short fibre pulp (BHKP) starting in January 2024.



Estimates and judgements

Fair value of 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.

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 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 Company 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 Separate statement of financial position at their fair value and changes in fair value are recognised in Net financial results (Note 5.10), 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 Company 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. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. 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 under Net financial results (Note 5.10). 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 required, 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 Company 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

Navigator 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 hedge of cash flows from the commercial paper programme and the bond loan.

Cash flow hedge | Commodities - BHKP

Navigator uses derivative financial instruments in order to minimise the exposure risk associated with the variation of the pulp price, indexed to PIX, in USD.

8.3. Financial assets and liabilities

8.3.1. Categories of financial instruments of the Group

The financial instruments included in each caption of the separate statement of financial position are classified as follows:

Amounts in Euro	Note	Financial assets at amortised cost	Hedging derivative financial instruments	Trading derivative financial instruments	Non-financial assets	Total
31 December 2023						
Non-current receivables	4.2	27,956	-	-	-	27,956
Current receivables	4.2	757,523,435	18,444,025	1,014,913	39,539,209	816,521,582
Cash and cash equivalents	5.8	310,150,771	-	-	-	310,150,771
Total assets		**1,067,702,163**	**18,444,025**	**1,014,913**	**39,539,209**	**1,126,700,309**
31 December 2022						
Non-current receivables	4.2	6,684	-	-	-	6,684
Current receivables	4.2	808,510,259	46,938,143	1,576,300	42,981,638	900,006,340
Cash and cash equivalents	5.8	390,640,161	-	-	-	390,640,161
Total assets		**1,199,157,105**	**46,938,143**	**1,576,300**	**42,981,638**	**1,290,653,186**

Amounts in Euro	Note	Financial liabilities at amortised cost	Hedging derivative financial instruments	Trading derivative financial instruments	Financial liabilities outside the scope of IFRS 9	Total
31 December 2023						
Interest-bearing liabilities	5.6	897,030,355	-	-	-	897,030,355
Lease liabilities	5.7	-	-	-	1,911,162	1,911,162
Payables	4.3	671,975,078	608,036	5,083,781	-	677,666,895
Total liabilities		**1,569,005,433**	**608,036**	**5,083,781**	**1,911,162**	**1,576,608,412**
31 December 2022						
Interest-bearing liabilities	5.6	985,446,453	-	-	-	985,446,453
Lease liabilities	5.7	-	-	-	2,381,970	2,381,970
Payables	4.3	1,044,204,892	-	4,682,533	-	1,048,887,425
Total liabilities		**2,029,651,345**	**-**	**4,682,533**	**2,381,970**	**2,036,715,848**

8.3.2 Fair value of financial assets and liabilities

Financial assets and liabilities measured at fair value

Amounts in Euro	31-12-2023 Level 1	Level 2	Level 3	31-12-2022 Level 1	Level 2	Level 3
Financial assets at fair value through profit and loss						
Hedging derivatives (Note 8.2)	-	1,014,913	-	-	1,576,300	-
Hedging financial instruments (Note 8.2)	-	18,444,025	-	-	46,938,143	-
Total assets	**-**	**19,458,938**	**-**	**-**	**48,514,443**	**-**
Financial liabilities at fair value through profit or loss						
Trading derivatives	-	(5,083,781)	-	-	(4,682,533)	-
Hedging financial instruments	-	(608,036)	-	-	-	-
Total liabilities	**-**	**(5,691,817)**	**-**	**-**	**(4,682,533)**	**-**

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.

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 the 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.

9. Provisions, commitments and contingencies

9.1. Provisions

Movements in provisions

Amounts in Euro	Legal proceedings	Investments in subsidiaries	Other provisions	Total
1 January 2022	**637,984**	**-**	**18,351,848**	**18,989,832**
Increases	194,806	-	107,837	302,643
Reversals	-	-	(1,159,685)	(1,159,685)
Impact in profit or loss for the period	**194,806**	**-**	**(1,051,848)**	**(857,042)**
Other transfers and adjustments	-	-	-	-
31 December 2022	**832,790**	**-**	**17,300,000**	**18,132,790**
Increases	10,256	-	-	10,256
Reversals	-	-	(1,800,000)	(1,800,000)
Impact in profit or loss for the period	**10,256**	**-**	**(1,800,000)**	**(1,789,744)**
Other transfers and adjustments	-	1,287	-	1,287
31 December 2023	**843,046**	**1,287**	**15,500,000**	**16,344,333**

No repayments of any nature are expected in respect of these provisions.

Legal proceedings

The balance as at 31 December 2023 is essentially comprised of labour lawsuits. The outcome of provisions for legal proceedings depends on the labour or civil court decisions.

Investments in subsidiaries

The amount recognised as provisions for subsidiaries relates solely to the shareholding in the subsidiary Navigator Paper Southern Africa (Note 10).

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 2023, Other provisions include Euro 15,500,000 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 2023, and both parties continued to work towards that goal.

The Group's uncertain income tax positions are disclosed in Note 6.1 - Income Tax.

Accounting policies

Provisions are recognised whenever the Company 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.

Investments in subsidiaries

Provisions are recognised for the Company's liabilities for losses on investments in subsidiaries (Note 10), after the related book value has been reduced to zero, to the extent that the Company may have incurred legal or constructive obligations or made payments on behalf of such subsidiaries.

9.2. Commitments

Guarantees provided to third parties

Amounts in Euro	31-12-2023	31-12-2022
Guarantees provided		
Navigator guarantees for EIB loans	22,083,333	37,708,333
Ocean Network Express	2,751,947	-
Simria	338,829	338,829
Agência Portuguesa Ambiente	-	83,148
Administration Fédérale de Contributions	76,585	83,274
Other	74,473	51,008
	25,325,167	**38,264,592**

Moreover, the Company has entered into energy purchase commitments amounting to Euro 125,753,200.

9.3. Contingent assets and liabilities

Public Debt Settlement Fund

According to Decree-Law 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 Authorities for the periods of 2006 and 2003, which was supplemented, on 13 October 2011, with the amounts already paid and uncontested relating to these same debts, as well as the expenses directly related thereto, pursuant to the ruling dated 24 May 2011 (Case 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 Portuguese Tax Authorities, in which was recognised the responsibility of the Public Debt Settlement Fund (PDSF) for repaying the amount of Euro 5,725,771 corresponding to the amount of Corporate Income Tax improperly paid, resulting from the alleged incorrect qualification / consideration, by the tax administration, of the tax loss calculated as a result of the operations performed by Soporcel, S.A. in 2003, as well as to promote restitution 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 in favour of the Group	Outstanding amounts
Proceedings confirmed in court					
Corporate income tax	2002	18,923	-	-	18,923
Corporate income tax (FR)	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 repayment 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 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 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.

In January 2023, the Court, while rejecting in their entirety the defendants' pleas in law, issued a judgment against the Navigator Group and acquitted the defendants. Following this decision, the Group appealed to the Supreme Administrative Court in February 2023.

10. Group structure

10.1. Investments in subsidiaries

			31-12-2023			31-12-2022		
Denominação Social		Head Office	Equity	% held	Balance	Equity	% held	Balance
Soc. Vinhos Herdade Espirra, S.A.	(D)	Portugal	-	-	-	1,837,953	100	1,837,953
Navigator Brands, S.A.	(A)	Portugal	32,643,937	100	409,400,324	31,444,601	100	408,200,985
Navigator Pulp Aveiro, S.A.	(B)	Portugal	106,248,123	100	106,123,853	124,266,347	100	120,880,817
Enerpulp, S.A.		Portugal	74,509,637	100	74,509,637	72,975,632	100	72,975,632
Navigator Parques Industriais, S.A.		Portugal	85,415,275	100	85,415,275	127,522,607	100	127,522,607
Portucel Moçambique, S.A.		Mozambique	11,122,922	90	11,122,922	1,365,602	90	1,365,602
Navigator Pulp Setúbal, S.A.		Portugal	72,929,757	100	72,929,757	233,217,325	100	233,217,325
Navigator Pulp Figueira, S.A.		Portugal	188,359,928	100	188,359,927	208,528,502	100	208,528,502
Navigator Abastecimento de Madeira, ACE		Portugal	-	97	-	-	97	-
Navigator Forest Portugal, S.A.		Portugal	59,013,396	100	59,013,396	40,205,331	100	40,205,331
Navigator Paper Setúbal, S.A.	(B)	Portugal	420,074,069	100	415,217,443	623,646,952	100	613,841,320
Navigator Tissue Aveiro, S.A.	(B)	Portugal	135,189,631	100	134,813,112	115,180,815	100	114,837,623
Raíz - Inst.Investigação Floresta e Papel		Portugal	10,900,584	97	10,573,566	9,849,186	97	9,604,970
Navigator Tissue Ejea, S.L.	(C)	Spain	68,206,977	100	72,363,519	-	-	-
Navigator Paper Figueira, S.A.	(B)	Portugal	102,186,284	100	98,565,420	145,585,816	100	129,934,579
Pulpchem Logistics, A.C.E.		Portugal	-	50	-	-	50	-
Empremédia - Corretores de Seguros, S.A.		Portugal	5,193,421	100	5,193,421	4,855,247	100	4,855,247
Empremedia DAC		Ireland	7,828,845	100	7,828,845	5,342,757	100	5,342,757
Navigator Paper Mexico		Mexico	2,698	25	674	32,340	25	8,085
Navigator Egypt		Egypt	35,229	1	352	23,874	1	239
Navigator Green Fuels Setúbal, S.A.		Portugal	48,339	100	48,339	-	-	-
Navigator Green Fuels Figueira da Foz, S.A.		Portugal	48,339	100	48,339	-	-	-
Navigator Fiber Solutions , S.A.		Portugal	2,049	0	2	-	-	-
Navigator Paper Southern Africa		South Africa	(128,742)	1	(1,287)	-	-	-
Portucel Nigeria Limited		Nigeria	-	1	-	-	-	-
					1,751,526,836			**2,093,159,574**
Provisions for subsidiaries with negative equity					**1,287**			**-**
Investments in subsidiaries					**1,751,528,123**			**2,093,159,574**

(A) Includes Goodwill generated on the acquisition of the Figueira da Foz integrated pulp and paper business
(B) Balance sheet value reflects elimination of unrealised internal margins
(C) Includes goodwill generated on the acquisition of the consumer tissue business in Zaragoza, Spain
(D) In 2023, Sociedade de Vinhos da Herdade de Espirra - Produção e Comercialização de Vinhos, S.A. was merged into The Navigator Company, S.A.

The goodwill associated with the integrated pulp and paper production activity in Figueira da Foz, in the amount of Euro 376,756,383, and with the tissue production activity in Zaragoza, in the amount of Euro 4,156,542, is disclosed in the table above as part of the value of the financial investment under the equity method, in accordance with the requirements of IAS 27 and IAS 28.

Movements in the period

Movements in investments in subsidiaries - summary

Amounts in Euro	2023	2022
Opening balance	**2,093,159,574**	**1,919,170,450**
Acquisitions, incorporations and disposal of shareholdings	58,651,861	1,859,329
Mergers, demergers and liquidations	(1,838,305)	(120,477,540)
Additional capital contributions	36,300,000	7,050,000
Share of (loss)/gains from the application of the equity method	224,727,140	349,940,785
Other comprehensive income	1,013,513	28,416,539
Dividends distributed	(295,340,074)	(92,799,990)
Capital increases and decreases	(372,038,000)	-
Transfer to provisions (Note 9.1)	1,287	-
Other movements	6,891,127	-
Closing balance	**1,751,528,123**	**2,093,159,574**

In 2023, the General Shareholders Meeting approved the increase in Navigator Forest Portugal, S.A.'s equity through the payment of additional pecuniary and gratuitous capital contributions in the amount of Euro 25,000,000.

Also for the subsidiary Portucel Moçambique, S.A., additional pecuniary and gratuitous capital contributions were made in the amount of Euro 4,000,000, and shareholder loans were also converted into additional capital contributions in the amount of Euro 7,300,000.

Movements in investments in subsidiaries - details

Amounts in Euro	2023	2022
Opening balance	**2,093,159,574**	**1,919,170,450**
Mergers, demergers and liquidations		
Navigator Participações Holding SGPS, S.A.	-	(120,477,540)
Soc. Vinhos Herdade Espirra, S.A.	(1,838,305)	-
Mergers, demergers and liquidations	**(1,838,305)**	**(120,477,540)**
Additional capital contributions		
Navigator Forest Portugal, S.A.	25,000,000	-
Portucel Moçambique, Lda.	11,300,000	7,050,000
Additional capital contributions	**36,300,000**	**7,050,000**
Acquisition, incorporation and disposal of shareholdings		
Navigator Tissue Ejea, S.L.	58,551,811	-
Soc. Vinhos Herdade Espirra, S.A.	-	1,859,329
Navigator Green Fuels Setúbal, S.A.	50,000	-
Navigator Green Fuels Figueira da Foz, S.A.	50,000	-
Navigator Fiber Solutions, S.A.	50	-
Acquisition, incorporation and disposal of shareholdings	**58,651,861**	**1,859,329**
Share of (loss)/gains from the application of the equity method		
Navigator Internacional Holding SGPS, S.A.	-	250,677
Soc. Vinhos Herdade Espirra, S.A.	-	(21,024)
Navigator Brands, S.A.	19,937,534	23,726,365
Navigator Pulp Aveiro, S.A.	12,990,920	25,832,155
Enerpulp, S.A.	14,586,595	23,471,317
Navigator Parques Industriais, S.A.	7,526,789	4,157,859
Portucel Moçambique, Lda.	(3,275,767)	(39,466,616)
Navigator Paper Southern Africa	(1,287)	-
Navigator Pulp Setúbal, S.A.	17,362,431	59,022,877
Navigator Pulp Figueira, S.A.	21,604,252	57,135,635
Navigator Forest Portugal, S.A.	3,053,803	14,278,823
Navigator Tissue Aveiro, S.A.	41,459,179	22,393,445
Navigator Paper Setúbal, S.A.	39,734,372	98,740,914
Raiz - Inst.Investigação Floresta e Papel	818,765	60,166
Navigator Tissue Ejea, S.L.	13,811,707	-
Navigator Paper Figueira, S.A.	29,914,903	56,920,887
Empremédia - Corretores de Seguros, S.A.	1,161,734	1,142,384
Empremedia DAC	4,034,429	2,276,468
Navigator Paper Mexico	10,217	18,397
Navigator Egypt	(66)	56
Navigator Green Fuels Setúbal, S.A.	(1,661)	-
Navigator Green Fuels Figueira da Foz, S.A.	(1,661)	-
Navigator Fiber Solutions, S.A.	(48)	-
Share of (loss)/gains from the application of the equity method	**224,727,140**	**349,940,785**
Changes in the investee's equity not recognised in the income statement		
Soc. Vinhos Herdade Espirra, S.A.	352	(352)
Navigator Brands, S.A.	3,036,349	3,729,483
Navigator Forest Portugal, S.A.	1,489,984	(162,410)
Navigator Paper Setúbal, S.A.	(3,842,014)	(1,439,556)
Navigator Pulp Figueira, S.A.	9	-
Raiz - Inst.Investigação Floresta e Papel	149,831	268,489
Portucel Moçambique, S.A.	1,733,087	24,475,978
Empremédia - Corretores de Seguros, S.A.	11,704	(15,735)

Empremedia DAC	(1,548,341)	1,572,063
Navigator Paper Mexico	(17,628)	(11,442)
Navigator Egypt	180	21
Changes in the investee's equity not recognised in the income statement	**1,013,513**	**28,416,539**
Distribution of dividends/reserves		
Navigator Brands, S.A.	(21,774,546)	(6,065,810)
Navigator Pulp Aveiro, S.A.	(27,747,883)	(10,495,391)
Navigator Parques Industriais, S.A.	(6,646,121)	(6,386,346)
Navigator Forest Portugal, S.A.	(10,735,721)	-
Navigator Pulp Setúbal, S.A.	(53,600,000)	(24,921,806)
Navigator Pulp Figueira, S.A.	(41,772,835)	-
Navigator Paper Setúbal, S.A.	(30,541,422)	(20,016,922)
Navigator Tissue Aveiro, S.A.	(21,483,691)	(8,501,356)
Navigator Paper Figueira, S.A.	(67,150,000)	(15,321,642)
Empremédia - Corretores de Seguros, S.A.	(835,265)	(1,090,717)
Enerpulp, S.A.	(13,052,590)	-
Distribution of dividends/reserves	**(295,340,074)**	**(92,799,990)**
Share capital increases/(decreases)		
Navigator Parques Industriais, S.A.	(42,988,000)	-
Navigator Paper Setúbal, S.A.	(205,000,000)	-
Navigator Pulp Setúbal, S.A.	(124,050,000)	-
Share capital increases/(decreases)	**(372,038,000)**	**-**
Other movements and reclassifications	**6,891,127**	**-**
Closing balance	**1,751,526,836**	**2,093,159,574**
Provisions for subsidiaries (Note 9.1)	1,287	-
Closing balance considering Provisions	**1,751,528,123**	**2,093,159,574**

Estimates and judgements

As at 31 December 2023 the amount of equity interests recognised in the separate financial statements of The Navigator Company, S.A., by applying the equity method amounts to Euro 1,758 million (31 December 2022: Euro 2,093 million), which includes goodwill allocated to the integrated paper cash-generating unit in Figueira da Foz and the tissue paper cash-generating unit in Zaragoza. Goodwill is not amortised and is subject to impairment tests, at least annually, and whenever there are changes in the assumptions underlying the test performed at the date of the statement of financial position which result in a possible loss of value. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

As at 31 December 2023, 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 214,028,739 (31 December 2022: Euro 269,081,488), which is still approximately 4 times higher than the book value of this cash-generating unit.

Accounting policies

Subsidiaries are all entities over which the Company has control, which occurs when the Company 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 Company assesses whether it has control over another entity.

Measurement

Investments in subsidiaries are accounted under the equity method.

In accordance with the equity method, financial investments are recorded at their acquisition cost, subsequently adjusted by the amount corresponding to the Company's share of changes in shareholders' equity (including net profit) of the subsidiaries, against results for the period or against shareholders' equity, as applicable, and by dividends received.

The accounting policies of joint ventures are amended, when necessary, to ensure that they are applied consistently with those of Navigator.

When the Company’s share in the subsidiary’s losses is equal to or exceeds its investment in the subsidiary, the Company ceases to recognise additional losses, except where it has assumed liability or made payments in the subsidiary’s name, as detailed in Note 9.1 - Provisions. If they subsequently report profits, the Company resumes recognising its share of those profits only after its share of the profits equals the share of unrecognised losses.

10.2. Transactions with related parties

Balances with related parties

Amounts in Euro	31-12-2023 Cash - Cash Pooling (Note 5.8)	Receivables (Note 4.2)	Payables (Note 4.3)	Interest-bearing liabilities - Cash Pooling (Note 5.6)	31-12-2022 Cash - Cash Pooling (Note 5.8)	Receivables (Note 4.2)	Payables (Note 4.3)	Interest-bearing liabilities - Cash Pooling (Note 5.6)
Shareholder								
Semapa - Soc. de Investimento e Gestão, SGPS, S.A.	-	-	952,804	-	-	-	-	-
Subsidiaries								
Portucel Moçambique, Lda.	-	7,962,778	179,039	-	-	16,074,124	179,813	-
Soc. Vinhos Herdade Espirra, S.A.	-	-	-	-	-	137,500	1,264,631	690,972
Eucaliptusland, S.A.	-	986,623	19,738,746	7,940,382	1,958,236	2,696,522	19,629,984	-
Enerpulp, S.A.	37	22,015,848	21,151	12,085,595	-	27,623,849	18,714	2,155,999
Navigator Forest Portugal, S.A.	4,189,275	177,428,142	14,311,715	4,354,853	1,056,508	223,976,223	4,161,311	-
Empremédia, S.A.	-	348,905	2,500,000	-	-	314,738	2,500,000	-
Navigator Tissue Aveiro, S.A.	1,030,176	118,950,221	11,056,819	19,828,089	9,224,157	109,574,524	12,567,088	-
Viveiros Aliança, S.A.	1,098,500	13,415	23,155	-	295,549	12,452	10,077	-
Navigator Paper Setúbal, S.A.	29,403,323	43,037,658	65,939,575	111,673,946	-	12,670,235	210,032,758	68,427,985
Navigator Paper Figueira, S.A.	23,187,277	52,052,846	98,180,797	-	-	41,300,795	50,254,735	42,374,812
Navigator Pulp Setúbal, S.A.	20,279,862	11,259,662	21,224,420	-	-	22,841,348	160,586,837	94,232,683
Navigator Tissue Ródão, S.A.	168	14,747,039	130,985,491	3,848,014	7,132,582	3,712,464	117,628,515	-
Navigator Pulp Figueira, S.A.	6,833,461	6,833,962	42,229,134	19,850,089	-	23,032,555	50,049,785	88,027,911
Raiz - Instituto de Investigação da Floresta e Papel	-	125,753	6,489,243	1,437,234	517,219	41,636	6,430,576	-
Navigator Brands, S.A.	-	28,092,201	32,366,089	38,671,413	-	7,273,557	63,612,814	366,639
Navigator Pulp Aveiro, S.A.	52,106,399	4,930,641	13,955,564	-	13,543,290	8,759,225	19,438,091	-
Navigator Parques Industriais, S.A.	-	11,589,317	609,665	19,141,996	-	4,115,708	41,076,624	170,665
Navigator Abastecimento de Madeira, ACE	27,358,071	132,356	877,541	27,723,654	20,502,318	1,044,979	15,184,766	-
Bosques do Atlantico, S.L.	-	-	28,848,149	178,975	-	252	28,848,149	514,238
PulpChem Logístics, ACE	-	-	877,377	-	-	-	3,364,800	-
Navigator North America	-	12,021	58,349,528	-	-	-	67,774,364	-
Navigator Eurasia	-	25,208	-	-	-	15,249	-	-
Navigator Afrique du Nord	-	15,584	-	-	-	9,371	-	-
Navigator United Kingdom, Ltd	-	-	17,301,073	-	-	-	16,738,877	-
Gavião - Sociedade de Caça e Turismo, S.A.	-	17,996	1,336,474	527,653	-	3,902	1,333,210	6,594
Navigator Tissue Ibérica	-	14,907,513	2,723,669	-	-	13,014,830	363,134	-
Navigator Itália, SRL	-	2,000	-	-	-	-	2,068	-
Navigator Deutschland, GmbH	-	-	1,753	-	-	-	243,419	-
Navigator Austria	-	10,083	-	-	-	53,857	-	-
Navigator Paper Poland SP Zoo	-	9,332	-	-	-	16,893	-	-
Navigator Tissue Ejea, S.L.	-	27,290,211	-	-	-	-	-	-
Navigator Egypt, ELLC	-	-	58	-	-	-	58	-
Navigator Paper Southern Africa	-	128,742	-	-	-	-	-	-
Empremedia DAC	-	7,491,858	100	-	-	15,619,032	100	-
EMA Cacia - Engenharia e Manutenção Industrial, ACE	-	-	219	150,601	-	-	586	119,629
EMA Setúbal - Engenharia e Manutenção Industrial, ACE	-	-	257	230,822	-	-	941	37,375
EMA Figueira - Engenharia e Manutenção Industrial, ACE	-	-	750	379,599	-	-	1,033	213,733
Navigator Green Fuels Setúbal, S.A.	-	-	-	48,130	-	-	-	-
Navigator Green Fuels Figueira da Foz, S.A.	-	-	-	48,130	-	-	-	-
Navigator Fiber Solutions, S.A.	-	-	148	14,025	-	-	-	-
Other related parties								
Secil Britas, S.A.	-	-	6,082	-	-	-	-	-
Hotel Ritz, S.A.	-	-	1,672	-	-	-	-	-
	165,486,549	**550,417,915**	**571,088,257**	**268,133,200**	**54,229,859**	**533,935,820**	**893,297,858**	**297,339,235**

Transactions with related parties

Amounts in Euro	2023 Purchase of goods and services	2023 Sales and services rendered	2023 Payroll costs	2023 Other operating income	2023 Other operating expenses	2023 Financial (expenses) / income	2022 Purchase of goods and services	2022 Sales and services rendered	2022 Payroll costs	2022 Other operating income	2022 Other operating expenses	2022 Financial (expenses) / income
Shareholder												
Semapa - Soc. de Investimento e Gestão, SGPS, S.A.	9,730,534	-	-	-	-	-	8,936,416	-	-	-	-	-
	9,730,534	**-**	**-**	**-**	**-**	**-**	**8,936,416**	**-**	**-**	**-**		**-**
Subsidiaries				-						-		
Soc. Vinhos Herdade Espirra, S.A.	-	-	-	-	-	-	569	32,658	282	-	-	(22,134)
Eucaliptusland, S.A.	-	477,942	-	-	-	(1,018,275)	-	656,187	-	-	-	(233,481)
Enerpulp, S.A.	(216,984)	3,821,165	(100,050)	-	-	183,888	(321,700)	1,935,323	(200,490)	-	-	133,801
Navigator Brands, S.A.	22,836,745	3,614,698	3,211,813	-	-	(1,776,882)	34,399,411	1,377,349	3,523,458	-	-	(301,434)
Navigator Forest Portugal, S.A.	(11,129)	691,259	(477,898)	(7,540)	264	7,532,631	217,341	584,317	(527,474)	-	-	2,393,990
Empremédia, S.A.	-	-	-	-	-	13,035	-	-	-	-	-	22,177
Navigator Tissue Aveiro, S.A.	115,236,411	55,660,935	-	-	-	4,409,273	103,652,798	60,689,534	-	-	-	1,293,145
Viveiros Aliança, S.A.	206,340	-	-	-	-	26,181	323,165	5,535	-	-	-	5,750
Navigator Paper Setúbal, S.A.	544,360,541	346,969,016	(6,581,076)	-	-	(6,400,644)	733,822,652	570,211,403	(8,356,770)	1,892	-	(1,218,144)
Navigator Tissue Ejea, S.L.	-	18,451,438	-	-	-	970,322	-	-	-	-	-	-
PulpChem Logística, ACE	30,033,011	-	-	-	-		40,096,793	-	-	-	-	-
Navigator Pulp Setúbal, S.A.	256,271,792	40,816,709	(4,597,528)	-	-	(3,968,120)	384,410,300	67,418,680	(5,654,152)	4,640	-	(724,554)
Navigator Tissue Ródão, S.A.	123,970,800	64,860,817	(90,552)	-	-	(4,830,849)	110,496,905	67,060,494	(32,368)	-	-	(809,863)
Navigator Pulp Figueira, S.A.	384,802,531	58,339,089	(6,797,105)	501	-	(1,799,480)	450,587,728	68,247,435	(8,821,980)	6,421	(1,498)	646,227
Raiz	2,820	309,293	(56,837)	-	-	(286,781)	(1,116)	25,874	(120,961)	-	-	(45,707)
Navigator International Holding SGPS, S.A.	-	-	-	-	-	-	-	-	-	-	-	(488,608)
Navigator United Kingdom, Ltd	19,321,400	-	-	-	-	-	22,260,940	-	-	-	-	-
Navigator Tissue Ibérica	1,282,063	52,736,006	-	-	-	-	975,732	46,177,550	-	-	-	-
Navigator Paper Figueira, S.A.	438,089,123	331,413,041	-	-	-	(1,622,832)	703,891,494	527,449,696	-	-	-	32,847
Navigator Pulp Aveiro, S.A.	205,362,516	28,918,450	(2,361,485)	-	-	1,715,993	235,212,127	42,625,554	(3,924,177)	-	-	389,434
Navigator Parques Industriais, S.A.	-	2,547,324	-	-	-	(1,923,467)	-	874,712	-	2,988	-	222,990
Navigator North America	-	37,220,675	-	-	-	-	4,869,511	164,038,824	-	-	-	-
Portucel Moçambique, Lda.	(8,277)	-	-	16,560	-	-	-	-	-	-	-	-
Bosques do Atlantico, S.L.	(2,701)	-	-	-	-	-	(866)	-	-	-	-	-
Empremedia DAC	-	-	-	-	-	75,698	-	-	-	-	-	684,313
Navigator Afrique du Nord	-	-	-	8,459	-	-	-	-	-	3,275	-	-
Gavião - Sociedade de Caça e Turismo, S.A.	-	-	-	-	-	(63,028)	-	-	-	-	-	(16,292)
Navigator Itália, SRL	160	-	-	-	-	-	302	-	-	-	-	-
Navigator Paper – Southern Africa	-	-	-	128,742	-	-	-	-	-	-	-	-
Navigator Deutschland, GmbH	79,111	-	-	-	-	-	-	-	-	-	-	-
Navigator Austria	-	-	-	16,006	-	-	-	-	-	21,857	-	-
Navigator Paper Poland SP Zoo	-	-	-	17,457	-	-	-	-	-	16,893	-	-
Navigator Eurasia	-	-	-	9,959	-	-	-	-	-	7,643	-	-
Navigator Abastecimento de Madeira, ACE	(42,914)	(782,889)	(411,030)	-	-	303,842	(38,087)	(11,985,153)	(512,245)	-	-	772,728
About the Future, S.A.	-	-	-	-	-	-	-	-	-	-	-	(536)
Navigator Fiber Solutions, S.A.	-	-	-	-	-	(148)	-	-	-	-	-	-
Navigator Tissue France	-	471,828	-	-	-	-	-	-	-	-	-	-
EMA Cacia - Engenharia e Manutenção Industrial, ACE	-	-	-	-	-	(7,758)	-	-	-	-	-	(2,126)
EMA Setúbal - Engenharia e Manutenção Industrial, ACE	-	-	-	-	-	(10,363)	-	-	-	-	-	(2,573)
EMA Figueira - Engenharia e Manutenção Industrial, ACE	-	-	-	-	-	(13,023)	-	-	-	-	-	(2,977)
	2,141,573,358	**1,046,536,795**	**(18,261,748)**	**190,144**	**264**	**(8,490,787)**	**2,824,855,999**	**1,607,425,972**	**(24,626,877)**	**65,609**	**(1,498)**	**2,728,973**
Other related parties												
Secil Britas, S.A.	68,865	-	-	-	-	-	-	-	-	-	-	-
Hotel Ritz, S.A.	3,836	-	-	-	1,106	-	-	-	-	-	-	-
	72,701	**-**	**-**	**-**	**1,106**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

The remuneration of the Group's key management personnel is detailed in Note 7.3 - Remuneration of corporate bodies.

11. 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

José Fernando Morais Carreira de Araújo
Executive Board Member

Nuno Miguel Moreira de Araújo Santos
Executive Board Member

João Paulo Cabete Gonçalves Lé
Executive Board Member

Dorival Martins de Almeida
Executive Board Member

António Quirino Vaz Duarte Soares
Executive Board Member

Maria Teresa Aliu Presas
Member

Mariana Rita Antunes Marques dos Santos
Member

Sandra Maria Soares Santos
Member

Vítor Paulo Paranhos Ferreira
Board Member

Ana Teresa Cunha de Pinto Tavares Lehmann
Board Member

Hugo Alexandre Lopes Pinto
Board Member

Maria Isabel da Silva Marques Abranches Viegas
Board Member

2023 Annual Report

Statutory Auditor's Report and Auditor's Report

KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A.
Edifício FPM41 - Avenida Fontes Pereira de Melo, 41 - 15.º
1069-006 Lisboa - Portugal
+351 210 110 000 | www.kpmg.pt

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 FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of **The Navigator Company, S.A.** (the Entity), which comprise the separate statement of financial position as at 31 December 2023 (showing a total of 2,934,535,683 euros and total equity of 1,315,245,815 euros, including a profit for the year of 274,923,820 euros), and the separate income statement, separate statement of comprehensive income, statement of changes in equity and separate statement of cash flows for the year then ended, and the accompanying notes to the financial statements, including a summary of accounting policies.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of **The Navigator Company, S.A.** as at 31 December 2023 and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) 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 from the Entity under the terms of the law, and we comply with the other ethical requirements under the code of ethics of the Portuguese Institute of Statutory Auditors.

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 financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG & Associados – Sociedade de Revisores Oficiais de Contas, S.A., a Portuguese private limited company and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

KPMG & Associados – Sociedade de Revisores Oficiais de Contas, S.A.
Capital Social: Euro 3,916,000 - Legal Person no. PT 502 161 078 - Registered at O.R.O.C. with no. 189 - Registered at C.M.V.M. with no. 20161489
Registered at the Commercial Registry Office of Lisbon with no. PT 502 161 078

Valuation of financial investments (1,751,528,123 euros)

See note 1.6 of the Relevant Accounting Estimates and Judgments and notes 10.1 of the Notes to the Financial Statements

The Risk	Our response to the identified risk
The valuation of the Entity's financial investments requires a high degree of estimation and judgement by the Board of Directors, particularly with regard to determining the recoverable value of investments made when signs of impairment are identified.	Our audit procedures included, amongst others, those that we describe below: ▪ We assessed the design and implementation of the main controls implemented by the Entity in this regard, namely the budgeting procedures on which the forecasts are based, by reference to the comparison of current performance with estimates made in previous periods, and the integrity of the discounted cash flow model; ▪ We assessed the existence of signs of impairment in financial investments; ▪ We obtained and analysed the impairment tests of the financial investments, based on discounted cash flow models, carrying out the following procedures: - We verified the arithmetic accuracy of the models; - We assessed the significant internal and external assumptions used and their reasonableness, such as current business trends, market performance, inflation, forecasted economic growth and discount rates; - We conducted sensitivity analyses of the assumptions and forecasts used; and - We involved our specialists in assessing the average cost of capital; ▪ We assessed the adequacy of the respective disclosures to the financial statements, in accordance with the applicable accounting framework.

Responsibilities of Management and the Supervisory Body for the Financial Statements

Management is responsible for:

- the preparation of financial statements that give a true and fair view of the Entity's financial position, financial performance and the 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 and the remunerations' report in accordance with applicable laws and regulations;
- the designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and,
- the assessment of the Entity's ability to continue as a going concern, and disclosing, as applicable, the matters that may cast significant doubt about the Entity's ability to continue as a going concern.

The supervisory body is responsible for overseeing the Entity's financial reporting process.

Auditor´s Responsibilities for the Audit of the Financial Statements

Our responsibility is to obtain reasonable assurance about whether the 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 ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the 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 Entity'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 Entity'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 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 Entity to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and the events in a manner that achieves fair presentation;
- 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 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 management report is consistent with the 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 non-financial information and the remunerations report were presented.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the management report

Pursuant to article 451, no. 3, al. (e) of the Portuguese Companies' Code, it is our opinion that the management report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited financial statements and, having regard to our knowledge and assessment of the Entity, we have not identified any material misstatements.

On the Corporate Governance Report

Pursuant to article 451, no. 4, of the Portuguese Companies' Code, it is our opinion that the corporate governance report includes the information required to the Entity 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 no. 1 of that article.

On the remunerations' report

Pursuant to article 26-G, no. 6, of the Portuguese Companies' Code, we inform that the Entity has included in the corporate governance report in a separate chapter the information defined in no. 2 of that article.

On the European Single Electronic Format (ESEF)

The financial statements of The Navigator Company, S.A. for the year ended 31 December 2023 must comply with the applicable requirements set out in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (ESEF Regulation).

Management is responsible for drawing up and disclosing the annual report in accordance with the ESEF Regulation.

We are responsible for obtaining reasonable assurance as to whether the financial statements included in the annual report are presented in accordance with the requirements set out in the ESEF Regulation.

Our procedures have taken into account the Technical Application Guide from OROC regarding reporting in ESEF and have included gaining an understanding of the financial reporting process, including the presentation of the annual report in valid XHTML format.

In our opinion, the financial statements included in the annual report are presented, in all material respects, in accordance with the requirements established in the ESEF Regulation.

On the additional matters provided in article 10 of the Regulation (EU) no. 537/2014

Pursuant to article 10 of the Regulation (EU) no. 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 Entity in the general shareholders meeting held on 22 September 2017 for a first mandate from 2015 to 2018. We were reappointed as auditors in the general shareholders meeting held on 9 April 2019 for a second mandate from 2019 to 2022 and in 17 May 2023 for a third mandate from 2023 to 2025.
- Management as 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 financial statements due to fraud. As a result of our work, we have not identified any material misstatement of the 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 Entity on 12 April 2024.
- We declare that we have not provided any prohibited services as described in under Article 5 of Regulation (EU) No 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.

15 April 2024

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

2023 Annual Report

Report and Opinion of the Supervisory Board

The Navigator Company, S.A.

Report and Opinion of the Supervisory Board
Separate Financial Statements

2023 Financial Year

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

Shareholders

9. In accordance with the Law, the Articles of Association and the terms of our mandate, we hereby submit the report on our supervisory activities carried out in 2023 and issue our opinion on The Individual Management Report and Separate Financial Statements presented by the Board of Directors of the Navigator Company, SA, for the financial year ended 31 December 2023.

10. 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 Board Members and directors. 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 activities we encountered no constraints whatsoever.

11. 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 Statutory Auditor's Report and Auditor's Report, with which we agree.

12. The Supervisory 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.

13. In the scope of our work we verified that:

    e) The Separate Statement of Income by Nature, the Separate Statement of Financial Position, the Separate Statement of Comprehensive Income, the Separate Statement of Changes in Equity, the Separate Statement of Cash Flows and the accompanying Notes to the Separate Financial Statements, provide an adequate understanding of the Company's financial position and results, comprehensive income, changes in equity, and cash flows;

    f) The accounting policies and valuation criteria adopted comply with the International Financial Reporting Standards (IFRS) as adopted in the European Union and are suitable to ensure that such criteria lead to a correct valuation of the Company's assets and results, following the analyses and recommendations issued by the External Auditor;

    g) The Management Report is sufficiently clear as to the evolution of the business and the situation of the Company, offering a clear account of the most significant developments in its activities;

    h) The Corporate Governance Report includes the information required by Article 29.º-H of the Securities Code and takes into account the recommendations of the Code of the Portuguese Institute for Corporate Governance (IPCG).

14. We are of the opinion that the proposal for application of results presented by the Board of Directors is not contrary to the applicable legal and statutory provisions.

15. Accordingly, taking into consideration the information received from the Board of Directors and the Company departments, and also the conclusions of the Statutory Auditor's Report and Auditor's Report, we are of the opinion that:

    c) The Management Report be approved;

    d) The Separate Financial Statements be approved;

    e) The proposal for the application of results presented by the Board of Directors be approved.

16. Finally, the members of the Supervisory 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 Statutory Auditor, KPMG & Associados, SROC, Lda.

17. This Report and Opinion has not been signed by the Member of the Supervisory Board, Mrs. Graça Gonçalves, as, on this date, she is unable to do so. Despite this circumstance, the Supervisory Board confirms that Dr. Graça Gonçalves collaborated in the preparation of this Report and Opinion, having monitored, throughout the year just ended and in the current year, the activities of the Company and the Supervisory Board and contributed to the performance of the duties and powers of this body.

Lisbon, 15 April 2024

The Chairman of the Supervisory Board

José Manuel Oliveira Vitorino

Member

Gonçalo Nuno Palha Gaio Picão Caldeira

2023 Annual Report

Governance Report

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 29-H, no. 1, para. a) of the CVM)

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

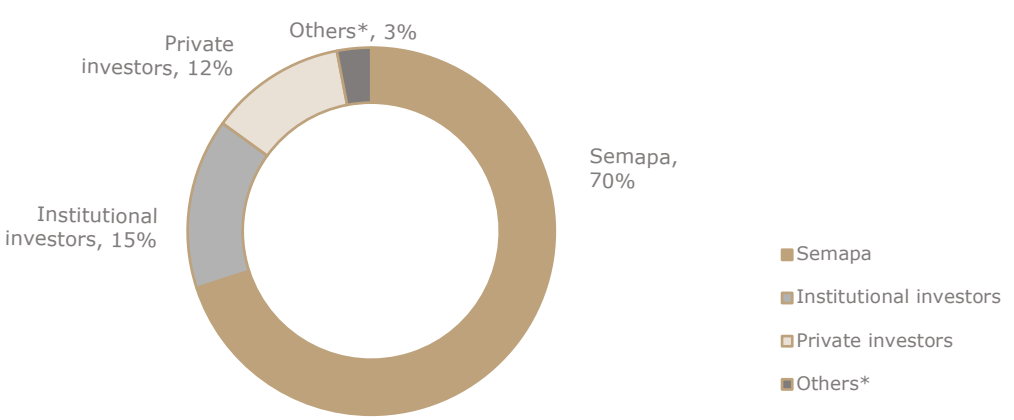
All shares representing the Company's share capital are listed on the regulated Euronext Lisbon market, managed by Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A.

At the end of 2023, 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 185 institutional shareholders were identified and characterised, representing about 15% of the shares issued.

Thus, in December 2023, the shareholder composition identified was as follows:

Shareholder composition



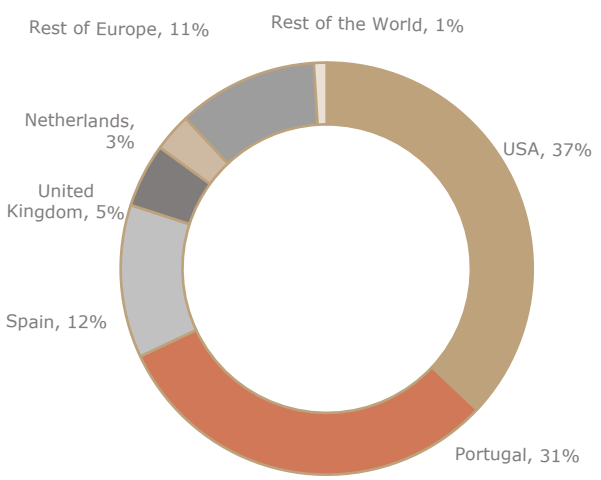
* Others does not include non identified, brokerage/trading and several

Navigator's institutional shareholders, excluding the majority shareholder, at the end of 2023 were mainly from the United States of America (USA) and Europe. The weight of US-based shareholders remains stable after the increase in exposure recorded in 2022. It currently stands at 37 per cent (vs. 38 per cent in 2022 and 26 per cent in 2021).

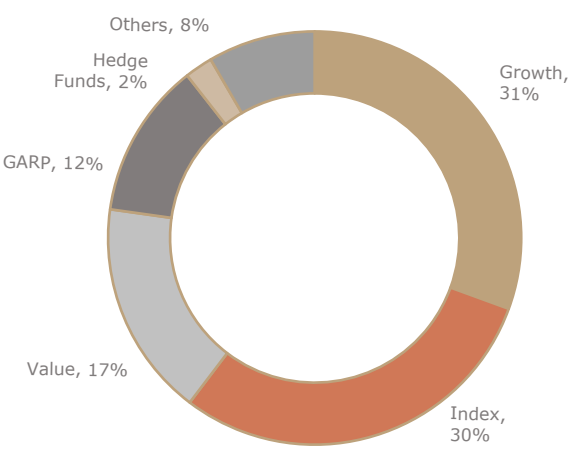
With regard to Shareholders from Europe, we highlight Portuguese Shareholders, with 31% (vs. 33%), Shareholders based in Spain, who after reducing their exposure last year, increased their position to 12% (vs. 5%), UK Shareholders, around 5% (vs. 6%), and Shareholders based in the Netherlands, with close to 3%. On the other hand, we saw a reduction in the weight of German-based Shareholders, which last year was 13 per cent.

In addition, in terms of investment style characterisation, around 31% of the shares were held by institutional investors with a Growth strategy, 30% were Index Funds, 17% of investors had a Value strategy and around 12% had GARP (Growth at Reasonable Price) strategies.

Shareholders by Geography (Institutional– excluding Semapa)



Shareholders by Investment Style (Institutional)



2. Restrictions on the transferability of shares, such as consent clauses for disposal, or limitations on ownership of shares (Art. 29-H, no. 1, para. b))

The shares representing Navigator's share capital are freely transferable.

3. Number of own shares, corresponding percentage of share capital and percentage of voting rights which would correspond to own shares (Art. 29-H, no. 1, para. b))

As at 31 December 2023, Navigator did not hold any own shares.

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 (Art. 29-H, no. 1, para. j)).

The Company is not a party to any significant financing agreements, debt issuance instruments or others that come into force, are amended or terminate in the event of a change of control of the Company following a takeover bid.

Nor has Navigator adopted any measures requiring payments or the assumption of charges by the Company in the event of a change of control or of the composition of the management body, which could jeopardise the economic interest in the transfer of shares and the free assessment by the Shareholders of the performance of the Directors.

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

There are no defensive measures in place within the Company, particularly those that limit the number of votes that can be held or exercised by a single shareholder individually or in concert with other shareholders.

6. Shareholders' agreements known to the Company or which might lead to restrictions on the transfer of securities or voting rights (Art. 29-H, no. 1, para. g).

The Company is not aware of any shareholders' agreement that could lead to restrictions on the transfer of securities or voting rights.

II. SHAREHOLDING AND BONDHOLDING POSITIONS

7. Identification of persons and organisations who, directly or indirectly, own qualifying holdings (articles 29-H, no. 1, para. c) and d) and 16), detailing the attributable percentage of the share capital and votes and the respective grounds

The holders of qualifying holdings in Navigator on 31 December 2023 are those identified in the table below:

Qualifying Holdings of The Navigator Company, S.A. (The Navigator Company) calculated under the terms of Article 20 of the Portuguese Securities Code

Holder	Attribution	No. Shares	% shares and voting rights
Filipa Mendes de Almeida de Queiroz Pereira (Filipa Queiroz Pereira), Mafalda Mendes de Almeida de Queiroz Pereira (Mafalda Queiroz Pereira), and Lua Mónica Mendes de Almeida de Queiroz Pereira (Lua Queiroz Pereira)	Jointly, through companies held directly and indirectly by them and described below, in conjunction with the shareholders´ agreement they entered into in relation to their holdings in companies that own shares of Semapa - Sociedade Investimento e Gestão, SGPS, S.A.	-	-
Target One Capital, S.A.	Controlled by Filipa Queiroz Pereira; holds 21,56% of the share capital of Sodim, SGPS, S.A. (Sodim)	-	-
Keytarget Investments - Consultoria e Investimentos, S.A.	Controlled by Mafalda Queiroz Pereira; holds 21,56% of Sodim´s share capital	-	-
Premium Caeli, S.A.	Controlled by Lua Queiroz Pereira; holds 21,56% of Sodim´s share capital	-	-
Sodim, SGPS, S.A.	Indirectly controlled by Filipa Queiroz Pereira, Mafalda Queiroz Pereira and Lua Queiroz Pereira; holds 100% of the share capital of Cimo - Gestão de Participações, SGPS, S.A.(Cimo)	-	-
Cimo - Gestão de Participações, SGPS, S.A.	Indirectly controlled by Filipa Queiroz Pereira, Mafalda Queiroz Pereira and Lua Queiroz Pereira and directly by Sodim	-	-
Semapa - Sociedade de Investimento e Gestão, SGPS, S.A.	Indirectly controlled by Filipa Queiroz Pereira, Mafalda Queiroz Pereira and Lua Queiroz Pereira and directly by Sodim and Cimo; direct ownership of shares	497,617,299	69.970%
	Total:	**497,617,299**	**69.970%**

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 of Part II of this Report.

9. Special powers of the management board, in particular concerning resolutions to increase capital (article 29-H (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 Articles of Association do not authorise the Board of Directors to pass resolutions approving capital increases.

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

All the transactions that took place in 2023 between the Company and the holders of qualifying holdings are described in Note 11.3 of the Notes to the consolidated financial statements and Note 10.2 of the Notes to the individual financial statements. There were no significant commercial relationships between the holders of qualifying holdings and the Company in 2023 - due to the application of the Regulation on Conflicts of Interest and Transactions with Related Parties and under the terms and conditions set out therein at any given time, as described in paragraphs 89 et seq. of this Report.

B. GOVERNING BODIES AND COMMISSIONS

I. GENERAL MEETINGS

a) Composition of the general meeting *

* Over the reporting period

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

The officers of the Board of the General Meeting are:

Chairman: Rui Manuel Pinto Duarte (mandate from 17/05/2023 to 31/12/2025).

Secretary: Luís Nuno Pessoa Ferreira Gaspar (mandate from 17/05/2023 to 31/12/2025).

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 (Art. 29-H, no. 1, para. f).

In the Company there are no restrictions on the exercise of voting rights by its shareholders.

Navigator's Articles of Association stipulate that each share in the Company corresponds to one vote.

Despite the existence of statutory deadlines for participation in the General Meeting, provided for in the Company's Articles of Association, mandatory legal provisions apply to this matter, such as Article 23-C of the Portuguese Securities Code. The statutory deadline for postal voting is the day before the General Meeting.

The Company's Articles of Association were amended at the annual general meeting held on 17 May 2022, at which time they specifically regulated voting by electronic or postal means, with the Chairman of the Board of the General Meeting being responsible for verifying their authenticity and regularity and ensuring their confidentiality until the time of the vote, observing the following:

a) Explanations of vote must be addressed to the Chairman of the General Meeting and received at the registered office no later than the day before the General Meeting;

b) If the right to vote is exercised electronically, the e-mail addressed to the Chairman of the Board of the General Meeting of Shareholders must contain an attached document in PDF format, signed in accordance with the signature on the valid identification document of the respective holder, containing the voting declarations for each of the items on the agenda as well as a copy of the holder's identification document. The Chairman of the Board of the General Meeting of Shareholders

may establish in the notice convening the meeting in question a system other than that set out in this paragraph that ensures equivalent security and reliability;

c) If the right to vote is exercised by post, the envelope must contain a letter addressed to the Chairman of the Board, duly signed in accordance with the signature on the holder's valid identification document and containing the explanations of vote relating to each of the items on the agenda, as well as a copy of the holder's identification document;

d) Votes cast by these means shall be counted together with any votes cast at the General Meeting, and shall count as negative votes in relation to proposals submitted after they have been cast.

The General Meeting may also be held by telematic means, whenever this proves to be appropriate and convenient, provided that the Chairman of the Board of the General Meeting confirms that, for the purposes of holding the meeting, the respective means, the authenticity of the declarations and the security of the communications are ensured, and the Company records the content and the respective participants.

For the purposes of identifying the Company's Shareholders and final Investors, the Company has the right, under the terms and for the purposes of the Securities Code, to be provided with information on the identity of its Shareholders by the entity managing the centralised system or by the relevant financial intermediaries at any time, so as to be able to communicate directly with them and facilitate the exercise of the rights inherent in their shares and their involvement in the Company.

Until this amendment, the Articles of Association authorised the Board of Directors to regulate ways of exercising voting rights other than by paper ballots, provided that they also ensured the authenticity and confidentiality of the votes until the moment of voting.

Although the Board of Directors has not made use of this option, the Chairman of the Board of the General Meeting has always accepted voting by electronic mail, provided that it is received under conditions equivalent to voting by post, in terms of time, intelligibility, guarantee of authenticity, confidentiality and other formalities.

There are no systems for highlighting property 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 statutory rules establishing rules in this regard.

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.

The Company's Articles of Association do not contain specific rules regarding the constitutive or deliberative quorum at General Meetings, so the legal provisions of the Commercial Companies Code apply in full.

II. CORPORATE BOARDS AND SUPERVISION

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

a) COMPOSITION *

* Over the reporting period

15. Identification of the governance model adopted.

The Company adopted in its Articles of Association a one-tier management model, i.e. with a Board of Directors made up of executive and non-executive members, a Supervisory Board and a Statutory Auditor, under the terms of Article 278(1)(a) and Article 413(1)(b) of the Commercial 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 29-H, no. 1, para. h). Diversity Policy.

The Company currently has no special rules in its Articles of Association regarding the appointment and replacement of directors. In this respect, the general supplementary rules set out in the Portuguese Companies Code apply, i.e. the power to appoint directors (between three and seventeen) and the supervisory body rests with the shareholders.

However, the Articles of Association provide that a director may be elected individually if there are proposals subscribed and presented by groups of shareholders, provided that none of these groups holds shares representing more than twenty per cent and less than ten per cent of the share capital. If such proposals are submitted, the election will be held separately and before the election of the other Directors. The same shareholder may not subscribe to more than one list. Each proposed list must identify at least two eligible persons.

If lists are presented by more than one group, the vote will be on all of these lists.

In 2020, Navigator's Board of Directors approved the following Company Diversity Principles, which were revised in 2021, setting out the requirements and criteria for the profile of new members of corporate bodies and senior managers. :

- Inclusion of members with different academic qualifications and professional experience in different areas, appropriate and relevant to the position to be held;

- Promoting gender diversity;

- Inclusion of members of different ages, combining acquired experience with new perspectives; and

- Inclusion of members with different geographical backgrounds or experiences.

These principles are published on the Company's website (www.thenavigatorcompany.com/investidores/governo-da-sociedade).

These Diversity Principles constitute the Company's formal recognition of the benefits of diversity in its governing bodies, namely as a way of ensuring greater balance in its composition, enhancing the performance of each member and, as a whole, of each body, improving the quality of decision-making processes and contributing to its sustainable development.

To this end, the competences matrix below shows that there is a fairly reasonable degree of diversity in its various dimensions and with regard to the members of Navigator's Board of Directors:

SKILLS MATRIX

	Gender	Year of Birth	Position	Engineering	Economy	Management	Mathematics	Other training	Business Administration and Management	Governance	Mergers and Acquisitions	Internationalization	Academic	Talent Management	Research and Development	Information Technology	Environment and Sustainability*	Pulp and paper	Energy	Industry
Ricardo Miguel dos Santos Pacheco Pires	M	1976	PCA			●		●	●	●	●	●	●	●			●	●	●	●
António José Pereira Redondo	M	1964	CEO	●		●		●	●	●	●	●	●		●			●	●	●
José Fernando Morais Carreira de Araújo	M	1964	CFO			●		●	●	●	●	●	●			●	●	●		●
Nuno Miguel Moreira de Araújo Santos	M	1970		●		●			●	●	●	●			●		●	●	●	●
João Paulo Cabete Gonçalves Lé	M	1963		●		●		●	●			●			●		●	●	●	●
Dorival Martins de Almeida	M	1966		●		●		●	●	●		●		●	●	●	●	●	●	●
António Quirino Soares	M	1974			●	●			●			●	●		●			●		●
Ana Teresa Cunha de Pinho Tavares Lehmann	F	1972			●	●			●		●	●	●		●	●	●		●	●
Hugo Alexandre Lopes Pinto	M	1978		●		●		●	●		●		●	●		●				●
Maria Isabel da Silva Marques Abranches Viegas	F	1958						●					●	●	●					
Maria Teresa Aliu Presas	F	1952						●	●	●	●	●					●	●		●
Mariana Rita Antunes Marques dos Santos	F	1966				●			●	●		●	●	●		●				
Sandra Maria Soares Santos	F	1971			●	●			●		●	●	●	●			●		●	●
Vitor Paulo Paranhos Pereira	M	1957			●				●	●	●	●		●		●	●			

* Includes skills in topics related to (i) sustainable forest management (risk and opportunity management, good practices and certification) and (ii) climate action (risk and opportunity management, impact assessment and strategies).

It should also be noted that the Appointments Committee is the committee with advisory functions in terms of appointing governing bodies, with powers to support the identification of potential members of the governing bodies and to assess the suitability of each candidate for the position to be filled. It must ensure transparent selection processes and that candidates are proposed who have the greatest merit, are best suited to the requirements of the position and promote appropriate diversity within the organisation, including between men and women.

In this way, the Company believes that all the objectives resulting from the formal adoption of a diversity policy have been achieved, which is also demonstrated by reality.

It should also be noted, and reinforcing the promotion of diversity, that in 2023 the Company approved the 2024 Equality Plan, with progress compared to the 2023 Equality Plan approved in 2022, and has communicated this Plan to the CMVM, which has also published it on Navigator's website (https://www.thenavigatorcompany.com/var/ezdemo_site/storage/original/application/41523bdbec982fd5e7008e7663530e3d.pdf).

Navigator recognises the benefits of diversity in corporate bodies and management positions, particularly in the Board of Directors, Audit Board and management positions, as a way of ensuring greater balance in their composition, enhancing the performance of each member, and of each body as a whole, improving the quality of decision-making processes and contributing to the sustainable development of the Company.

Similarly, Navigator is committed to promoting gender equality across the board. It recognises that contributing to the goal of parity between men and women requires a continuous focus on increasing the number of women in our workforce, creating the internal conditions - by strengthening policies and practices - so that they can increasingly move into leadership roles.

Navigator does not differentiate between men and women in terms of salary, and the starting salary is the same for both male and female employees. The salary ratio presented considers macro-level framework groups, and for each of these groups there are different salary positions resulting from different career paths, which has an impact on the average values obtained for the reported salary ratio.

Navigator continues to endeavour to strengthen its policies and practices to promote equal opportunities through a culture of meritocracy, eliminating any form of discrimination and aiming to improve the distribution of the population in leadership positions. To this end, it has sought to develop the skills of its leaders (current and potential) through training and coaching programmes. These instruments, as well as career paths and plans for women, including for operational functions, help to support women professionals with potential in accessing leadership positions and achieve a better gender balance in all functions of the organisational pyramid. Although the number of female managers at Navigator amounts to 15.2% of the total number of women, this indicator is expected to evolve over time with the natural progression of careers. In 2023, new female directors were appointed for key areas in the Company, with effect from January 2024, resulting in a significant increase in the representation of female managers over the last five years. Information on how compliance with the more balanced representation regime contributes to the promotion of equality between men and women at Navigator, with regard to members of corporate bodies and their employees, is detailed in the Annual Report chapter in Chapter 6.5.1.

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 Company's Articles of Association stipulate that the Board of Directors comprises three to seventeen members, elected for three-year, renewable terms.

On 17 May 2023, the Company's General Meeting approved a resolution electing the members of the Company's Board of Directors for the three-year period 2023-2025, with co-option taking effect on 1 August 2023. Thus, on 31 December 2023, the Board of Directors comprised fourteen members - a chairman and thirteen members.

The date of the first appointment and the end of the term of office are individualised for each member:

Name	Date of First appointment and end of term in office
Ricardo Miguel dos Santos Pacheco Pires	2015-2025
António José Pereira Redondo	2007-2025
José Fernando Morais Carreira de Araújo	2007-2025
Nuno Miguel Moreira de Araújo Santos	2015-2025
João Paulo Cabete Gonçalves Lé	2020-2025
Dorival Martins de Almeida	2023-2025
António Quirino Vaz Duarte Soares[81]	2023-2025
Adriano Augusto da Silva Silveira[82]	2007-2022
João Paulo Araújo Oliveira[83]	2015-2023
Ana Teresa Cunha de Pinho Tavares Lehmann	2023-2025
Hugo Alexandre Lopes Pinto	2023-2025
Maria Isabel da Silva Marques Abranches Viegas	2023-2025
Maria Teresa Aliu Presas	2019-2025
Mariana Rita Antunes Marques dos Santos	2019-2025
Sandra Maria Soares Santos	2019-2025
Vítor Paulo Paranhos Pereira	2020-2025
Manuel Soares Ferreira Regalado	2004-2022
Vítor Manuel Rocha Novais Gonçalves[84]	2015-2022

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

[81] Started functions on 1 August 2023.

[82] Term in office ended on 17 May 2023.

[83] Term in office ended on 31 July 2023.

[84] Term in office ended on 17 May 2023.

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.

(A) Executive and non-executive Directors; identification of independent directors

As of 2023, six members of the Board of Directors held executive positions and formed an Executive Committee, which was elected and whose powers were delegated by the Board of Directors, and eight of the Directors hold non-executive positions.

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

Given that, throughout 2023, the number of non-executive directors represented 57.1% of the members of the Board of Directors, we consider this percentage to be adequate for the size of the Company and the complexity of the risks inherent in its activity, and sufficient to efficiently ensure the duties entrusted to them.

This judgement of suitability 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, professional background and experience and integrity of the members of this body, their diverse skillset and the availability of the non-executive members to carry out their duties, which, through the close co-operation developed with the Chairman of the Board of Directors and the members of the Executive Committee, ensure effective monitoring, supervision and assessment of the activity of the executive members of the Board of Directors, the Company's activities, its family nature and the stability of its shareholder capital structure.

At the Annual General Meeting held on 17 May 2023, which elected the members of the governing bodies for the current term, three new non-executive members of the Board of Directors were elected - Ana Teresa Cunha de Pinho Tavares Lehmann, Hugo Alexandre Lopes Pinto and Maria Isabel da Silva Marques Abranches Viegas - the first of whom can be considered independent, thus increasing the number of independent directors to four in accordance with the criteria for measuring independence defined in point 18.1 above and in Recommendation IV.2.4 of the IPCG Corporate Governance Code. The Company thus has 50% independent non-executive directors, more than a third of the non-executive directors, in accordance with the Recommendations of the IPCG Corporate Governance Code.

The remaining four non-executive directors, although not independent in accordance with the above criteria, have the necessary suitability, experience and proven professional competence, which makes it possible to enrich and optimise the Company's management with a view to creating value, as well as ensuring the effective defence of the interests of all shareholders and supervising and assessing the activity of the executive directors in an impartial, independent and objective manner and, at the same time, ensuring that there are no conflicts of interest between the interests and position of the Shareholder and the Company.

(B) Coordination mechanism which is equivalent to the appointment of a Lead Independent Director

In view of the specific characteristics of the Company, namely its family nature and the concentration of its capital structure, the total number of non-executive Directors and, among these, independent Directors, as well as the characteristics and current position of the Chairman of the Board of Directors, the Company considers that the appointment of a coordinator would be inappropriate and would merely aim at formal compliance with this recommendation, which the Company does not agree with.

In reality, and as already mentioned in this report, the Company has a number of rules and procedures in place which allow for close and regular coordination between the various members of the Board of Directors, particularly between the Chairman and the other Directors, and the existence of the conditions and means necessary for them to carry out their duties in an independent, informed and efficient manner, guaranteeing the supervisory and oversight role of executive management.

In this regard, we would like to highlight the various mechanisms provided for in the Regulations of the Board of Directors and the various internal committees of the Company, under which:

a) The members of the Board of Directors, including the non-executive members, may have access to all the information necessary to assess the Company's performance, situation and development prospects, including, in particular, the minutes, the documentation supporting the decisions taken, the convening notices and the archives of the meetings of the other governing bodies, without prejudice to access to any other documents or persons from whom clarification may be requested;

b) The Chairman of the Board of Directors shall inform the Company's Directors, at the beginning of each Board meeting, of the most relevant resolutions and acts carried out by the Executive Committee since the previous meeting, which are not yet known to the other Directors;

c) Minutes shall be drawn up of all meetings of the Executive Committee, which shall be kept by the Company Secretary and made available to any member of the Board of Directors who requests them;

d) The Chairman of the Executive Committee shall, as far as possible, promote the involvement of non-executive directors in specific projects and acts so as to enable non-executive directors to be more closely involved in the Company's activities, depending on the matters in question and the specific qualifications and preferences of each one;

e) All executive directors must be available to provide any clarification and information requested by non-executive directors;

f) The Chairman of each of the Company's Internal Committees must inform the Board of Directors of the resolutions of the Committee of which he is a member, which in view of their relevance should be brought to its attention. In the case of the Executive Committee, this task falls to the Chairman of the Executive Committee;

g) All members of the Company's Internal Committees must be available to provide any clarification and information requested by the other Directors;

h) Supporting documents relating to the various items on the agenda for meetings of the Board of Directors and the Company's Internal Committees must be distributed to all members in advance so that they can be analysed in good time, preferably when the meeting is convened.

In addition, at least three non-executive directors are members of the Talent Committee - the Chairman of the Board of Directors is also chairman of the Talent Committee and the Corporate Governance Committee - thus reinforcing the coordination and performance of the work of the non-executive members.

The Company has therefore established a mechanism equivalent to the coordination of non-executive directors by appointing a *lead independent director*.

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.

Ricardo Miguel dos Santos Pacheco Pires

Ricardo Pires has a degree in Business Administration and Management from Universidade Católica Portuguesa, a specialisation in Corporate Finance from ISCTE and an MBA in Business Management from Universidade Nova de Lisboa. He began his career in management consultancy between 1999 and 2002, first at BDO Binder and then at GTE Consultores. Between 2002 and 2008 he worked in the Corporate Finance Department of ES Investment, where he carried out various M&A and capital markets projects in the Energy, Pulp and Paper and Food & Beverages sectors. He has worked with Semapa since 2008, initially as Director of Strategic Planning and New Businesses and then, from 2011, as Chief of Staff to the Chairman of the Board of Directors. Since 2014, he has been an Executive Director of Semapa and, since 2022, Chairman of its Executive Committee, while also holding positions in other related companies. Since 2015, he has held management positions at The Navigator Company and Secil, and in 2022 he will become Chairman of the Board of Directors of these companies. In 2017, he was appointed CEO of Semapa Next,

and in 2022 he became Chairman of the Board of Directors of that company. Since 2020, he has been Chairman of the Board of Directors of ETSA. In 2021, he taught a master's programme at the Catholic University of Lisbon.

António José Pereira Redondo

António Redondo has a degree in Chemical Engineering from the FCT of the University of Coimbra, a degree in Business Management and an MBA with a specialisation in Marketing from UCP. He joined Soporcel in 1987, where he held various positions in the technical, production, marketing and commercial management areas. He has been a member of the Board of Directors and Executive Committee of The Navigator Company since April 2007, having been Chief Commercial Officer from 2007 to 2019, with responsibilities in the areas of Marketing, Sales, Revenue Management, Supply Chain, Logistics and Product Development. In 2020, he was appointed CEO of the Company. He is also Chairman of Biond - Forest Fibers from Portugal, Director of CIP (Business Confederation of Portugal), member of the Boards of CEPI (Confederation of European Paper Industries) and Euro-Graph (European Association of Graphic Paper Producers) and Member of the Board of COTEC Portugal - Business Association for Innovation.

José Fernando Morais Carreira de Araújo

Fernando Araújo has a degree in Law from Universidade Lusíada do Porto (2000) and a bachelor's degree in Accounting and Administration from Instituto Superior de Contabilidade e Administração do Porto (ISCAP - 1986) and a Specialised Higher Studies Course in Financial Control from the same institution (1992). He has been a Chartered Accountant since 1995. Certified Accountant since 1987. He has been Vice-Chairman of the Board of the General Meeting of Biond - Forest fibers from Portugal since 2022. He has been a member of the Audit Board of the Portuguese Institute of Chartered Accountants since January 2021 and a member of the Board of the Portuguese Tax Association since 2019. He has a postgraduate degree in Advanced Financial Accounting (ISCTE - 2002/2003), a postgraduate degree in Tax Law from the Lisbon Faculty of Law (FDL - 2002/2003) and a postgraduate degree in Corporate Governance from the Lisbon Institute of Economics and Management (ISEG - 2006/2007). He completed an MBA in Corporate Reporting at ISCTE - IUL in 2016. He began his professional career in 1987 at Sportrade, where he was responsible for accounting at Eurofer between 1988 and 1993 and was head of Administrative Services at COLEP from 1991 to 1993. Between 1993 and 2001, he worked in the tax area at KPMG, where he was Senior Tax Manager between 1993 and 2001. He was Director of Tax and Accounting at Secil between 2001 and 2005, at Semapa between 2002 and 2006, and at the company between 2006 and 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 began his professional career at McKinsey & Company in 1993 and, until March 2015, was Senior Partner and leader of the Energy, Commodities & Industry Practice in McKinsey's Iberia Office. He was also a member of the Leadership Committee of the Energy, Commodities & Industrials Global Practice. He became an executive director of The Navigator Company in April 2015. He is currently President of APIGCEE (Portuguese Association of Large Electricity Consumers).

João Paulo Cabete Gonçalves LéS

João Lé has a degree in Agronomy specialising in Agricultural Economics from the Instituto Superior de Agronomia (ISA) of the Universidade Técnica de Lisboa, a post-graduate degree in Silviculture of Fast-Growing Species from the ISA and the Universidade de Trás-os-Montes e Alto Douro and a post-graduate degree in Management specialising in Finance from ISCTE, Universidade de Lisboa. He has been with the Navigator Group for around 30 years, having taken on responsibility for the Forestry Area in August 2007 and, in July 2016, he was appointed CEO of Portucel Moçambique, responsible for the project to implement a forestry-based industry in Mozambique through DUATs (areas allocated by the government), with around 360,000 hectares in two provinces. He has been an executive director of the Company since January 2020.

Dorival Martins de Almeida

Dorival Almeida has a degree in Chemical Production Engineering from the Federal University of São Carlos, a postgraduate degree in Business Management from the Armando Álvares Penteado Foundation, a specialist degree in Quality Engineering from the State University of Campinas, a postgraduate degree in Production Management from the Federal University of São Carlos, a postgraduate degree in Pulp and Paper Technology from the Federal University of Viçosa, a postgraduate degree in People and Talent Management from the University of Coimbra and an MBA in Business Management from the Getúlio Vargas Foundation. He worked at Votorantim Celulose e Papel from 1992 to 2007, at International Paper between 2007 and 2019 and at CMPC between 2019 and 2021. He joined Navigator in 2021 as Industrial Director of the Figueira da Foz Mill. He became an executive director of The Navigator Company in April 2023.

António Quirino Vaz Duarte Soares

António Quirino Soares has a degree in Business Management from the University of Coimbra and a Master's degree in Economics from the University of Exeter, UK. He joined The Navigator Company in 2001, where he held various positions in the Sales and Marketing areas for 13 years. This was followed by five years as Marketing Director, during which time he boosted the international presence of the Company's mill brands and promoted the production of knowledge on market and sociological trends in paper consumption on a global scale, including the Horizon 2030 study. Before joining the Executive Committee, Quirino Soares was Supply Chain Director, a position in which he managed the logistical challenges arising from the global disruptions during the pandemic. During his two years in charge of this area, he also launched the supply chain operations associated with Navigator's new sustainable packaging line. António Quirino Soares has been a member of The Navigator Company's Executive Board since 1 August 2023. He is an Executive Director responsible for Logistics, Marketing, Supply Chain, Product Technology, European Sales, International Sales, E-Commerce, Moulded Pulp, Packaging and Pricing.

Ana Teresa Cunha de Pinho Tavares Lehmann

Ana Lehmann has a degree in Management from FEP-Universidade do Porto and a Masters and PhD in Economics (International Business) from the University of Reading (UK). She is a non-executive member of the Board of Directors of The Navigator Company, TAP-Transportes Aéreos Portugueses, S.A. and TAP-SGPS, S.A., and Chairman of the Board of Directors of the Iberian group Zolve-Logifrio. She chairs the General Board of the Fund for Internationalisation, the Finance, Audit and Risk Committee of TAP-S.A. and TAP SGPS-S.A., and is a member of the Advisory Board of the Orkestra-Basque Competitiveness Institute and the U.Fribourg Competitiveness Institute, the Strategic Council for the Digital Economy (CIP) and collaborates regularly with various international organisations. She was Secretary of State for Industry (XXI Constitutional Government). She is a Professor at FEP-U.Porto and has taught/researched at various European and American universities (Columbia University of New York, Glasgow, Reading, Uppsala, among others) in the areas of Foreign Direct Investment, Internationalisation and Innovation. She was Vice-President of CCDR-N, President of the Managing Authority of the European Union's Atlantic Area Programme, Pro-Rector of U.Porto, President of the Investment Committee of the Social Innovation Fund and a member of the Supervisory Board of the European Institute of Innovation and Technology (EIT) Manufacturing. She supported the founding of API-Portuguese Investment Agency and InvestPorto. He was President of the European International Business Academy.

Hugo Alexandre Lopes Pinto

Hugo Pinto has a degree in Civil Engineering from Instituto Superior Técnico, an Executive Master's Degree in Real Estate Management and Finance from ISCTE - Instituto Universitário de Lisboa and an MBA from INSEAD. Between 2001 and 2007 he was a structural engineer and project manager at J. L. Câncio Martins - Projecto de Estruturas, Lda. From 2007 to 2013 he was project manager at SONAGI. From 2018 to 2020 he was Director and Member of the Semapa Next, S.A. Investment Committee. Since March 2013 he has held various positions in the SEMAPA Group, having been Director of Planning and Strategic Development (07/2020-12/2021), Director of the CEO's Office (01/2019-06/2020), Deputy Director of the CEO's Office (04/2016-12/2018), Deputy Director of Finance (11/2014-03/2016) and Deputy Director of Strategic Planning and New Business (03/2013-10/2014). He is a director of Quotidian Podium, S.A., Secil - Companhia Geral de Cal e Cimentos, S.A., Semapa Next, S.A., ETSA - Investimentos, SGPS, S.A., Capital Hotels - Soc. De Investimentos e Gestão, S.A. and Hotel Ritz, S.A. She is also a member of

Semapa's Executive Management Committee, a member of the Supervisory Board of Fundação Nossa Senhora do Bom Sucesso and a member of the Remuneration Committee of Sonagi, SGPS, S.A. She joined Navigator as a non-executive director in May 2023.

Maria Isabel da Silva Marques Abranches Viegas

Maria Isabel Viegas has a degree in psychology from the Instituto Superior de Psicologia Aplicada (ISPA) and a master's degree in Human Resources Policies and Management from ISCTE. She joined Marconi between 1990 and 1999, where she was Head of Recruitment and Development Services (between 90 and 94), Head of Labour Relations and Social Policy (between 95 and 98) and Head of Personnel Management (between June 98 and September 1999). From 1999 to 2003, she worked at Jazztel as Human Resources Director. At the Banco Santander Totta Group, from 2003 to 2017, she was Coordinating Director of Human Resources for the Santander Group and Director of Santander Pensions. Between 2018 and 2021, she held consultancy positions: she was an Advisor to some companies within ECS Capital (Montalva Group, Vale de Lobo, Moretextile) and Semapa in the Talent area; she carried out consultancy projects in Strategic Human Resources Management (e.g. Montellano Group, Pestana Group, Infraestruturas de Portugal) and was also a mentor to top executives in several companies and, on a pro bono basis, in the PWN Mentoring Programme, where she accompanies young Executive Women. She is also a regular lecturer at the Católica Lisbon School of Business and Economics, particularly in the Executive Masters and Executive Training, where she has been teaching and coordinating various programmes since 2006. She was recognised with the Career Award in 2017 as part of the HR Awards 2017 by the IIRH. She is also dedicated to philanthropic activities, as Co-Founder and member of the Board of the dNovo Association (since 2020), which supports highly qualified professionals over the age of 50 who are unemployed. She joined the Semapa Group in January 2022 as Chief People Officer, as a member of the Executive Management Committee and as a member of Semapa's Talent Committee. At Secil she is a non-executive director and a member of the remuneration committee. She is a director of Semapa Next, a member of the Remuneration Committee of Semapa Next, a member of the Remuneration Committee of ETSA Investimentos and a member of Quotidian Podium. He has been a member of SONAGI's Remuneration Committee since 2022. She joined Navigator in May 2023 as a non-executive director.

Maria Teresa Aliu Presas

Maria Teresa Aliu Presas has a degree from the Instituto Superior de Psicologia Aplicada in Lisbon. She made her career in the paper industry and joined the Tetra Pak Group in 1982, where she held various positions in Portugal, Switzerland, the international headquarters, and Brussels, in the areas of Marketing and Communication, Environment and European Affairs, namely vice-president of the Europe Region and head of environment for the entire group. From 2003 to 2011, he headed the European Confederation of the Paper Industry (CEPI). She has been a member of the board of directors of various European associations and a non-executive director of the company Powerflute Oy. She currently works for the consultancy 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 taught quantitative methods at ISCTE and strategy and internationalisation policies at the IBS-ISCTE Business School. Alongside her academic activities, she has developed a business career linked to various areas and functions. Starting out by experiencing the dynamics of the financial markets, he 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 in 1991 and 1992. She was also a consultant in Madrid for a multinational company, Arthur D.Little, where she was involved in various projects, including the launch of the Portuguese branch in 1995 and 1996. She then took on a succession of international roles within the Abrantina Group between 1996 and 2007, namely in Mozambique and Germany, managing projects in various areas, such as food or the production and distribution of building materials. At the end of 2007, she took on a business project of her own, launching NBC Medical, in the area of international trade in medicines, where she was involved as managing partner until June 2021. She has been a non-executive director of The Navigator Company since May 2019. She has been a member of the

board of FAE - Fórum de Administradores e Gestores de Empresas since March 2022. Since January 2024, she has been vice-chairman of the International Trade Committee at the World Trade Centre Lisboa.

Sandra Maria Soares Santos

Sandra Maria Soares Santos has a degree in management from the Faculty of Economics in Porto (1989-94) and an MBA from PBS - Porto Business School (1999). She began her career at Banco Espírito Santo and the University of Porto in 1994, where she was a guest lecturer. At BES she held various technical and commercial positions, at a time when the bank was incorporating young managers and substantially transforming its organisational structure and way of doing business. She began her career at BA Group at the end of 1999 as Controller, a position she took on at a time when the group was starting to expand geographically. Since then, she has held various positions, such as Finance Director, Human Resources Director, Factory Director and CFO. It was as CFO (2007) that she played an active role in the acquisition and integration processes of the acquired companies. In 2012, she was seconded to be CFO of another business, plastic packaging, in which BA's shareholders decided to invest, an assignment she completed a year later. Since 2014, she has been CEO and a member of the BA Group's Board of Directors. Today, the BA Group has industrial operations in 9 European countries, 14 industrial units, more than 5000 employees and an annual turnover of 1600 million euros. She has been a non-executive director of Navigator since April 2019. She is currently on the Board of the Business Roundtable Portugal Association, created in 2021 with the ambition of helping Portugal grow. She has also been a non-executive director of BPI and chair of its appointments and remuneration committee since 2023.

Vítor Paulo Paranhos Pereira

Vítor Paranhos Pereira has a degree in Economics from the Portuguese Catholic University and attended AESE (University of Navarre). He began his professional career in 1982 at Gaspar Marques Campos Correia & C.ª, Lda. as Finance Director until 1987. From 1987 to 1989, he held the position of Deputy Finance Director at the Instituto do Comércio Externo de Portugal (ICEP). In 1989, he joined the Group as CFO of Sodim, having been appointed a member of its Board of Directors in 2009, a position he held until May 2018 and then from March 2020 to the present. He has also held management positions in various companies related to Sodim, namely Hotel Ritz since 1998. Between 2001 and 2016, he also held management positions at Hotel Villa Magna. He has been a director of Sonagi since 1995 and has been Chairman of the Board of Directors since June 2020. He was appointed a 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 was Chairman of the Supervisory Board of the Hotel Association of Portugal (AHP) and, in April 2019, he was appointed Chairman of the Board of the General Meeting of this organisation. From 2007 to 2016, he was Chairman of the General Meeting of the Portuguese Association of Investment Funds, Pensions and Assets (APFIPP). He was a 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 a member of the Board of Directors of Semapa. Since March 2020, he has been an executive director of Semapa and other related companies, and since February and March 2020 he has also held management positions at Secil and The Navigator Company, respectively.

Adriano Augusto da Silva Silveira

Adriano Silveira has a degree in Chemical Engineering from the Faculty of Engineering of the University of Porto. He began his career at the Environmental Studies Service, having worked at Empresa Nacional de Urânio (1979) and Empresa Minas de Jales (1983). He joined Soporcel in 1983, where he held various positions of responsibility in the areas of energy recovery, pulp and paper production, project management, maintenance and engineering. He was a member of the Company's Board of Directors between 2007 and 17 May 2023. He was an Executive Director between April 2007 and July 2015, having rejoined the Executive Committee between 1 January 2020 and 17 May 2023.

João Paulo Araújo Oliveira

João Paulo Oliveira has a degree in Industrial Production Engineering from the Faculty of Science and Technology of Universidade Nova de Lisboa (1988) and an MBA in Commercial Engineering and Management from AEP - ESADE, Spain (1994). He began his career with the Bosch group in 1989. Between 1994 and 1996, he was industrial director of Bosch in China. Subsequently, he was

involved in the project to acquire a company in Chile and also took on roles in the Bosch Group's operations in France and Germany. Between 2002 and 2015, he was managing director of Bosch Termotecnologia S.A. For the last 8 years he was President of the group's Hot Water Business Unit, whose worldwide competence centre is in Aveiro. He was president of the Portuguese-German Chamber of Commerce and Industry between 2009 and 2012. He is also a member of the Advisory Board of AICEP and a member of the Supervisory Board of the Fraunhofer Institute in Portugal. He was an executive director of the Company from July 2015 to May 2023.

Manuel Soares Ferreira Regalado

Manuel Regalado has a degree in Finance from the Instituto Superior de Economia e Gestão (ISEG) in Lisbon (1972) and completed the Senior Executive Programme at the London Business School (1997). He began his professional career in 1971 and, between then and 1984, he held various positions in internal auditing, management planning and control and investment project analysis. Between 1984 and 1994 and from 1998 to 2004, he held administrative and management positions in organisations operating in different sectors, namely banking, insurance, industry and energy, such as Edinfor, COSEC, IAPMEI, Hidroelétrica de Cahora-Bassa and Banco BPI (in Portugal, Africa and Latin America). Between 1994 and 1998, he was a member of the Board of Directors of Portucel, and was also a member of the governing bodies of Inapa and CELPA. He was a member of the Board of Directors of The Navigator Company from 2004 to 17 May 2023, having been an executive director until 2016.

Vítor Manuel Rocha Novais Gonçalves

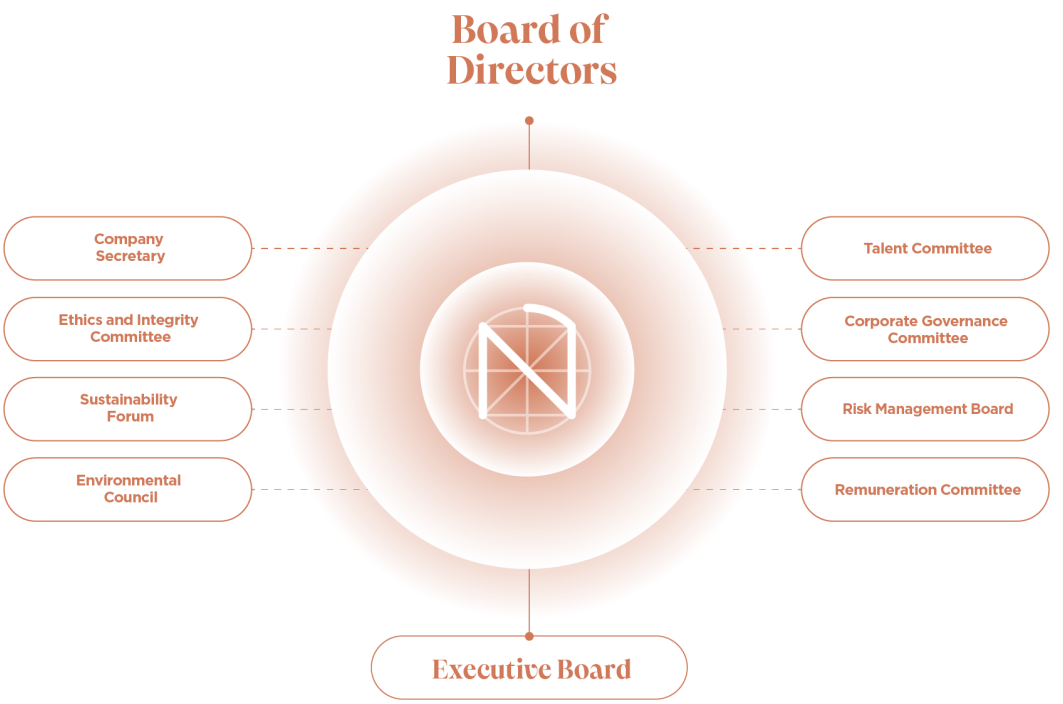
Vítor Novais Gonçalves has a degree in Business Management from ISC-HEC in Brussels and over 30 years' professional experience with executive management responsibilities in the Consumer Products, Telecommunications and Financial sectors. He began his professional career in 1984 at Unilever as a Management Trainee and later as a Product Manager and Market Manager. From 1989 to 1992, he worked at Citibank Portugal as a Business Manager in the Venture Capital area, where he was responsible for Corporate Finance and a member of the Management Committee. Between 1992 and 2000, in the financial area of the José de Mello group, he was a director in various companies and, among others, General Director of Companhia de Seguros Império. Between 2001 and 2009, he worked in the telecommunications area of the SGC group, as a director of SGC Comunicações, responsible for International Business Development. He was a non-executive director of Semapa until 27 May 2022. He is a director, among others, of Zoom Investment. He was a director of The Navigator Company from 2015 to 17 May 2023.

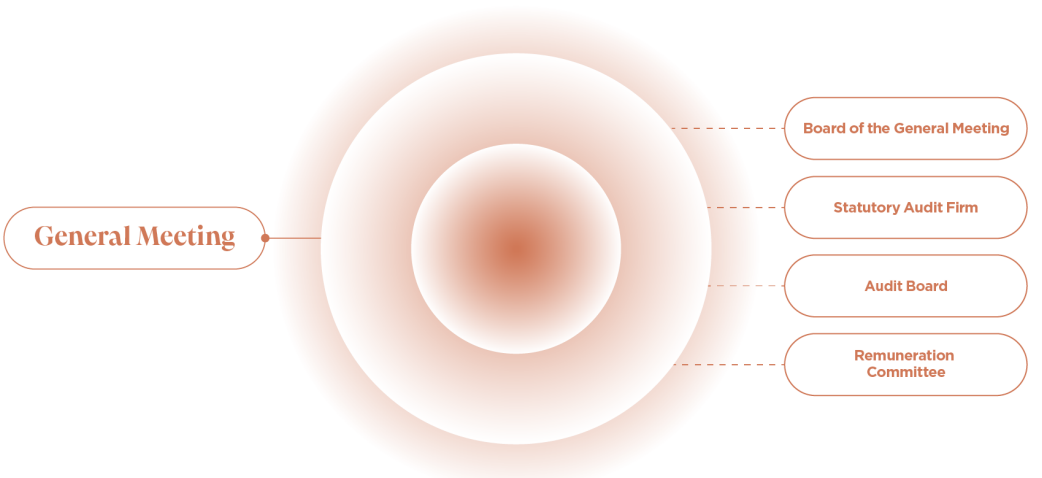
20. Regular and significant family, professional or business relationships of the members, as applicable, of the Board of Directors, General and Supervisory BSoard and Executive Committee with shareholders with qualified holdings exceeding 2% of voting rights.

Among the members of the Company's Board of Directors, during the year under review, Directors Ricardo Miguel dos Santos Pacheco Pires, Vítor Paulo Paranhos Pereira were also Directors of the shareholder Semapa, while Hugo Alexandre Lopes Pinto and Maria Isabel da Silva Marques Abranches Viegas were managers at 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.

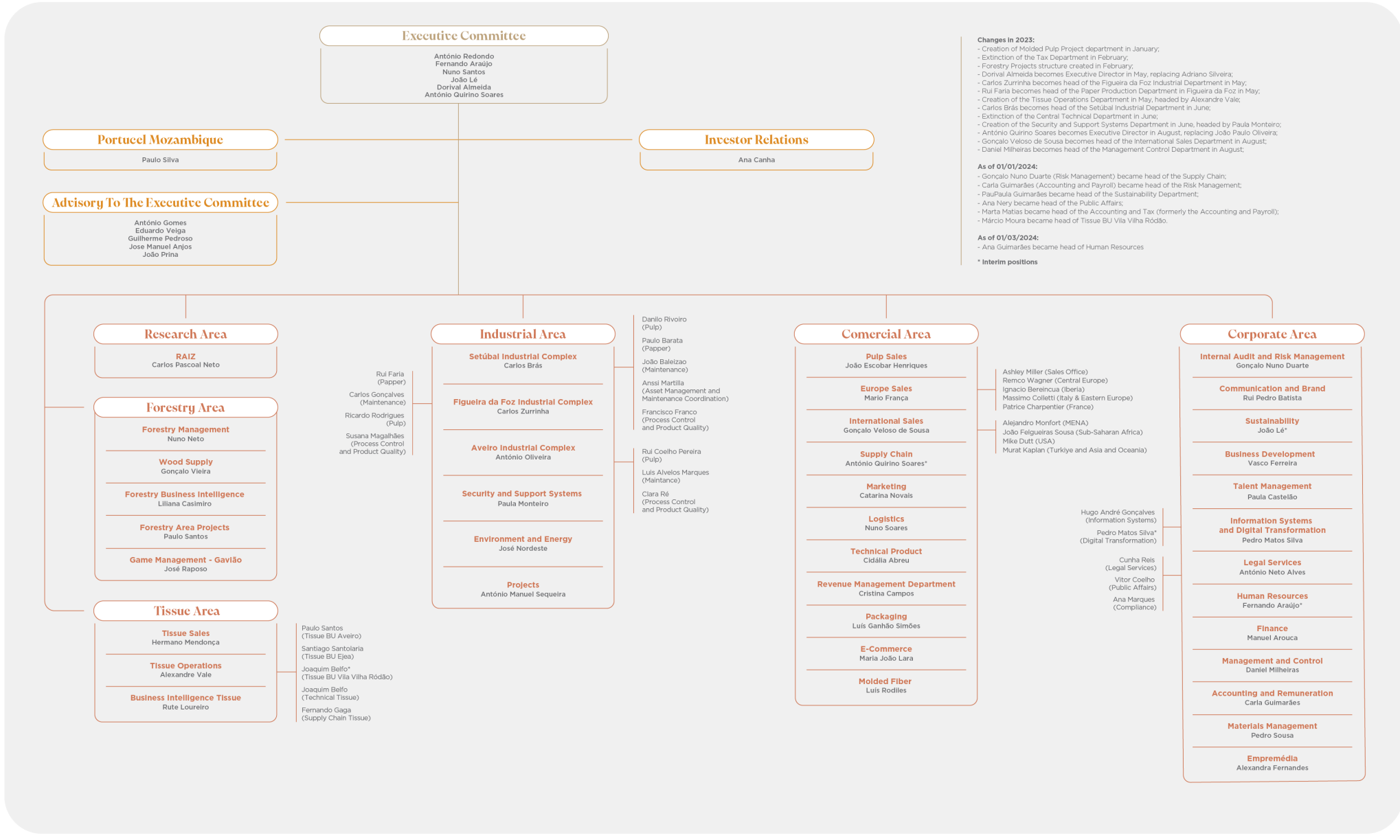
Organisational chart of committees within the Company





*** Changes with effect from July 2023:**

- The Appointments and Appraisals Commission has been renamed the Talent Commission
- The Ethics Commission has been renamed the Ethics and Integrity Commission
- Extinction of the Asset Risk Analysis and Monitoring Commission
- Creation of the Risk Management Commission


Executive Committee
António Redondo
Fernando Araújo
Nuno Santos
João Lé
Dorival Almeida
António Quirino Soares
Portucel Mozambique
Paulo Silva
Investor Relations
Ana Canha
Advisory To The Executive Committee
António Gomes
Eduardo Veiga
Guilherme Pedroso
Jose Manuel Anjos
João Prina
Changes in 2023:
- Creation of Molded Pulp Project department in January;
- Extinction of the Tax Department in February;
- Forestry Projects structure created in February;
- Dorival Almeida becomes Executive Director in May, replacing Adriano Silveira;
- Carlos Zurrinha becomes head of the Figueira da Foz Industrial Department in May;
- Rui Faria becomes head of the Paper Production Department in Figueira da Foz in May;
- Creation of the Tissue Operations Department in May, headed by Alexandre Vale;
- Carlos Brás becomes head of the Setúbal Industrial Department in June;
- Extinction of the Central Technical Department in June;
- Creation of the Security and Support Systems Department in June, headed by Paula Monteiro;
- António Quirino Soares becomes Executive Director in August, replacing João Paulo Oliveira;
- Gonçalo Veloso de Sousa becomes head of the International Sales Department in August;
- Daniel Milheiras becomes head of the Management Control Department in August;
As of 01/01/2024:
- Gonçalo Nuno Duarte (Risk Management) became head of the Supply Chain;
- Carla Guimarães (Accounting and Payroll) became head of the Risk Management;
- PauPaula Guimarães became head of the Sustainability Department;
- Ana Nery became head of the Public Affairs;
- Marta Matias became head of the Accounting and Tax (formerly the Accounting and Payroll);
- Márcio Moura became head of Tissue BU Vila Vilha Ródão.
As of 01/03/2024:
- Ana Guimarães became head of Human Resources
* Interim positions
Research Area
RAIZ
Carlos Pascoal Neto
Forestry Area
Forestry Management
Nuno Neto
Wood Supply
Gonçalo Vieira
Forestry Business Intelligence
Liliana Casimiro
Forestry Area Projects
Paulo Santos
Game Management - Gavião
José Raposo
Tissue Area
Tissue Sales
Hermano Mendonça
Tissue Operations
Alexandre Vale
Business Intelligence Tissue
Rute Loureiro
Paulo Santos (Tissue BU Aveiro)
Santiago Santolaria (Tissue BU Ejea)
Joaquim Belfo* (Tissue BU Vila Vilha Ródão)
Joaquim Belfo (Technical Tissue)
Fernando Gaga (Supply Chain Tissue)
Industrial Area
Setúbal Industrial Complex
Carlos Brás
Figueira da Foz Industrial Complex
Carlos Zurrinha
Aveiro Industrial Complex
António Oliveira
Security and Support Systems
Paula Monteiro
Environment and Energy
José Nordeste
Projects
António Manuel Sequeira
Rui Faria (Papper)
Carlos Gonçalves (Maintenance)
Ricardo Rodrigues (Pulp)
Susana Magalhães (Process Control and Product Quality)
Danilo Rivoiro (Pulp)
Paulo Barata (Papper)
João Baleizao (Maintenance)
Anssi Martilla (Asset Management and Maintenance Coordination)
Francisco Franco (Process Control and Product Quality)
Rui Coelho Pereira (Pulp)
Luis Alvelos Marques (Maintance)
Clara Ré (Process Control and Product Quality)
Comercial Area
Pulp Sales
João Escobar Henriques
Europe Sales
Mario França
International Sales
Gonçalo Veloso de Sousa
Supply Chain
António Quirino Soares*
Marketing
Catarina Novais
Logistics
Nuno Soares
Technical Product
Cidália Abreu
Revenue Management Department
Cristina Campos
Packaging
Luís Ganhão Simões
E-Commerce
Maria João Lara
Molded Fiber
Luís Rodiles
Ashley Miller (Sales Office)
Remco Wagner (Central Europe)
Ignacio Bereincua (Iberia)
Massimo Colletti (Italy & Eastern Europe)
Patrice Charpentier (France)
Alejandro Monfort (MENA)
João Felgueiras Sousa (Sub-Saharan Africa)
Mike Dutt (USA)
Murat Kaplan (Turkiye and Asia and Oceania)
Corporate Area
Internal Audit and Risk Management
Gonçalo Nuno Duarte
Communication and Brand
Rui Pedro Batista
Sustainability
João Lé*
Business Development
Vasco Ferreira
Talent Management
Paula Castelão
Information Systems and Digital Transformation
Pedro Matos Silva
Legal Services
António Neto Alves
Human Resources
Fernando Araújo*
Finance
Manuel Arouca
Management and Control
Daniel Milheiras
Accounting and Remuneration
Carla Guimarães
Materials Management
Pedro Sousa
Empremédia
Alexandra Fernandes
Hugo André Gonçalves (Information Systems)
Pedro Matos Silva* (Digital Transformation)
Cunha Reis (Legal Services)
Vitor Coelho (Public Affairs)
Ana Marques (Compliance)

EXECUTIVE COMMITTEE

Between 1 January and 17 May 2023, the Executive Committee (which, according to the Articles of Association, can have between three and nine members) was made up of six members, who shared the following list of responsibilities:

António José Pereira Redondo
- Communication and Brand Management
- Risk Management Department
- Talent Management and Organisational Development Department

Adriano Augusto da Silva Silveira
- Environmental Management
- Aveiro Industrial Department
- Figueira da Foz Industrial Department
- Setúbal Industrial Department
- Central Technical Department

João Paulo Araújo Oliveira
- Logistics Management
- Marketing Management
- Revenue Management Department
- Supply Chain Management
- Technical Product Management
- Paper Sales Manager Europe
- International Paper Sales Manager

João Paulo Cabete Gonçalves Lé
- Wood Supply Department
- Forest Management Department
- Portucel Mozambique
- RAIZ - Forest and Paper Research Institute
- Sustainability Department

José Fernando Morais Carreira de Araújo
- Accounting and Remuneration Department
- Management Control Department
- Financial Management
- Tax Department
- Human Resources Department
- Legal, Compliance and Public Affairs
- Information Systems Management
- Digital Transition Direction
- Empremédia - Insurance Brokers
- Investor Relations

Nuno Miguel Moreira de Araújo Santos
- Business Development and New Business Management
- Tissue Commercial Management
- Energy
- Tissue Industrial Management
- Materials Management

- Supply Chain Tissue
- Sales Management Folder

Between 17 May and 31 December 2023, and following the election of the Governing Bodies at the General Meeting of 17/05/2023, the elected Board of Directors appointed a new Executive Committee with the following composition, which divided the following list of responsibilities:

António José Pereira Redondo
- Communication and Brand Department
- Risk Management Department
- Talent Management and Organisational Development Department

José Fernando Morais Carreira de Araújo
- Accounting and Remuneration Department
- Management Control Department
- Empremédia - Insurance Brokers
- Finance Department
- Legal, Compliance and Public Affairs Department
- Materials Management Department
- Human Resources Department
- Investor Relations

Nuno Miguel Moreira de Araújo Santos
- Environment and Energy Department
- Business Development and New Business Department
- Business Intelligence Tissue
- Tissue Sales Department
- Tissue Operations Department
- RAIZ - Forest and Paper Research Institute
- Pulp Sales Department

João Paulo Araújo Oliveira (*) and, with effect from 1 August 2023,
António Quirino Soares
- Logistics Department
- Marketing Department
- Revenue Management
- Supply Chain Department
- Technical Product Management
- Paper Sales Europe
- International Paper Sales Department
- Packaging Project
- E-Commerce
- Moulded Pulp Project

João Paulo Cabete Gonçalves Lé
- Wood Supply Department
- Forestry Business Intelligence
- Forest Management Department
- Portucel Moçambique
- Forestry Project

- Sustainability Department
- Cinegetics Gavião

Dorival Martins de Almeida
- Aveiro Industrial Directorate
- Figueira da Foz Industrial Directorate
- Setúbal Industrial Directorate
- Projects Department
- Security and Support Systems Department
- Digital Technology Department

(*) João Paulo Oliveira resigned as a Director and António Quirino Soares was appointed by co-option, with effect from 1 August 2023.

The powers delegated to the Executive Committee are as follows:

a) To propose to the Board of Directors the Company's policies, objectives and strategies;

b) To propose operating budgets and medium and long-term investment and development plans to the Board of Directors, and to implement them once approved;

c) Approving budget changes during the year, including transfers between cost centres, provided that they do not exceed twenty million euros in any one year;

d) Approve contracts for the purchase of goods or services, the total value of which does not exceed twenty million euros per year;

e) Approve financing contracts, request bank guarantees, or take on any other responsibilities that represent an increase in indebtedness, with an overall value of less than twenty million euros each year;

f) Acquire, dispose of or encumber fixed assets of the Company up to an individual value of five per cent of the paid-up share capital;

g) To take or lease any immovable property;

h) To represent the Company in or out of court, actively or passively, as well as to propose and pursue any legal or arbitration actions, to confess and withdraw from them, to compromise;

i) Acquire, dispose of or encumber shares in other companies up to a maximum of twenty million euros each year;

j) To decide on the acquisition and disposal of own shares, when this has been decided by the General Meeting, and in compliance with what has been decided by the General Meeting;

k) Manage shareholdings in other companies, in conjunction with the Chairman of the Board of Directors, namely by appointing, with the latter's agreement, representatives on the respective governing bodies, and defining guidelines for the actions of these representatives;

l) Concluding, amending and terminating employment contracts;

m) Opening, operating and closing bank accounts;

n) Appointing agents for the Company;

o) In general, all powers that may be delegated by law, subject to any limitations resulting from the provisions of the preceding paragraphs.

Together with the Chairman of the Board of Directors, the Executive Committee may also decide on the matters referred to in paragraphs c), d), e) and i) above, when the respective amounts, calculated in accordance with the terms referred to therein, exceed twenty million euros, but do not exceed fifty million euros.

The Chairman of the Board of Directors has the powers attributed to him by law and the Articles of Association. The power to amend any conditions of contracts previously entered into and covered by the aforementioned points c), d), e) and i) shall lie with the body or bodies that would have had the power to enter into them.

The Executive Committee may discuss all matters within the remit of the Board of Directors, although it may only decide on matters delegated to it.

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

Resolutions regarding the definition of the Company's strategy, as well as its general policies and the Navigator Group's corporate structure, are a matter for the Board of Directors, and the Executive Committee has no delegated powers in this regard. The non-executive directors are therefore involved in defining the strategy, main policies, corporate structure and decisions that should be considered strategic by virtue of their amount or risk, as well as assessing their fulfilment.

Company management is centred on coordination between the Board of Directors and the Executive Committee. Coordination and rapprochement have been ensured by the close co-operation developed by the Chairman of the Board of Directors, Ricardo Pires, with the executive team, by the availability of the members of the Executive Committee to regularly pass on all relevant or urgent information, or that is requested, relating to the day-to-day management of the Company to the non-executive members of the Board of Directors, in order to allow permanent monitoring of Company life, and by convening meetings of the Board of Directors for all strategic decisions or those considered especially relevant, even if these fall within the scope of the general powers delegated, and also by the presence of the Chairman of the Board of Directors at some meetings of the Company's Executive Committee.

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

In order to ensure regular transmission of information, the notices convening meetings and the minutes of these meetings are available for consultation by the Supervisory Board. The Company's other committees and governing bodies also ensure the inter-organisational flow of information and documentation necessary for the exercise of the legal and statutory powers of each of the other bodies and committees in a timely and appropriate manner, under the terms of their respective operating regulations and in accordance with the law and the articles of association.

With regard to strategic planning and investment policy, and without prejudice to the portfolio to which reference is made, it should be clarified that this is by nature an area in which the non-executive members have a greater say and that the Chairman of the Board of Directors has been significantly involved. The non-executive directors are therefore involved in defining the strategy, main policies, corporate structure and decisions that should be considered strategic, due to their amount or risk, as well as assessing their fulfilment.

The Company has internal regulations for the Board of Directors and Supervisory Board, as well as for the internal committees identified below, which contain rules of operation, competence and coordination between the various bodies and committees.

Under the terms of these regulations and other applicable rules, the aforementioned governing bodies and other Company committees draw up full minutes of their meetings.

The corporate bodies and internal committees identified above are obliged, under the terms of their respective internal operating regulations, to make available to each other, under the terms required by law and the articles of association, all the information and documentation necessary for the exercise of the legal and statutory powers of each of the other bodies and committees, and the various departments and services of the Company must collaborate in the production, processing and dissemination of this information, in an appropriate, rigorous and timely manner.

The regulations of the Board of Directors and the Supervisory Board also establish, in particular, mechanisms that guarantee, within the limits of the applicable legislation and regulations, their members' access to all the information necessary to assess the Company's performance, situation and development prospects, including, in particular, minutes, supporting documentation for decisions taken, convening notices and archives of meetings of the other governing bodies, without prejudice to access to any other documents or persons from whom clarification may be requested.

It should be noted that the internal regulations of the Board of Directors and the Supervisory Board were revised in 2024, following the revision in 2023 of the 2018 IPCG Corporate Governance Code.

With regard to sustainability, it is important to mention the competences of the Sustainability Department - which, together swith the Company's different departments and the Sustainability Forum, forms various working groups to deal with specific issues - which has carried out its activity under the supervision of the Executive Committee and involving all the Group's companies across the board. As a result of this activity, each year the Company produces its "Annual Report" which, from a consolidated perspective and in response to the legal requirements introduced by Decree-Law 89/2017 of 28 July, provides a detailed analysis of the Company's approach and commitment to sustainability issues. In this way, and through the observance and realisation of the aforementioned strategic principles, and in the terms further developed in the aforementioned Report, the Company ensures long-term success, with a significant contribution to the community in general.

Navigator has a 2030 Responsible Management Agenda, anchored in the concept of "Creating Value with Responsibility" (Chap. 6.2.4), in line with the United Nations 2030 Agenda (Chap. 6.2.5). This was defined with the aim of increasing the Company's positive contribution in the long term - towards 2030 - and is organised around two strategic axes of action, which reflect the two dimensions of its purpose, People and Planet (Chap. 2).

It is supported by a 2030 Roadmap, comprising a set of 21 commitments (Chap.6.2.4), structured according to 15 material topics, as a result of the dual materiality analysis carried out in 2022 (Chap.6.2.3).

The 2030 Agenda and Roadmap aim to maximise performance, contributing to business resilience, corporate reputation and image, creating the conditions for sustainability to become a strategic competitive advantage, while creating value for its different stakeholders (Chap. 5).

Underpinning the various positive impacts generated by Navigator, which are intended to be maximised through its strategy and business model, are sustainable forest management and the development of forest-based products and solutions. In fact, these contribute to a circular, low-carbon bioeconomy, to the valorisation of the entire forestry value chain, as well as to the development of the rural economy and the promotion of employability and qualifications. We should also highlight the fact that we are the Company with the greatest contribution to National Value Added, directly impacting the country's economy and its wealth generation.

Navigator has defined a set of policies and codes (Chap. 6.2.1), among other structuring documents, as well as actions to support the achievement of its goals and targets and materialise its approach to each material issue. All of Navigator's material topics have associated commitments and objectives, action plans and KPIs, the vast majority of which are supported by policies and codes.

It should be emphasised that the 2030 Responsible Management Agenda is divided into two dimensions - People and Planet - and that the sustainability report details the management approach followed by the Company, the actions undertaken in each reporting year and the performance achieved - in line with the goals and targets set out in the 2030 Roadmap (Chapter 6 and respective sub-chapters of the Management Report).

The sustainability report has been prepared in accordance with the Global Reporting Initiative Standards (Chap. 10.2.3) since 2006/2007, and Navigator has set up processes to collect, process and analyse sustainability information, with special emphasis on the data supporting the 2030 Roadmap (Chap. 6.2.4), but not limited to them (i.e. the information reported is broader than the KPIs defined within the scope of the Roadmap, covering a diversified set of indicators, in line with the material topics defined).

Navigator has a sustainability governance structure supported by various corporate bodies and committees with well-defined functions. External stakeholders are also involved in some of these bodies, which support the Organisation in analysing its performance, identifying risks and making recommendations, among other things (Chap. 6.2.1).

The Executive Committee delegates management of the 2030 Roadmap to the heads of the Company's different departments, and there is a team of sustainability key users who monitor the action plans set out therein. These departments and key users, with the guidance and support of the Sustainability Department, assess Navigator's performance against the goals set. All proposals for changes to the 2030 Roadmap arising from this process are submitted by the Sustainability Department to the Executive Board for appraisal and approval, and are subsequently made public in the Annual Report.

Risk assessment (Chap. 3.3) is also supported by its own governance structure and duly defined processes, aligned with the IIA - Institute of Internal Auditors' 3-Line Model. It involves the Sustainability Department and addresses sustainability-related risks.

It should be noted that data related to sustainability can be consulted in context throughout Chapter 6 of the Management Report, and a compilation of the main performance indicators is also available in Chapter 9 and the respective details and methodological notes in the GRI Table (Chapter 10.2.3).

[Recommendation VII.8.] Navigator, as an industrial group that produces pulp, paper, tissue and sustainable packaging solutions, manages forestry assets and produces renewable electricity, has climate change at the centre of its concerns and therefore has a governance structure supported by various bodies with well-defined functions with regard to sustainability management, including climate-related impacts (Chap.6.2.1). It should be noted that within the scope of the remuneration policy, monetary incentives are established for EC members, promoting the management of climate-related issues. These incentives are dependent on Navigator's environmental performance, in order to achieve the targets and objectives set.

The 2030 Roadmap (Chap. 6.2.4) expresses a commitment to invest in low carbon solutions towards carbon neutrality, supported by a set of objectives and targets aimed at reducing GHG emissions and increasing renewable energy in total primary energy consumption. It should be noted that since 2019, Navigator has voluntarily adopted a roadmap for carbon neutrality, which reflects the ambition to decarbonise industrial complexes in Portugal by 2035 (EU ETS emissions). The commitment to reducing CO2 emissions was extended by joining the Science Based Targets initiative (SBTi) and approving the targets submitted in 2022 (Chap. 6.2.1).

The positive contribution to combating climate change and its effects is also expressed in other Roadmap commitments associated with promoting the forest-based circular bioeconomy, with an impact on the value chain - e.g. sustainable forest management and the development of bioproducts. Also noteworthy is the importance of promoting efficiency in the use of energy, water and materials, as well as the reduction and recovery of waste.

With regard to climate risks (and opportunities), Navigator has been implementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) since 2022. The aim is to be able to integrate these recommendations into the strategy and processes for managing corporate risks and opportunities, as well as assessing the potential financial and strategic implications of climate change and developing appropriate responses (Chap. 10.6).

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 for Navigator's Board of Directors are published on the Company's website, in the Investors area, in relation to Corporate Governance, and are freely available for consultation at www.thenavigatorcompany.com/Investidores/Governo-da-Sociedade.

The Regulations of the Board of Directors provide for the exercise of its powers, chairmanship, frequency of meetings, operation and the duties of its members.

In accordance with these Regulations, within the limits of the applicable legislation:

a) The members of the Board of Directors shall be guaranteed access at all times to all the information necessary to assess the Company's performance, situation and development prospects, including, in particular, the minutes, the documentation supporting the decisions taken, the notices convening meetings and the archives of the meetings of the other governing bodies, without prejudice to access to any other documents or persons from whom clarification may be requested;

b) The Board of Directors must make available to the other governing bodies and committees, in a timely and appropriate manner, under the terms required by law and the articles of association, the inter-organisational flow of information and documentation necessary for the exercise of the legal and statutory powers of each of the other bodies and committees;

c) Non-executive directors must participate in the definition by the management body of the strategy, main policies, corporate structure and decisions that should be considered strategic for the Company due to their amount, risk or special characteristics, as well as in the assessment of their fulfilment.

Directors who are members of the Executive Committee may not carry out executive management duties in entities outside the Company's corporate group, unless the activity of these entities is considered ancillary or complementary to the Group's activity or does not involve a significant amount of time.

Directors who are not members of the Executive Committee may carry out management duties (executive or otherwise) in entities outside the Company's Group, provided that they do not involve companies that carry out activities in competition with those of the Company, or companies directly or indirectly in which it has a stake, and they must inform the Chairman of the Board of Directors prior to commencing such duties.

The following powers cannot be delegated generically:

(a) the definition of the Company's strategy and main policies, without prejudice to the Board of Directors being able to delegate to the Executive Committee the preparation, for approval by the Board of Directors, of the proposed strategic plan and investment policy;

(b) The organisation and coordination of the Company's corporate structure; and

(c) Matters that are, at any given time, considered strategic due to their amount, risk or special characteristics.

The Board of Directors shall assess its performance annually, as well as the performance of the Executive Committee and other Committees and of the Managing Directors, if any, taking into account the fulfilment of the Company's strategic plan and budget, risk management, its internal functioning and the contribution of each member to this end, and the functioning between the Company's bodies and committees, identifying possibilities for improving this performance.

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 the 2023 financial year, the Board of Directors held eight meetings, the minutes of which were drawn up. All the members of the Board of Directors attended the eight meetings, corresponding to 100 per cent attendance.

In accordance with the Regulations of the Board of Directors, detailed minutes of the respective meetings are drawn up.

The number of Board meetings held is freely available for consultation 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 works, and prepares the entire framework for the assessment of executive directors. The performance appraisal of each executive director follows an internal process structured under the leadership of the 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 the non-executive directors that the person in charge sees fit to involve also take part.

Also involved in this process is the Appointments and Appraisals Committee, currently made up of three non-executive members of the Board of Directors, which is responsible for monitoring the performance appraisal system of the executive management and the awarding of remuneration by the Company and for giving its opinion on the proposals for individual performance appraisals of the executive management, which makes it unnecessary for the Board of Directors itself to be involved in the performance appraisal of the executive directors.

Lastly, the Remuneration Committee is responsible for confirming the respective achievement factors in the performance appraisal and ensuring the overall coherence of the process by setting the variable remuneration.

Thus, in 2023 and for the 2022 financial year, the Appointments and Assessments Committee met and gave its opinion on the individual performance proposals of the members of the Executive Committee, Adriano Augusto da Silva Silveira, João Paulo Araújo Oliveira, João Paulo Cabete Gonçalves Lé, José Fernando Morais Carreira Araújo and Nuno Miguel Moreira Araújo Santos, issued by the respective Chairman. José Fernando Morais Carreira de Araújo and Nuno Miguel Moreira de Araújo Santos, issued by the respective Chairman, and António José Pereira Redondo, issued by the Chairman of the Board of Directors, communicating his opinion to the Remuneration Committee. These evaluation proposals were based on the application of the basic criteria for evaluating the performance of executive directors in force at Navigator and further described in point 25.

For its part, and under the terms of the Regulations of the Board of Directors and the Regulations of the Remuneration Committee, the Board of Directors, accompanied by the Remuneration Committee, must annually assess 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 functioning and the contribution of each member to this effect, and the relationship between the Company's bodies and committees. Under the terms of the respective regulations, the Appointments and Assessment Committee monitors the overall assessment of the Board of Directors' performance.

The assessment of the executive directors, as well as the self-assessment of the Board of Directors and its committees, took place in 2023, in relation to 2022 performance, and will take place in 2024, in relation to 2023, under the terms described above.

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

The basic criteria for assessing the performance of executive directors in force in 2023-2025 are those defined in point 2.2 of chapter 2 of the Remuneration Policy for defining the variable component of remuneration. These criteria are materialised through a system of quantitative and qualitative KPIs related to the performance of the Company and the director in question. The general

business indicators include EBITDA (with a weighting of 35%), net profits (with a weighting of 10%), cash flow (with a weighting of 10%) and Total Shareholder Return vs. Peers (with a weighting of 10%), and the behavioural competences include the alignment of each Director with the long-term interests and sustainability of the Company.

In addition to these criteria, in line with the commitments made by the Company in its sustainability strategy and recognising the importance of efficient energy use and the need to reduce fossil CO_2 emissions from economic activities, the implementation of the corporate energy efficiency programme approved in 2016 is also taken into account. Therefore, the specific objectives will always include ESG indicators, such as the result of the Company's annual climate study, the reduction of CO_2 emissions, certified wood and the consumption of water, energy and wood.

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 adequate availability to carry out their duties. In fact, the other activities carried out by the directors in the course of the financial year, outside the economic group of which Navigator is a part, do not constitute an obstacle to the availability required to carry out their duties in the Navigator Group.

In addition to the activities mentioned in point 19, the members of the Board of Directors hold the following corporate positions:

Ricardo Miguel dos Santos Pacheco Pires

Positions held in Navigator Group companies

Chairman of the Board of Directors of The Navigator Company, S.A.

Positions held in other companies/entities

Chairman of the Board of Directors of Aphelion, S.A.
Member of the Board of Directors of Cimo - Gestão de Participações, SGPS, S.A.
Chairman of the Board of Directors of Etsa - Investimentos, SGPS, S.A.
Member of the Board of Directors of Pyrus Agricultural LLC
Member of the Board of Directors of Pyrus Investments LLC
Member of the Board of Directors of Pyrus Real Estate LLC
Chairman of the Board of Directors of Secil - Companhia Geral de Cal e Cimento, S.A.
Member of the Board of Directors and member of the Executive Committee of Semapa - Sociedade de Investimento e Gestão, SGPS, S.A.
Member of the Board of Directors of Semapa Inversiones, S.L.
Member of the Board of Directors of Semapa Next, S.A.
Member of the Board of Directors of Sodim, SGPS, S.A.
Member of the Board of Directors of Upsis, S.A.

António José Pereira Redondo

Positions held in Navigator Group companies

Chairman of the Board of Directors 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.
Chairman of the Board of Directors of Navigator Forest Portugal, S.A.
Chairman of the Board of Directors of Navigator Green Fuels Figueira da Foz, S.A.
Chairman of the Board of Directors of Navigator Green Fuels Setúbal, S.A.
Chairman of the Board of Directors of Navigator North America, INC.
Chairman of the Board of Directors of Navigator Paper Figueira, S.A.
Manager of Navigator Paper México S. de R.L. de C.V.

Chairman of the Board of Directors of Navigator Paper Setúbal, S.A.
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 Ejea, S.L.
Chairman of the Board of Directors of Navigator Tissue Iberica, S.A.
Chairman of the Board of Directors of Navigator Tissue Ródão, S.A.
Chairman of the Board of RAIZ - Forest and Paper Research Institute

Positions held in other companies/entities

In 2023 he did not hold any positions in other companies/entities.

José Fernando Morais Carreira de Araújo

Director and member of the Executive Committee of The Navigator Company, S.A.
Director of Bosques do Atlantico, S.L.
Director of Empremedia Re Designated Activity Company
Chairman of the Board of Directors of Empremédia - Corretores de Seguros, 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 Africa, S.R.L.
Manager of Navigator Afrique du Nord, SARLAU
Director of Navigator Brands, S.A.
Director of Navigator Deutschland GMBH
Director of Navigator Egypt (LLC)
Vice-Chairman of the Board of Directors of Navigator Eurasia Kağit Ve Kağit Ürünleri Sanayi Ve Ticaret Anonim Şirketi
Director of Navigator Forest Portugal, S.A.
Managing Director of Navigator France SAS
Director of Navigator Green Fuels Figueira Da Foz, S.A.
Director of Navigator Green Fuels Setúbal, S.A.
Director of Navigator Italia, 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.
Manager of Navigator Paper México S. DE R.L. DE C.V.
Director of Navigator Paper Setúbal, S.A.
Manager of Navigator Paper Southern Africa Proprietary Limited
Director of Navigator Paper UK LTD.
Director of Navigator Parques Industriais, S.A.
Manager 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 Tissue Aveiro, S.A.
Director of Navigator Tissue Ejea, S.L.
Managing Director of Navigator Tissue France SAS
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.
Director of Portucel Nigeria Limited
Director of Pulpchem Logistics, ACE
Member of the Board of Raiz - Forest and Paper Research Institute

Positions held in other companies/entities

Vice-Chairman of the Board of the General Meeting of Biond - Associação das bioindústrias de base florestal, representing Navigator Paper Figueira, S.A.
Member of the Board of AFP - Portuguese Tax Association
Member of the Audit Board of the Portuguese Institute of Statutory Auditors

Nuno Miguel Moreira de Araújo Santos

Positions 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 Forest Portugal, S.A.
Director of Navigator Green Fuels Figueira da Foz, S.A.
Director of Navigator Green Fuels Setúbal, 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.
Director of Navigator Tissue Ejea, S.L.
Chairman of the Board of Directors of Navigator Tissue France SAS
Director of Navigator Tissue Iberica, S.A.
Director of Navigator Tissue Ródão, S.A.
Chairman of the Board of Pulpchem Logistics, ACE
Member of the Board of Raiz - Forest and Paper Research Institute

Positions held in other companies/entities

Member of the General Council of Biond - Associação das bioindústrias de base florestal, representing Navigator Tissue Ródão, S.A.

João Paulo Cabete Gonçalves Lé

Positions 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 Abastecimento de Madeira, ACE
Director of Navigator Africa, S.R.L.
Director of Navigator Brands, S.A.

Chairman of the Board of Directors of Navigator Forest Portugal, S.A. [85]
Director of Navigator Forest Portugal, S.A.
Director of Navigator Green Fuels Figueira da Foz, S.A.
Director of Navigator Green Fuels Setúbal, 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.
Director of Navigator Tissue Ejea, S.L.
Director 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.
Chairman of the Board of RAIZ - Forest and Paper Research Institute[86]
Member of the Board of RAIZ - Forest and Paper Research Institute
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.

Positions held in other companies/entities

Member of the General Council of Biond - Associação das bioindústrias de base florestal, representing Navigator Forest Portugal, S.A.

Dorival Martins de Almeida

Positions 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. - 02-11-2023
Director of EMA Figueira da Foz - Engenharia e Manutenção Industrial, ACE
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[87]
Director of Navigator Brands, S.A.
Director of Navigator Forest Portugal, S.A.
Director of Navigator Green Fuels Figueira da Foz, S.A.
Director of Navigator Green Fuels Setúbal, 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.

[85] Until 1 September 2023.

[86] Until 15 June 2023.

[87] Until 1 August 2023.

Director of Navigator Tissue Ejea, S.L.
Director of Navigator Tissue Iberica, S.A.
Director of Navigator Tissue Ródão, S.A.
Director of Raiz - Forest and Paper Research Institute

Positions held in other companies/entities

In 2023, he did not hold any positions in other companies/entities.

António Quirino Vaz Duarte Soares

Positions 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 Brands, S.A.
Chairman of the Board of Directors of Navigator Eurasia Kağit Ve Kağit Ürünleri Sanayi Ve Ticaret Anonim Şirketi
Chairman of the Board of Directors of Navigator Fiber Solutions, S.A.
Director of Navigator Forest Portugal, S.A.
Chairman of the Board of Directors of Navigator France SAS
Director of Navigator Green Fuels Figueira da Foz, S.A.
Director of Navigator Green Fuels Setúbal, S.A.
Chairman of the Board of Directors of Navigator Netherlands B.V.
Director of Navigator North America, Inc.
Director of Navigator Paper Austria GMBH
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.
Director of Navigator Parques Industriais, S.A.
Chairman of the Management Board 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 Tissue Aveiro, S.A.
Director of Navigator Tissue Ejea, S.L.
Director of Navigator Tissue Iberica, S.A.
Director of Navigator Tissue Ródão, S.A.
Director of Portucel Nigeria Limited
Member of the Board of RAIZ - Forest and Paper Research Institute

Positions held in other companies/entities

In 2023, he did not hold any positions in other companies/entities.

Ana Teresa Cunha de Pinho Tavares Lehmann

Positions held in Navigator Group companies

Director of The Navigator Company, S.A.

Positions held in other companies/entities

Director of TAP - Transportes Aéreos Portugueses, S.A.
Director of TAP - Transportes Aéreos Portugueses, SGPS, S.A.
Chairman of the Finance, Audit and Risk Committee of TAP Transportes Aéreos Portugueses, S.A.
Chairman of the Finance, Audit and Risk Committee of TAP Transportes Aéreos Portugueses, SGPS, S.A.
Chairman of the Board of Directors of Zolve - Logística e Transporte, S.A.
Chairman of the General Council of the Fund for Internationalisation Funds

Member of the Advisory Board of the Orkestra-Basque Competitiveness Institute
Member of the Advisory Board of the University of Fribourg Competitiveness Institute
Member of the Advisory Board of Vibe Capital Partners
Member of the Strategic Council for the Digital Economy (CIP)

Hugo Alexandre Lopes Pinto

Positions held in Navigator Group companies

Director of The Navigator Company, S.A.

Positions held in other companies/entities

Director of Quotidian Podium, S.A.
Member of the Talent Commission at The Navigator Company, S.A.
Director of Secil – Companhia Geral de Cal e Cimentos, S.A.
Director of Semapa Next, S.A.
Director of ETSA – Investimentos, SGPS, S.A.
Member of the Executive Diretors Commission at Semapa – Soc. de Investimento e Gestão, SGPS, S.A.
Member of the RemunerationCommission at Sonagi, SGPS, S.A.
Member of the Audit Board at Fundação Nossa Senhora do Bom Sucesso
Director of Capital Hotels – Soc. De Investimentos e Gestão, S.A.
Director of Hotel Ritz, S.A.

Maria Isabel da Silva Marques Abranches Viegas

Positions held in Navigator Group companies

Director of The Navigator Company, S.A.

Positions held in other companies/entities

Chief People Officer at Semapa (Member of the Executive Diretors Commission)
Member of the Talent Commission at Semapa
Non executive director at Secil
Member of the Remuneration Commission at Secil
Director at Semapa Next
Member of the Remuneration Commission at Semapa Next
Member of the Remuneration Commission at ETSA Investimentos
Director at Quotidian Podium
Member of the Remuneration Commission at SONAGI

Maria Teresa Aliu Presas

Positions held in Navigator Group companies

Member of the Board of Directors of The Navigator Company, S.A.

Positions held in other companies/entities

Non-executive director at the World Bioeconomy Forum.
Senior consultant at the Magellan Association.

Mariana Rita Antunes Marques dos Santos

Positions held in Navigator Group companies

Member of the Board of Directors of The Navigator Company, S.A.

Positions held in other companies/entities

Member of the board of FAE - Forum of Business Administrators and Managers.

Sandra Maria Soares Santos

Positions held in Navigator Group companies

Member of the Board of Directors of The Navigator Company, S.A.

Positions held in other companies/entities

Member of the Board of Directors of BA Glass I - Serviços de Gestão e Investimentos, S.A.
Member of the Board of Directors of BPI - Banco Português de Investimento
Member of the Audit Committee and Chairman of BPI's Appointments, Appraisals and Remuneration Committee

Vítor Paulo Paranhos Pereira

Positions held in Navigator Group companies

Member of the Board of Directors of The Navigator Company, S.A.

Positions held in other companies/entities

Member of the Board of Directors of Aphelion, S.A.
Member of the Board of Directors of Antasobral - Sociedade Agropecuária, S.A.
Member of the Board of Directors of Capital Hotels - Sociedade de Investimentos e Gestão, S.A.
Member of the Board of Directors of Cimo - Gestão de Participações, SGPS, S.A.
Chairman of the Board of Directors of Galerias Ritz, S.A.
Member of the Board of Directors of Hotel Ritz, S.A.
Chairman of the Board of Directors of Parque Ritz, S.A.
Member of the Board of Directors of Secil - Companhia Geral de Cal e Cimento, S.A.
Chairman of the Board of Directors of Semapa Inversiones, S.L.
Member of the Board of Directors and member of the Executive Committee of Semapa - Sociedade de Investimento e Gestão, SGPS, S.A.
Member of the Board of Directors of Sodim, SGPS, S.A.
Manager 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 the Hotel Association of Portugal

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 Board of Directors includes the following commissions:

(i) Executive Committee
(ii) Corporate Governance Committee
(iii) Talent Committee
(iv) Environmental Council
(v) Sustainability Forum
(vi) Ethics and Integrity Committee
(vii) Risk Management Committee
(viii) Asset Risk Analysis and Monitoring Committee (until June 2023)

The Operating Regulations of the Internal Committees provide for the exercise of their respective powers, chairmanship, frequency of meetings, operation and the duties of their members. Detailed minutes of the respective meetings are drawn up and can be consulted on the Company's website at www.thenavigatorcompany.com/ Investors/Corporate-Governance.

The composition and number of annual meetings of the Internal Committees are publicised on the Company's website at www.thenavigatorcompany.com/ Investors/Corporate-Governance.

In accordance with their respective Operating Regulations, the Internal Committees must ensure, in a timely and appropriate manner, the flow of information, starting with the respective convening notices and minutes, necessary for the exercise of the legal and statutory competences of each of the other bodies and committees.

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

On 31 December 2023, the Executive Committee comprised the following directors:

Chairman:
- António José Pereira Redondo

Members:
- José Fernando Morais Carreira de Araújo
- Nuno Miguel Moreira de Araújo Santos
- João Paulo Cabete Gonçalves Lé
- Dorival Martins de Almeida
- António Quirino Soares

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 listed in point 21 of this report.

The Executive Committee is the Company's executive management body and has developed its competences within the scope of the delegation of powers entrusted to it by the Board of Directors. This Committee meets regularly and whenever necessary, depending on the business in progress and monitoring the Company's activity, and met 48 times during the 2023 financial year. In addition to the members of the Executive Committee, whenever matters so warrant, these meetings are attended by non-executive directors, directors of Group companies and members of Navigator's various departments.

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee is made up of four members: Ricardo Miguel dos Santos Pacheco Pires (Chairman), António José Pereira Redondo, António Pedro Gomes Paula Neto Alves and Rui Tiago Trindade Ramos Gouveia.

The Corporate Governance Committee, in addition to permanently supervising the Company's compliance with the legal, regulatory and statutory provisions applicable to corporate governance, is responsible for critically analysing the Company's practices and behaviour in the field of corporate governance, and for taking the initiative to propose the discussion, alteration and introduction of new procedures aimed at improving corporate structure and governance. The Corporate Governance Committee must also assess the Company's governance situation on an annual basis and submit any proposals it deems appropriate to the Board of Directors.

In 2023, in addition to the day-to-day work and communications carried out by telematic means, the Committee held five meetings, which analysed the following topics:

1. Analysing and commenting on the Corporate Governance Report for 2022.
2. Analysis of the assessment of compliance with the Corporate Governance Code of the Portuguese Institute of Corporate Governance (IPCG) conducted by the Executive Follow-up and Monitoring Committee (CEAM), with reference to 2022;
3. Comparison analysis of the fulfilment of the recommendations of the IPCG GSB by other listed companies
4. Analysing the amendment to the IPCG Corporate Governance Code from 2023.
5. Presentation of activities to the Supervisory Board.

TALENT COMMITTEE

The Talent Committee is made up of three to seven members, including a majority of non-executive directors, one of whom will be chairman, appointed by the Board of Directors for a period of four years, coinciding with the term of office of the Board of Directors.

In 2023, the Committee had five members: Ricardo Miguel dos Santos Pacheco Pires (Chairman), António José Pereira Redondo, Hugo Alexandre Lopes Pinto, Maria Isabel da Silva Marques Abranches Viegas and Mariana Rita Antunes Marques dos Santos.

In accordance with its Internal Regulations, the Talent Committee is responsible for monitoring and supporting the appointment of senior executives of the Company and the Navigator Group, as well as assessing the performance of these executives.

In the performance of its duties, and without prejudice to other competences assigned to it by the Company's Board of Directors, the Talent Committee is particularly responsible for the corporate bodies:

In terms of appointments:

- Assisting the Board of Directors in identifying and assessing the suitability of the profile, knowledge and curriculum vitae of members of the governing bodies to be appointed, namely the appointment by co-option to fulfil the duties of a member of the Company's Board of Directors, as well as the choice of directors to fulfil executive duties;
- Making its terms of reference available and, to the best of its ability, introduce transparent selection processes that include effective mechanisms for identifying potential candidates, and that those who are most meritorious, best suited to the requirements of the position and promote appropriate diversity within the organisation, including gender diversity, are chosen for proposals;
- Whenever deemed appropriate, to be aware of and monitor the selection processes for potential candidates to fulfil executive management functions in subsidiary companies of the Group, in cases where the Company intends to submit the respective elective proposal.

In terms of evaluation:

- To monitor the system for assessing management performance and awarding Company remuneration;
- To give its opinion on the proposals for the annual individual performance appraisal 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;
- To monitor the overall assessment of the performance of the Board of Directors as a body, taking into account the fulfilment of the Company's strategic plan and budget, risk management, its internal functioning and the contribution of each member to this end.

In addition to other duties expressly assigned to it by the Board of Directors, it is the responsibility of the Appointments and Appraisals Committee, particularly with regard to the other managerial staff:

- To monitor and issue recommendations on the Group's internal talent management policies and procedures;
- Periodically assessing the need for and availability of talent at Group level and recommending the appropriate actions to ensure the Group's ability to respond to the challenges that arise, namely monitoring and issuing recommendations on internal policies and procedures relating to selection, hiring, remuneration, ongoing assessment, remuneration and incentive policies, as well as the succession plan for senior management, and making any recommendations it deems appropriate in this regard.

The Committee is also responsible for talent management, especially with regard to senior management: (i) monitoring and issuing recommendations on the Group's internal talent management policies and procedures and (ii) periodically assessing the need for and availability of talent at Group level and recommending the appropriate actions to ensure the Group's ability to respond to the challenges that arise.

By virtue of its members and its competences in terms of remuneration, performance assessment and appointments, the existence of this Committee reflects adherence to Recommendation II.2.5. of the IPCG Corporate Governance Code.

In line with its competences, in 2023, in addition to its day-to-day work and communications carried out by telematic means, the Talent Committee held TWO meetings in which the following topics were discussed: (a) performance appraisals for the 2022 financial year; (b) the performance appraisal process for the 2023 financial year; (c) succession plans and (d) the presentation to the Supervisory Board of proposals for a talent development plan and a succession plan.

ENVIRONMENTAL COUNCIL

Given the specific nature of the Navigator Group's business and the environmental concerns inherent in it, the Board of Directors set up an Environmental Board, which is responsible for monitoring and issuing opinions on the environmental aspects of the Company's business and making recommendations on the environmental impact of its main undertakings, taking particular account of the legal provisions, licensing conditions and the Navigator Group's policy on the matter.

The Environmental Council has four members: Maria da Conceição Cunha (Chairman), Ana Isabel Miranda, Maria Margarida Tomé and Joaquim Poças Martins, all of whom are independent academic personalities of recognised technical and scientific competence, particularly in the most important areas of environmental concern in the Navigator Group's current activity.

The Environmental Council has direct contact with the Navigator Group's business community, through meetings held at its industrial sites, its main forestry plantations and its research institute, RAIZ.

In 2023, two meetings of the Environmental Council were held, at which the following topics were addressed: safety in the Group; analysis of environmental issues and legal framework; energy situation and impact on Navigator; New Parque Madeiras Line: operational and environmental performance; NVG Environmental Performance and proposals for 2024; CDP Water: Approach at NVG; Monitoring communities; PRR, applications under the mobilising agendas and decarbonisation; and PRUA Project: reducing water use.

SUSTAINABILITY FORUM

Recognising the fundamental role that sustainability plays in the Navigator Group's strategic development, the Navigator Sustainability Forum was set up in 2015.

The main aim of the Forum is to foster collaboration between the Navigator Group and personalities who are part of its sphere of activity, from non-governmental organisations to universities, social organisations, Customers and Suppliers.

This is an initiative that seeks to strengthen dialogue with its main *stakeholders*, promoting debate and active listening on issues that are relevant to the Company and society.

Generally speaking, the Sustainability Forum meets twice a year: a session dedicated to permanent members and another session open to various *stakeholders*. The extended sessions have a central theme, which is debated and discussed in depth, contributing to the formulation of corporate and strategic policy on matters of social and environmental responsibility, fostering platforms for understanding and co-operation between the Navigator Group and its main *stakeholders*.

The Sustainability Forum is made up of internal and external members, and is chaired by the Chairman of the Executive Committee, António Redondo, with Teresa Presas as Secretary General.

The following are members or internal members: Ana Miranda, António Quirino Soares, Dorival Almeida, João Paulo Cabete Gonçalves Lé, Joaquim Poças Martins, José Fernando Morais Carreira de Araújo, Margarida Tomé, Maria da Conceição Cunha, Nuno Miguel Moreira de Araújo dos Santos and Vitor Paranhos Pereira.

The following people are external members of the Sustainability Forum, linked to the activities of the Company's main *stakeholder* groups: Cristina Tomé, Filipe Duarte Santos, Francisco Ferreira, Francisco Gomes da Silva, José Júlio Norte, Luís Neves da Silva, Rosário Alves and Helena Freitas.

In 2023, two sessions of the Sustainability Forum were held, one internal, attended by permanent members of the Forum, members of the Board of Directors, managers and staff from various areas of Navigator's activity, and the other external, attended by a wide range of the Company's stakeholders.

The Forum's internal session took place at the Figueira da Foz Industrial Complex on 26 June and was entitled "Climate and Nature: Disclosure Challenges", while the external session took place in Santarém on 31 October and was dedicated to the theme "Sustainability of Forestry Raw Materials".

ETHICS AND INTEGRITY COMMISSION

Following the drafting and approval of the Code of Ethics and Conduct by the Executive Committee in 2010, the Ethics and Integrity Commission was set up to draw up an annual report on compliance with the rules contained in the Code of Ethics. This report must explain all irregular situations of which the Committee is aware, as well as the conclusions and follow-up proposals it has adopted in the various cases analysed.

The Ethics and Integrity Commission is responsible for providing impartial and independent support to the Company's bodies in publicising and complying with the Code of Ethics in all Navigator Group companies.

The Ethics and Integrity Commission is particularly responsible for carrying out its duties:

a) **Check that the Code of Ethics and Conduct is integrated into the Company's usual internal control systems;**

b) **To analyse the conclusions drawn by the Risk Management Department from any audits it carries out in relation to issues covered by the Code of Ethics and Conduct;**

c) **Ensuring the operation of a mechanism for reporting breaches of the Code of Ethics and Conduct, as part of the Company's whistleblowing mechanism;**

d) **Assessing and evaluating any situation that arises in relation to compliance with the precepts included in the Code of Ethics and Conduct in which a member of a corporate body is involved;**

e) **To submit to the Corporate Governance Committee the adoption of any measures it deems appropriate in this area, including the review of internal procedures;**

f) **To submit to the Board of Directors, should it deem it necessary, proposals for amendments to the Company's Code of Ethics and Conduct;**

g) **Draw up an annual report on its performance in complying with the rules contained in the Code of Ethics and Conduct in Navigator Group companies.**

In carrying out its duties, the Ethics and Integrity Commission may obtain information and reports from the Compliance Area on matters and initiatives related to the Code of Ethics and Conduct.

The Ethics and Integrity Commission also acts as an advisory body to the Board of Directors on matters concerning the application and interpretation of the Code of Ethics and Conduct.

Under the terms of the Whistleblowing Regulations, the Ethics and Integrity Commission is informed whenever a communication involving a member of the Board of Directors or the Supervisory Board is received.

RISK MANAGEMENT COMMISSION

In July 2023, the Board of Directors set up the Risk Management Commission as part of the implementation of a new risk management system (ERM NVG) that will allow closer, continuous and integrated monitoring of operations, carrying out real actions that will help mitigate the risks that exist within the scope of the Group's activities.

The Commission includes the CEO, the Financial Director, a non-executive Director appointed by the Board of Directors, the Risk Management Director, the Sustainability Director, the Legal, Compliance and Public Affairs Director and the head of Empremédia - Insurance Brokers.

The Commission's competences and responsibilities are:

- Supervising the application of the risk policy defined for The Navigator Company Group, including the definition of the risk appetite and the maximum tolerance levels to be respected;
- Supervising the operationalisation of the Risk Management Model (ERM - Enterprise Risk Management) defined by the Group, specifically with regard to the inventorying of risks and the selection of the main business risks;
- Anticipating the existence of new exogenous risks, specifically those related to the use of new information technologies and artificial intelligence mechanisms;
- Monitoring the implementation of the Risk Management Committee's activity plans;
- To take cognisance of the risk management monitoring reports issued by the Risk Management Committee and to propose the adoption of the necessary or appropriate measures in the light of these reports;
- Contribute to the promotion of a risk culture in The Navigator Company Group.

COMMISSION FOR ANALYSING AND MONITORING ASSET RISKS

Until July 2023, the Company had an Asset Risk Analysis and Monitoring Commission, coordinated by the Directors then responsible for Finance, Risk and Assets, Fernando Araújo, Adriano Silveira and Dorival Martins de Almeida, and made up of factory directors Alexandre Vale, Carlos Brás, Carlos Zurrinha Ferreira, Joaquim Belfo and António Estudante de Oliveira, finance director Manuel Arouca, risk management director Gonçalo Monteiro Duarte and management control director Gonçalo Veloso de Sousa. It has also been regularly attended by Alexandra Fernandes, Empremédia's operational manager.

This Commission met whenever necessary, and its objectives were to give an opinion on the asset risk prevention systems in place at the Company, in particular on the measures taken to meet the recommendations resulting from inspections carried out by reinsurers, as well as to give an opinion on the adequacy, in terms of scope, type of cover and capital, of the insurance taken out by the Navigator Group; discuss and issue opinions or recommendations on policies, procedures, significant risks, risk limits and extraordinary situations in terms of asset risk; promote and monitor the maintenance of the inventory of the most significant risks of an asset nature, in close liaison with the risk governance system in force in the Navigator Group.

In 2023, the Asset Risk Analysis and Monitoring Commission held a meeting, which analysed various topics, including: the status of the Recommendations as at July 2023, the identification and quantification of claims over the last 10 years (2014-2023), the evolution of the All Risks Programme 2019-2023, reflection on Navigator's risk retention policy for 2024, capital to be insured in 2024, gross profit insured in 2023 and the estimate for 2024;

In July 2023, the functions of this Committee were transferred to the Risk Management Committee.

III. AUDITING

(Supervisory Board, Audit Committee or General Supervisory Board)

a) COMPOSITION*

* During the reporting period

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 Supervisory Board and the Statutory Auditor, in accordance with section b) of no. 1 of article 413 of the Companies Code.

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.

Under the Articles of Association, the Company's Supervisory Body includes three full members, one of whom is Chairman, and one substitute member. The terms of office of the governing bodies last three years, and are renewable.

The present members of the Supervisory Board were appointed for the ongoing term in office, from 2023 to 2025, at the general meeting held on 17 March 2023, where the members of the corporate bodies of Navigator were elected.

Name	Date of first appointment and end of term in office
José Manuel Oliveira Vitorino (Chairman)	2016[88]-2025
Gonçalo Nuno Palha Gaio Picão Caldeira (Full Member)	2007-2025
Maria da Graça Torres Ferreira da Cunha Gonçalves (Full Member)	2018-2025
Maria da Luz Gonçalves de Andrade Campos (Substitute Member)	2023-2025
Ana Isabel Moraes Nobre de Amaral Marques (Substitute Member)	2017-2022

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 Supervisory 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 Jose Manuel Oliveira Vitorino (Chairman) and Maria da Graca Torres Ferreira da Cunha Goncalves 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 third term in office and the latter her second.

[88] Foi Vogal suplente de 2015 a 2016. Integrou o Conselho Fiscal como Vogal efetivo, em 2016, e como Presidente, desde 2018.

Goncalo Nuno Palha Gaio Picão Caldeira, appointment at the Annual General Meeting of 17 May 2023 for a fifth term in office as a member of the Audit Board, is 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 was Assistant Lecturer at the Faculty of Economics of the University of Coimbra where he remained until 1980, having then joined PricewaterhouseCoopers and divided his activity between auditing and financial advisory areas, both in national and foreign companies and groups, as well as in projects in which he integrated international teams. He was also Chairman of the Audit Board of Novo Banco, S.A. until 2017 and is a member of the Audit Board of ANA - Aeroportos de Portugal, S.A. He is a member of the internal control committee of Jerónimo Martins, SGPS, SA. since May 2022. He has been a member of the Audit Board of The Navigator Company since 2015 and of Semapa and Secil since 2016, serving as Chairman of these supervisory bodies since 2018.

Gonçalo Nuno Palha Gaio Picão Caldeira
(Full member of the Audit Board)

Gonçalo Picão Caldeira has a degree in Law and was admitted to the Portuguese Bar Association in 1991, after completing his law practice. He has a post-graduate degree in Management (MBA - Universidade Nova de Lisboa) and attended the Real Estate Management and Valuation course at ISEG. He has been working in real estate management and development through family companies since 2004. Before that, he collaborated with the BCP Group from 1992 to 1998 and with the Sorel Group from October 1998 to March 2002. He was also an employee of Semapa from April 2002 to February 2004. He has been a member of the Audit Board of the Company since 2007, 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 Company Organization and Management from the Instituto de Ciências do Trabalho e da Empresa (ISCTE) and is a chartered accountant. From June 1978 to November 1985, she performed various functions in the areas of General Accounting, Analytical and Financial Planning and Analysis at Magnetic Peripherals Inc. Portugal. She was a financial analyst at Shell Portuguesa, S.A. between December 1985 and November 1989. Between December 1989 and July 1994, was Controller and CFO at United Distillers Comp. Velha, Ld.ª, with responsibility for all Financial, IT and Procurement areas. Between August 1994 and July 1995, she was CFO of ITT Automotive Europe GmbH, with responsibility for all Finance and Personnel. From August 1995 to June 2015, she was Back Office Director at Pernod Ricard Portugal, with responsibility for Finance, Management Control, Purchasing, Logistics, Production, Human Resources and Legal. In 2001 and 2002, she was responsible in Portugal for the acquisition process of Seagram (Sandeman & Co.). Later, in 2005 and 2006, she was responsible for the Financial and Human Resources areas of the acquisition process of Allied Domecq (Cockburn Smithes &

C.ª). She was vice-president in the sector's Association, ACIBEV, as representative of Pernod Ricard. She has been a member of the Audit Board of the Company, Semapa and Secil since 2018.

b) OPERATION

34. Existence of operating regulations, and place where they can be consulted, as applicable, of the Supervisory 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 Supervisory Board has its own internal rules of procedure, which are published on the Company's website, in the Investors area, relating to Corporate Governance, and are freely available for consultation via the following link www.thenavigatorcompany.com/Investidores/Governo-da-Sociedade.

The annual report issued by the Supervisory on its activities is published together with the Annual Report , and is available on 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.

During the 2023 financial year, the Supervisory Board held twenty-four meetings. All the agendas and the respective minutes were sent to the Chairman of the Board of Directors and are also available to the Risk Management Department.

Its members were present at all the meetings held while they were in office, so there was a 100 per cent attendance rate.

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

In accordance with the Regulations of the Supervisory Board, detailed minutes of the respective meetings are drawn up.

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 the previous point 33, which refers to the professional qualifications and other relevant curricular elements of each member of the governing bodies.

The members of the Supervisory Board have the appropriate availability to carry out their duties.

In addition to the activities mentioned in point 33, the members of the Supervisory Board perform the duties described below:

José Manuel Oliveira Vitorino

Positions held in Navigator Group companies

He does not hold any positions in other Navigator Group companies.

Positions held in other companies/entities

Member of the Supervisory Board of ANA - Aeroportos de Portugal, S.A.
Member of the Internal Control Committee of Jerónimo Martins, SGPS, SA.
Chairman of the Supervisory Board of Secil - Companhia Geral de Cal e Cimento, S.A.
Chairman of the Supervisory Board of Semapa - Sociedade de Investimento e Gestão, SGPS, S.A.

Gonçalo Nuno Palha Gaio Picão Caldeira

Positions held in Navigator Group companies

He does not hold any positions in other Navigator Group companies.

Positions held in other companies/entities

Manager of Linha do Horizonte Investimentos Imobiliários, Lda.
Manager of Loftmania - Gestão Imobiliária, Lda.
Member of the Supervisory Board of Secil - Companhia Geral de Cal e Cimento, S.A.
Member of the Supervisory Board of Semapa - Sociedade de Investimento e Gestão, SGPS, S.A.

Maria da Graça Torres Ferreira da Cunha Gonçalves

Positions held in Navigator Group companies

He does not hold any positions in other Navigator Group companies.

Positions held in other companies/entities

Member of the Supervisory Board of Secil - Companhia Geral de Cal e Cimento, S.A.
Member of the Supervisory 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 laid down in the European Audit Regulation, article 77ˢ 10 and 11 of the Statute of the Portuguese Institute of Statutory Auditors, approved by Law no. 140/2015, the Internal Regulations of the Audit Board, as amended, and the Internal Regulations on the approval of non-audit services, approved on 1 June 2016.º 140/2015, of 7 September, the Internal Regulations of the Audit Board, in the version in force, and the Internal Regulations on the approval of non-audit services, approved on 1 June 2016, the contracting of non-audit services - which are neither required by law nor constitute prohibited services for the External Auditor and Statutory Auditor or any member of their network, by Navigator or by companies in a control or group relationship with it - is subject to prior approval by Navigator's Audit Board, duly substantiated.

Under these terms, the proposals submitted by the external auditor are sent to the Audit Board for analysis and validation, essentially seeking to safeguard (i) that these are permitted services, (ii) that this provision of services does not affect the independence and impartiality of the External Auditor, which is necessary for the provision of audit services, (iii) that the cumulative value of the fees received for the provision of non-audit services does not exceed the limit defined in the EOROC and (iv) that the additional services in question are provided with high quality and autonomy.

The Supervisory Board has therefore applied the rules laid down in the Statute of the Order of Statutory Auditors, approved by Law 140/2015 of 7 September, in the version in force until 31 December 2021, and observes the internal procedures laid down 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 Supervisory Board has the competences that result from the law, and there are no delegated powers or assigned areas of responsibility. The functions and duties of the Supervisory Board are expressly set out in its Operating Regulations, which provide for the exercise of its powers, chairmanship, frequency of meetings, operation and the duties of its members. Detailed minutes of the respective meetings are drawn up and can be consulted on the Company's website at www.thenavigatorcompany.com/Investors/Corporate-Governance.

In accordance with the Operating Regulations, revised in December 2020, the Supervisory Board ensures, in a timely and appropriate manner, the flow of information, starting with the respective convening notices and minutes, necessary for the exercise of the legal and statutory competences of each of the other bodies and committees.

2. In carrying out its duties, and without prejudice to other competences attributed to it by law, namely in article 420 of the Companies Code, in accordance with its operating regulations, the Audit Board is particularly responsible for:

a) Supervising 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) Checking that the books, accounting records and supporting documents are in order;

d) Verify, when it deems it appropriate and in the manner it deems appropriate, the extent of cash and stocks of any kind of goods or valuables belonging to the Company or received by it as a guarantee, deposit or other security;

e) Checking the accuracy of the accounting documents;

f) Verify that the accounting policies and valuation criteria adopted by the Company lead to a correct assessment of assets and results;

g) Draw up an annual report on its supervisory activities and issue an opinion on the report, accounts and proposals presented by the board of directors;

h) To convene the general meeting when the chairman of the general meeting does not do so;

i) Evaluate and comment on the strategic guidelines and risk policy prior to their final approval by the board of directors;

j) Supervising and evaluating the effectiveness of the internal control system, comprising risk management, compliance and internal audit functions, and may propose any necessary Adjustments;

k) To give its opinion 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 to propose any necessary adjustments;

l) Receiving reports of irregularities submitted by shareholders, Company employees or others;

m) To hire experts to assist one or more of its members in the performance of their duties, and the hiring and remuneration of experts shall take into account the importance of the matters entrusted to them and the economic situation of the Company;

n) Supervising the adequacy of the process of preparation and disclosure of financial information by the Board of Directors, including the adequacy of accounting policies, estimates, judgements, relevant disclosures and their consistent application between financial years, in a duly documented and communicated manner;

o) Propose to the General Meeting the appointment of the statutory auditor and the respective remuneration, indicating the criteria that led to the choice of the proposed statutory auditor and describing the selection process conducted by the auditor;

p) To propose to the General Meeting the dismissal of the statutory auditor or the termination of the contract for the provision of their services whenever there is just cause for this;

q) Supervising the audit of the Company's financial statements;

r) To supervise the independence of the statutory auditor, in particular with regard to the provision of additional services, and to assess annually the work carried out by the statutory auditor and its suitability for the performance of the duties assigned to it;

s) To certify that the report on the structure and practices of corporate governance disclosed includes the elements referred to in article 29-H of the Securities Code;

t) To issue a prior and binding opinion on the Regulation on Conflicts of Interest and Transactions with Related Parties to be drawn up and approved by the Board of Directors or, in the absence of such a regulation, on the definition to be made by the management as to 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 of time, a prior opinion on any business with related parties that is not carried out within the scope of the Company's current activity and under market conditions;

v) 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) To fulfil the other duties laid down by law or the Articles of Association.

3. In accordance with its operating regulations, in the performance of its duties, and without prejudice to other powers attributed to them by law, the members of the Supervisory Board may, acting jointly or separately:

a) To obtain from the management the presentation, for examination and verification, of the books, records and documents of the Company, as well as to verify the stocks of any class of valuables, namely money, securities and merchandise;

b) Obtain from management, or from any of the Directors, information or clarification on the course of the Company's operations or activities or on any of its businesses;

c) To have access to all the Company's information and employees in order to assess the Company's performance, situation and development prospects, including, in particular, the minutes, the documentation supporting the decisions taken, the notices convening meetings and the archives of the meetings of the other governing bodies, without prejudice to access to any other documents or persons from whom clarification may be requested;

d) Obtain the reports made by the Company's internal control services, including the risk management, compliance and internal audit functions, in particular those on matters relating to the rendering of accounts, the identification or resolution of conflicts of interest and the detection of potential irregularities;

e) Obtain from the Company's statutory auditor the clarifications necessary for the annual assessment by the Audit Board of the work carried out by the statutory auditor, as well as their independence and suitability to carry out their duties;

f) Obtain from third parties who have carried out transactions on the Company's behalf the information they need to properly clarify such transactions;

g) Attend board meetings whenever they see fit.

4. In order to carry out its duties, the Audit Board may be assisted by experts specially appointed for this purpose and also by a Company specialising in auditing work, and may decide to hire the services of experts to assist one or more of its members in carrying out their duties.

5. In the performance of their duties, and without prejudice to other duties imposed on them by law, in accordance with their operating regulations, the members of the Supervisory Board have the duty to:

a) Be informed and diligently prepare for Council meetings;

b) Participate in board meetings and attend general meetings, as well as board meetings called by the chairman or at which the accounts for the financial year are examined;

c) Carry out conscientious and impartial supervision;

d) To keep secret the facts and information they become aware of as a result of their duties;

e) To inform the board of the checks, inspections and due diligence they have carried out and of the results;

f) To report, at the first meeting held, all irregularities and inaccuracies that they have verified, as well as whether they have obtained the clarifications they need to carry out their duties;

g) Record in writing all the checks, inspections, complaints received and endeavours that have been carried out and the results of these;

h) Inform the management body of the results of the statutory audit and explain how it contributed to the integrity of the process of preparing and disclosing financial information, as well as the role that the supervisory body played in this process;

i) Monitor the process of preparing and disclosing financial information and make recommendations or proposals to ensure its integrity;

j) Supervising the effectiveness of the internal quality control and risk management systems and, if applicable, internal auditing, with regard to the process of preparing and disclosing financial information, without violating their independence;

k) Monitoring the statutory audit of the individual and consolidated annual accounts, including their execution;

l) Verify and monitor the independence of the statutory audit firm in the exercise of its statutory audit activity or in the provision of other legally permitted services under the terms defined in the applicable law and regulations, namely through:

i. Demonstration, during the selection process for the firm of statutory auditors, that the firm has internal mechanisms in place to ensure independence and avoid conflicts of interest;

ii. Regular proof by the audit firm that these internal mechanisms are adequate and comply with the applicable legislation and regulations;

iii. Obtaining an annual declaration of independence;

iv. Annual communication of the separate audit services that have been provided;

v. A reasoned proposal as to whether the statutory audit firm's duties should be extended beyond the maximum legal period, weighing up the respective conditions of independence and the advantages and costs associated with its replacement;

vi. Communication from the audit firm about exceeding the fee threshold; and

vii. The joint analysis of possible threats to its independence and the application of safeguards to mitigate them;

m) Select the firms of statutory auditors to propose to the General Meeting for election and justifiably recommend a preference for one of them;

n) Treating confidentially all Company documentation to which they have access in the performance of their duties, including the content of meetings of the Board and other governing bodies in which they participate and information preparatory thereto; and

o) To make available to the other governing bodies and committees, as required by law and the articles of association, all the information and documentation necessary for the exercise of the legal and statutory competences of each of these bodies and committees.

6. Members of the Supervisory Board must report to the Public Prosecutor's Office any offences of which they become aware and which constitute public offences.

7. Whenever any member of the Supervisory Board becomes aware of facts that reveal difficulties in the normal pursuit of the Company's object, they must immediately notify the statutory auditor.

The Supervisory Board is also the main interlocutor of the External Auditor and Statutory Auditor, having direct access to and knowledge of their work. The Company believes that this direct supervisory action by the Audit Board is possible, without interference from the Board of Directors, in relation to the work carried out by the External Auditor and Statutory Auditor, as long as it does not jeopardise the timely and adequate knowledge of the management body, which is ultimately responsible for what happens in the Company and for the financial statements, in relation to this same work.

Respecting this principle, the reports of the External Auditor and Statutory Auditor are sent to the Supervisory Board and discussed at joint meetings of this body with a member of the Board of Directors, including the results of the statutory audit, and the Supervisory Board ensures that the necessary conditions for the provision of auditing services are in place within the Company. The Supervisory Board is also responsible for proposing and monitoring, with the support of the Company's internal services, the remuneration of the External Auditor and Statutory Auditor.

The Statutory Auditor also co-operates with the Supervisory Board in order to provide, immediately and in accordance with the applicable laws and regulations, information on irregularities relevant to the performance of the Supervisory Board's duties that it has detected, as well as any difficulties it has encountered in carrying out its duties.

In accordance with the Regulation of the Supervisory Board, the Statutory Auditor and the Company maintain permanent and adequate channels of communication, namely by holding regular meetings with the management, the Statutory Audit Board and the departments and directorates with responsibilities in the matters in question, and with the consequent discussion and analysis of all the information that is pertinent to the exercise of the corresponding activity.

The Supervisory Board is also close to the Risk Management Committee. In fact, according to this committee's regulations, its chairman must inform the Supervisory Board of any resolutions which, given their relevance, it should be aware of. On the other hand, all the members of the Committee must be available to provide any clarification and information requested by the members of the Supervisory Board; however, requests for information and clarification should preferably be made through the Chairman of the Committee. Finally, the members of the Supervisory Board may attend meetings of the Committee at the request of its Chairman or at the request of the Supervisory Board, depending on the item on the agenda.

IV. STATUTORY AUDITOR

39. Identification of the statutory audit firm and the partner and statutory auditor representing the same

The Company's Statutory Auditor is KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A., registered with the Portuguese Association of Statutory Auditors under no. 189 and with the CMVM under no. 20161489, represented by Rui Filipe Dias Lopes (ROC no. 1715).

The substitute Statutory Auditor is Vítor Manuel da Cunha Ribeirinho (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 mentioned in point 39 has been working for the Company since 2018.

41. Description of other services provided by the statutory auditor to the company

In addition to the statutory audit services provided to the Company and its subsidiaries, the Statutory Auditor also provided other assurance and reliability services, as well as financial information review services, in accordance with the provisions of Law 140/2015 of 7 September.

The amounts paid for these services throughout 2023 are detailed in points 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 Portuguese Institute of Statutory Auditors under no. 189 and with the CMVM under no. 20161489, represented in the fulfilment of these duties by partner Rui Filipe Dias Lopes (ROC no. 1715).

43. Indication of the consecutive number of years for which the external auditor and the respective partner and statutory auditor representing the same in the performance of these duties has held office in the Company and/or Group.

The External Auditor and the respective Statutory Auditor who represents him in carrying out these duties were appointed at the General Meeting in September 2017, for the financial year starting on 1 January 2018. They were re-elected to office at the General Meeting held on 9 April 2019. Thus, 2023 was their sixth year in office 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 policy and frequency of rotation of the External Auditor and Statutory Auditor and their representative is determined by article 54 of Law 140/2015 of 7 September (Statute of the Portuguese Institute of Statutory Auditors), which establishes the legal regime applicable to the mandatory rotation of Statutory Auditors in public interest companies such as Navigator.

In 2023, at the proposal of the Supervisory Board, which considered that the applicable legal conditions had been met, the Shareholders' General Meeting approved the reappointment of KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A. as the Company's Statutory Auditor for the three-year period 2023-2025, under the terms of the Statute of the Portuguese Institute of Statutory Auditors and the maximum time limits for carrying out statutory audit duties laid down therein.

45. Indication of the body responsible for assessing the external auditor and the intervals at which this assessment is conducted.

As part of its supervisory role and its review of the Company's financial statements, the Audit Board assesses the External Auditor and Statutory Auditor on an ongoing basis, particularly in the context of the preparatory work for its Report and Opinion on the annual accounts.

As well as being responsible for proposing the appointment of the Statutory Auditor and the respective remuneration to the General Meeting, the Supervisory Board is the body responsible for assessing and monitoring all the audit work carried out by the External Auditor on an ongoing basis, with the possibility of proposing its dismissal with just cause at the General Meeting, provided the appropriate formalities are met. To this end, throughout the year the Supervisory Board meets regularly with the Statutory Auditor and External Auditor, establishing a permanent and direct relationship between these two bodies, the latter being the recipient of their reports, including when matters relating to the rendering of accounts and the detection of potential irregularities are at issue. At these meetings, the Supervisory Board will be able to analyse all the accounting and financial information it deems necessary at any given time, and may request from them any information it deems necessary for its supervision.

In addition, the Supervisory Board, in carrying out its supervisory duties and reviewing the Company's financial statements, carries out an overall assessment of the External Auditor's performance each year as part of the preparatory work for its Report and Opinion on the annual accounts and also monitors its independence, namely by obtaining written confirmation of the auditor's independence; confirming compliance with the rotation requirements of the partner responsible and identifying threats to independence and the safeguard measures adopted to mitigate them.

To this end, the Supervisory Board has unrestricted access to the documentation produced by the Company's auditors, being able to request any information it deems necessary and being the first recipient of the final reports drawn up by the external auditors.

In accordance with the provisions of Article 420(2) 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 31 December 2023, KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A. and other entities belonging to the same network billed for fees relating to the statutory audit of annual accounts, limited audit of interim accounts and reliability assurance services and services other than audits. The breakdown of the invoicing for these services is detailed below in point 47.

The services indicated as "reliability assurance services" relate to the issuing of reports on financial information and verification services for Sustainability Information. With regard to services other than auditing, they refer to opinions on merger operations as part of the role of Statutory Auditor for Navigator Group companies. As mentioned above, these services are not included in the list of prohibited services set out in Article 5(1) of Regulation (EU) No 537/2014 of the European Parliament and of the Council. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and the legal requirements for independence, threats to it and safeguards to limit these threats were guaranteed by the auditor.

In 2023, the provision of non-audit services by the Chartered Accountants Firm to the Company and subsidiaries is regulated in the Internal Regulations on the approval of non-audit services, approved on 1 June 2016, which provide for non-audit services that cannot be provided by the SROC and prior control and authorisation processes for these services by the Supervisory Board. The regime defined in this internal rule is fully in line with the provisions of the Statute of the Order of Statutory Auditors, approved by Law no. 99-A/2021, the Legal Regime for Audit Supervision, approved by Law no. 148/2015 and Regulation (EU) no. 537/2014 of the European Parliament and of the Council of 16 April 2014.

Therefore, the services provided by the External Auditor and Statutory Auditor, other than auditing, were always approved by the Supervisory Board, in compliance with the applicable legal rules in force in 2023 and the internal procedures put in place for this purpose.

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)

By the Company*		
Value of audit services (€)	169,000	83%
Value of reliability assurance services (€)	34,010	17%
Value of tax consultancy services (€)	0	0%
Value of services other than audits (€)	475	0%

By entities that are part of the Group*		
Value of audit services (€)	191,534	76%
Value of reliability assurance services (€)	58,000	23%
Value of tax consultancy services (€)	0	0%
Value of services other than audits (€)	2,000	1%

** Including individual and consolidated accounts*

In 2023, services other than auditing services billed to the Company or to entities in a control relationship with it by the External Auditor and Statutory Auditor, including entities in a holding relationship with them or which are part of the same network, accounted for **21** per cent of the total services provided.

C. INTERNAL ORGANIZATION

I. ARTICLES OF ASSOCIATION

48. Rules applicable to amendment of the Company's Articles of Association (art. 29-H, no. 1, al. h).

The Company's Articles of Association do not define any specific rules for amending them, so the general rules of the Commercial Companies Code apply.

II. REPORTING OF IRREGULARITIES (WHISTLEBLOWING)

49. Means and policy for reporting of irregularities (whistleblowing) occurring in the company.

The Navigator Company, as a listed company with a rigorous governance system, has implemented a Whistleblowing Channel, which is available through a portal accessible from its websites, thus reinforcing the Company's objective of having an internal mechanism in which reports of irregularities are submitted in an effective system, in accordance with the rules of conduct established by Navigator and the principles of guaranteeing anonymity, confidentiality, safeguarding and non-retaliation in relations with whistleblowers, and complying with data protection and information security standards.

This Whistleblowing Channel is an independent service for reporting possible irregular practices, managed by an external entity representing Navigator and aimed at communications from Employees, Suppliers, Customers, Service Providers or any other interested parties, as provided for in the Whistleblowing Regulations.

The Whistleblowing Regulations enshrine the general duty to report alleged irregularities within the Navigator Group, helping it to continue to position itself as an upstanding, reputable and credible business group, as well as a fair, honest and safe place to work.

Under the terms of these Regulations, irregularities include violations of the rules set out in the Code of Ethics and Conduct and other internal regulations, as well as non-compliance with external legislation or regulations to which The Navigator Company is subject (e.g. violation of rules of conduct or ethics, fraud, corruption and related offences, protection of privacy and personal data, health and safety, environmental protection, human rights, among others).

The Regulation appoints a multidisciplinary team with the power to follow up on complaints received, known as the Whistleblowing Committee (CDI), which is made up of the Director of Legal, Compliance and Public Affairs (DLC), the Director of Risk Management (DGR) and the Compliance Officer. In cases where the complaint may concern any member of the aforementioned Committee, it is referred to the Supervisory Board.

The person responsible for following up the complaint must determine whether the complaint contains the minimum grounds to trigger an investigation process, as well as determine the involvement of other bodies, departments or Employees, when certain requirements are met.

If the report has the minimum grounds, the investigation procedure is initiated, which consists of verifying all the facts necessary to assess the alleged irregularity. This process ends with either the closure of the case or a proposal to apply the most appropriate measures to the irregularity in question.

All persons with a conflicting interest in the situation being reported are excluded from the investigation and decision process, in order to ensure that it is received, screened, analysed and filed independently, autonomously and impartially.

Reflecting a proactive approach on the part of our *Stakeholders* in identifying and reporting issues relevant to the Company, over the course of 2023, the Whistleblowing Channel received a total of 34 reports of irregularities, covering critical issues such as ethics and conduct, policies and procedures, bullying, harassment or discrimination, as well as issues related to health, safety, environmental protection and transport . Of these communications, 2 turned out to be substantiated, concerning violation of policies and procedures by a service provider and excessive noise .

All the cases were identified and dealt with due seriousness and diligence, and the appropriate measures were taken to resolve them. The channel has proved to be a vital tool for promoting a culture of transparency, responsibility and compliance within the organisation.

Following the events that took place in 2020 and 2021, underpinned by the 2020 criminal investigation into alleged corruption in the wood reception activity at one of our manufacturing centres, which led to the dismissal with just cause of the workers involved in that activity, legal proceedings are still underway in the labour and criminal courts. In fact, during 2023 and as a result of the aforementioned investigation, Navigator continued to monitor, in the competent labour courts, the actions challenging the regularity and lawfulness of the dismissals of 28 workers, and to date there have been no further developments in these cases. On the other hand, in criminal proceedings, Navigator, as an assistant, accompanied the investigation phase of the case, which resulted in an indictment and confirmation that the case would proceed to trial.

III. INTERNAL CONTROL AND RISK MANAGEMENT

50. People, bodies or committees responsible for internal audits and/or implementation of internal control systems.

Risk management is considered by the Company to be central to its activity and is, by its nature, a dynamic and continuous process.

In 2023 the Group improved its internal risk management process by implementing a new Enterprise Risk Management tool aligned with the guidelines of COSO - Committee of Sponsoring Organisations of the Treadway Commission and the ISO 31000 standard. The implementation of this tool was carried out in conjunction with the Group's different departments and initially focussed on the UWF Pulp and Paper business lines. This tool has brought greater alignment with the Group's strategy and objectives, as well as targeted and continuous monitoring of risks, with the responsibilities of the different players in the process clearly defined.

The Governance Model was also improved with the creation of two additional bodies: the Risk Management Commission and the Risk Management Committee.

The Governance Model is aligned with the Institute of Internal Auditors (IIA) 3-line model, which involves: (1) in the first line, all the business units responsible for carrying out daily risk management activities; (2) in the second line, the Chairman of the Executive Committee, the Risk Management Department, the Compliance Area, Empremédia - Corretores de Seguros, the Sustainability Department and the Risk Management Committee; (3) in the supervisory line, the Supervisory Board, the Risk Management Committee, Internal Audit and the Company Secretary.

This system is based on a systematic and explicit assessment of business risks by all the Navigator Group's organisational departments and the identification of the main controls in place in all business processes. This basis will enable the Company to constantly assess the adequacy of its internal control system to the risks perceived as most critical at any given time.

As part of this periodic assessment, an annual internal audit programme is established, to be carried out by the DGR in conjunction with each directorate involved, to monitor and assess the adequacy of said internal control system to the perceived risks and to support the organisation in implementing improvement programmes to that same system.

The supervisory bodies for this risk management governance model are the General Meeting and the Board of Directors, as detailed below.

BOARD OF DIRECTORS

The responsibilities of the Board of Directors in this regard are:

- Review and approve the risk policy defined for The Navigator Company Group, including risk appetite and tolerance;
- Setting risk-taking objectives and ensuring that they are met;
- To approve the risk governance model adopted by The Navigator Company Group;
- Supervising the application of the risk policy in The Navigator Company Group;
- Discuss and approve the Company's strategic plan and risk policy, including the definition of acceptable risk levels;
- Approve strategies for dealing with risks, particularly very high risks;
- Promoting a risk culture in The Navigator Company Group.

SUPERVISORY BOARD

The powers and responsibilities of the Supervisory Board in this regard are:

- Supervising and evaluating the effectiveness of the internal control system, comprising risk management, compliance and internal auditing functions, and may propose any necessary adjustments;
- Evaluate and propose improvements to the risk management and internal control model, processes and procedures;
- Monitoring the implementation of activity plans within the scope of risk management and internal control;
- Monitoring, evaluating and commenting on the strategic lines and objectives and the risk policy defined by the Board of Directors, proposing and implementing mechanisms and periodic control procedures to ensure that the risks actually incurred by the Company are consistent with the objectives set by the management body;
- To give its 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 auditing;

- To take cognisance of the internal control and risk assessment reports issued by the SROC and to propose the adoption of the measures deemed necessary or appropriate in the light of these reports;
- To take cognisance of the risk management monitoring reports issued by the Risk Management Department and to propose the adoption of the measures deemed necessary or appropriate in the light of these reports in terms of internal control;
- To take cognisance 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, and to be the recipient, where available, of the reports or opinions produced by these services when matters relating to the rendering of accounts, the identification or resolution of conflicts of interest and the detection of potential illegalities and irregularities are concerned;
- Receiving reports of irregularities submitted by shareholders, Company employees or others, under the terms of the Whistleblowing Regulations in force.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee is made up of the following members:
- Chairman of the Executive Committee
- Financial Administrator
- A non-executive director appointed by the Board of Directors
- Risk Management Department
- Sustainability Department
- Legal, Compliance and Public Affairs
- Empremédia - Insurance Brokers

The powers and responsibilities of the Risk Management Committee are:
- Supervising the application of the risk policy defined for The Navigator Company Group, including the definition of the risk appetite and the maximum tolerance levels to be respected;
- Supervising the operationalisation of the Risk Management Model (ERM - Enterprise Risk Management) defined by the Group, specifically with regard to the inventorying of risks and the selection of the main business risks;
- Anticipating the existence of new exogenous risks, specifically those related to the use of new information technologies and artificial intelligence mechanisms;
- Monitoring the implementation of the Risk Management Committee's activity plans;
- To take cognisance of the risk management monitoring reports issued by the Risk Management Committee and to propose the adoption of the necessary or appropriate measures in the light of these reports;
- Contribute to the promotion of a risk culture in The Navigator Company Group.

INTERNAL AUDIT

Internal Audit's responsibilities in this area are:

- Defining a systematic and disciplined approach to evaluating the effectiveness of the internal control system, including the risk management and compliance functions, and being able to propose any necessary recommendations;
- Defining and executing the annual audit plan within the scope of risk management and internal control;
- Test risk management and internal control procedures and propose improvements;
- Regularly report on the status of audits, as well as the main conclusions of the audits carried out and propose recommendations for improvement in the light of these reports.

CHIEF EXECUTIVE OFFICER

The responsibilities of the Chief Executive Officer in this regard are:
- Defining The Navigator Company Group's risk policy, including risk appetite;

- Take risk policy into account when defining the Navigator Group's strategic objectives;
- Provide means and resources for effective and efficient risk management;
- Approve the risk management model, processes and procedures;
- Define the risk management governance model to be adopted by the Navigator Group, including the responsibilities to be assigned;
- Approve risk management activity plans;
- Ensuring that the main risks to which The Navigator Company Group is exposed are identified and reduced to acceptable levels, in line with the defined risk appetite and tolerance;
- Discuss and approve risk treatment options where the residual risk level is above the risk tolerance levels;
- To monitor and review the work carried out by the Risk Management Department in the field of risk management;
- Communicate results to the Board of Directors.

RISK MANAGEMENT DEPARTMENT

The responsibilities of the Risk Management Department in this area are:

- Define the risk management model, processes and procedures;
- Draw up risk management activity plans;
- Identify and implement means and resources (human, procedural and technological) to facilitate risk identification, analysis and management;
- Alerting to potential risks in the definition of strategic and operational objectives;
- Supporting the definition of risk appetite and risk tolerance;
- Supporting the definition of responsibilities to be assigned within the scope of risk management;
- Supporting the identification and characterisation of risks;
- Monitoring risk indicators;
- Supporting the definition of risk mitigation measures;
- Evaluate the effectiveness of risk mitigation measures;
- Assessing compliance with risk tolerance;
- Ensuring compliance with risk mitigation action plans;
- Drawing up risk management monitoring reports.

COMPLIANCE AREA (LEGAL, COMPLIANCE AND PUBLIC AFFAIRS DEPARTMENT)

In line with the evolution of international best practice, Navigator has set up a Compliance Department, integrated into the Legal, Compliance and Public Affairs Department, emphasising the importance of pursuing a compliance policy that frames its activity throughout the entire legal and regulatory value chain, with a view to transparency and fairness, in the context of preventing and combating illegal acts.

Navigator therefore considers it a structural element for the proper management and mitigation of compliance risks associated with its business and economic activities to have a system that promotes legal compliance and ethical conduct.

The compliance system aims to ensure compliance with the applicable legal requirements, especially with regard to the prevention of corruption, money laundering, terrorist financing, violation of international sanctions, protection of human rights and protection of personal data, as well as to reinforce the ethical culture of and several of its *stakeholders,* namely members of governing bodies, employees and suppliers, by promoting training and communication activities on matters of legal compliance and ethical conduct.

This system is crucial if the Company is to have adequate capacity to pursue its activities in accordance with the legal requirements applicable in the aforementioned areas and to promote ethical behaviour on the part of the relevant *stakeholders,* fostering respect for the most appropriate standards and practices in the decision-making process, in the context of the challenges posed by the business environment, also contributing to the creation of value and the sustainability of the Navigator Group.

To achieve these objectives, the compliance system is aligned with the following fundamental organisational dimensions of the Group :

- the governance model established in the respective articles of association and in the internal regulations of the management and supervisory bodies ;
- business strategy and objectives, in particular by focussing on the prevention, detection and remediation of non-conformities that may impact its economic and financial value ;
- the risk management and internal control system, to allow the second line of defence of the COSO model (Committee of Sponsoring Organisations of the Treadway Commission) to incorporate and act effectively in the management of compliance risks to which the Company is exposed; and
- the organisational culture, to promote the assimilation of the importance of compliance matters for the functioning, resilience and reputation of the organisation and simultaneously encourage the adoption of conduct that minimises the tangible and intangible costs of non-compliance for the Company and its people.

In order to make its compliance system effective, Navigator has implemented an effective and efficient compliance system governance model which clearly identifies the competencies of the various players involved in the processes associated with its business and which fosters adequate coordination and communication between them, based on simple processes and procedures guided by business objectives, so as to avoid bureaucratisation and loss of agility in business development.

The structure and organisation of the Navigator Group's compliance system is based on the coordinated action of the functional units of the Group's internal structure, in conjunction with the management and supervisory bodies and in accordance with generally accepted best practices, with a view to supporting the decision-making process. It should be noted that, with regard to the prevention of corruption and related offences, we have an executive director of the Company responsible for regulatory compliance.

In 2023, the Internal Regulations of the Ethics and Integrity Committee were revised at , the Regulations of the Corporate Governance Committee were revised at and the Internal Regulations of the Supervisory Board were revised at the proposal of the Compliance Area, with a view to bringing these instruments into line with the set of Compliance Policies implemented and with the reformulation of the Whistleblowing Channel.

Within the scope of internal control and risk management, the responsibilities of the Compliance Area are as follows:

- Preventing and detecting situations of legal non-compliance or inappropriate ethical conduct;
- Presenting and coordinating the implementation of corrective or remedial measures for situations of legal non-compliance or inappropriate ethical conduct;
- Draw up and propose a three-year plan for developing and updating the Compliance system, assessing the need to update/amend this plan on an annual basis;
- Preparing and proposing internal compliance standards and procedures;
- Carry out an integrity assessment of third parties that have dealings with the Navigator Group;
- Identify and manage compliance risks relevant to Navigator;
- Define compliance guidelines;
- Coordinating the activity of compliance officers and establishing the appropriate communication and reporting mechanisms for their respective functions;
- Promote training and other capacity-building initiatives on compliance issues for employees, members of governing bodies and other relevant *stakeholders;*
- Ensuring compliance with the duty to provide periodic information to the Supervisory Authorities and other requests from these entities in matters within their remit;
- Supporting the Ethics Committee in dealing with reports of irregularities concerning breaches of the Code of Ethics and Conduct;
- Monitoring the treatment of irregularities reported through the Whistleblowing Channel, via integration of the Compliance Area Manager n the Whistleblowing Committee;
- Monitoring the level of compliance of Navigator Group companies.

EMPREMÉDIA - INSURANCE BROKERS

As part of the review of The Navigator Company Group's Risk Management Governance Model, it was decided to abolish the previous "Asset Risk Analysis and Monitoring Committee" and integrate this component into the current Governance Model, in terms of risk monitoring, to be carried out by Empremédia, the Group company responsible for insurance management.

In this context, Empremédia's responsibilities include commenting on the risk prevention systems in place within the Group and assessing the suitability of the risk insurance policies and the policies they represent.

RISK MANAGEMENT COMMITTEE

In order to implement the Risk Management Model (ERM), the Risk Management Committee was set up:

- Chairman of the Executive Committee
- Financial Administrator
- Representatives from each monitoring area (e.g. Risk Management Department, Sustainability Department, Empremédia - Insurance Brokers)
- Representatives from each of the defined risk families (e.g. Commercial, Reputational, Productive, Resilient and Capacity Building)

The responsibilities of the Risk Management Committee are:

- Propose the definition of risk appetite and maximum tolerance levels to be respected;
- Review and approve the risk inventory;
- Review the Group's risk matrix;
- Monitoring the follow-up and effectiveness of action plans for mitigation measures;
- Monitoring risk indicators;
- Evaluate the effectiveness of the risk management process;
- Define who is responsible for the risks identified;
- Promote coordination between different Risk Management areas and subsystems;
- Regularly inform the Executive Committee and the Risk Management Committee of its activities and decisions.

BUSINESS AREAS/DEPARTMENTS

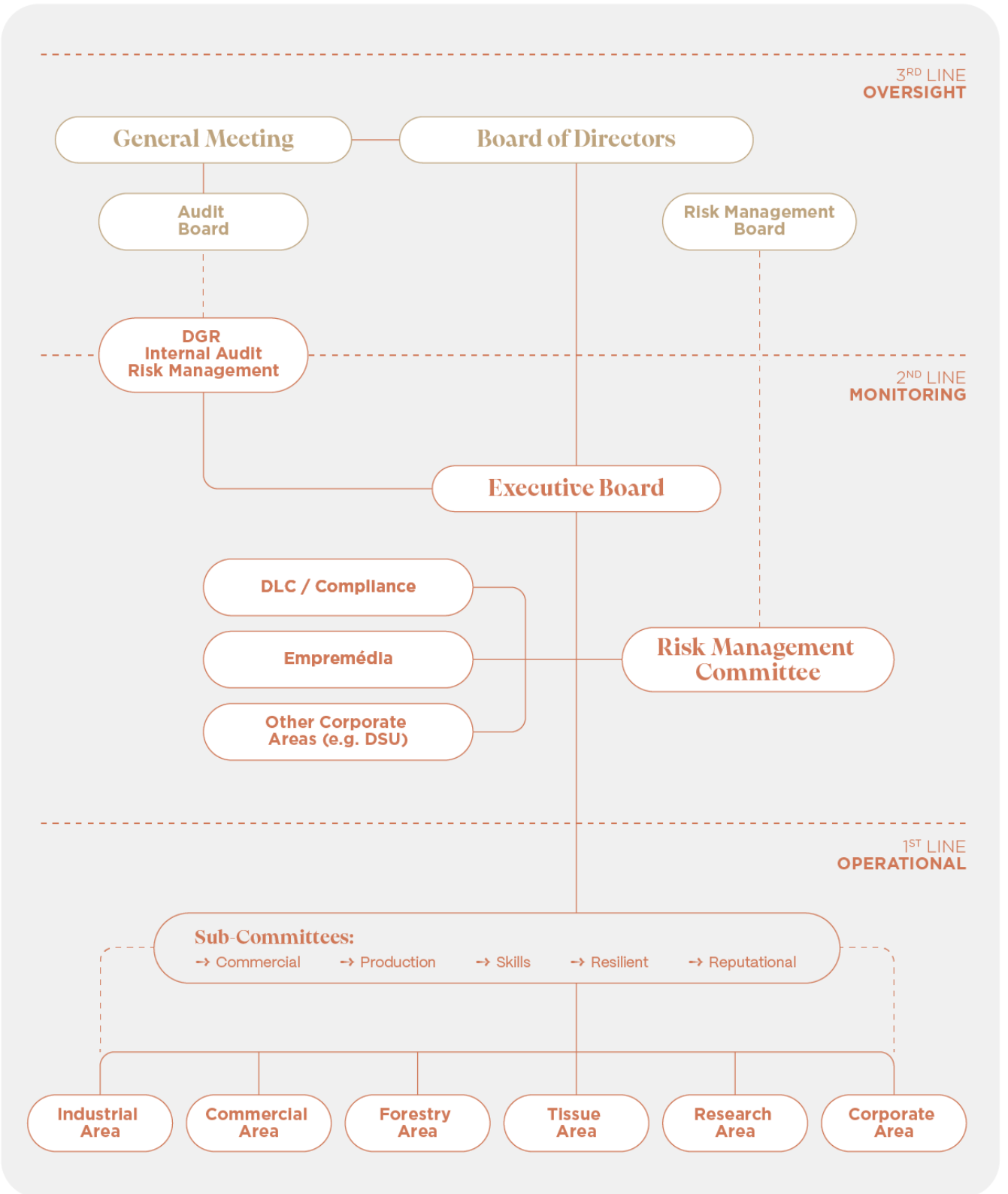
The responsibilities of the business areas/directorates in this area are:

- Define risk tolerance;
- Identify and characterise risks;
- Define and monitor risk indicators;
- Defining, implementing and executing risk mitigation measures in accordance with risk mitigation action plans;
- Carry out risk and control *assessments.*

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 is clear from the previous point that risk management in the Company is the responsibility of the entire organisation, with the functions detailed therein.

In terms of the hierarchical and functional framework, it should be emphasised that Internal Audit (Risk Management Department), in addition to reporting functionally to the Chairman of the Executive Committee, also reports to the Supervisory Board, thus ensuring the necessary support for the proper execution of its competences. These relationships are shown schematically in the organisational chart below:


3RD LINE
OVERSIGHT
General Meeting
Board of Directors
Audit Board
Risk Management Board
DGR
Internal Audit
Risk Management
2ND LINE
MONITORING
Executive Board
DLC / Compliance
Empremédia
Other Corporate Areas (e.g. DSU)
Risk Management Committee
1ST LINE
OPERATIONAL
Sub-Committees:
→ Commercial
→ Production
→ Skills
→ Resilient
→ Reputational
Industrial Area
Commercial Area
Forestry Area
Tissue Area
Research Area
Corporate Area

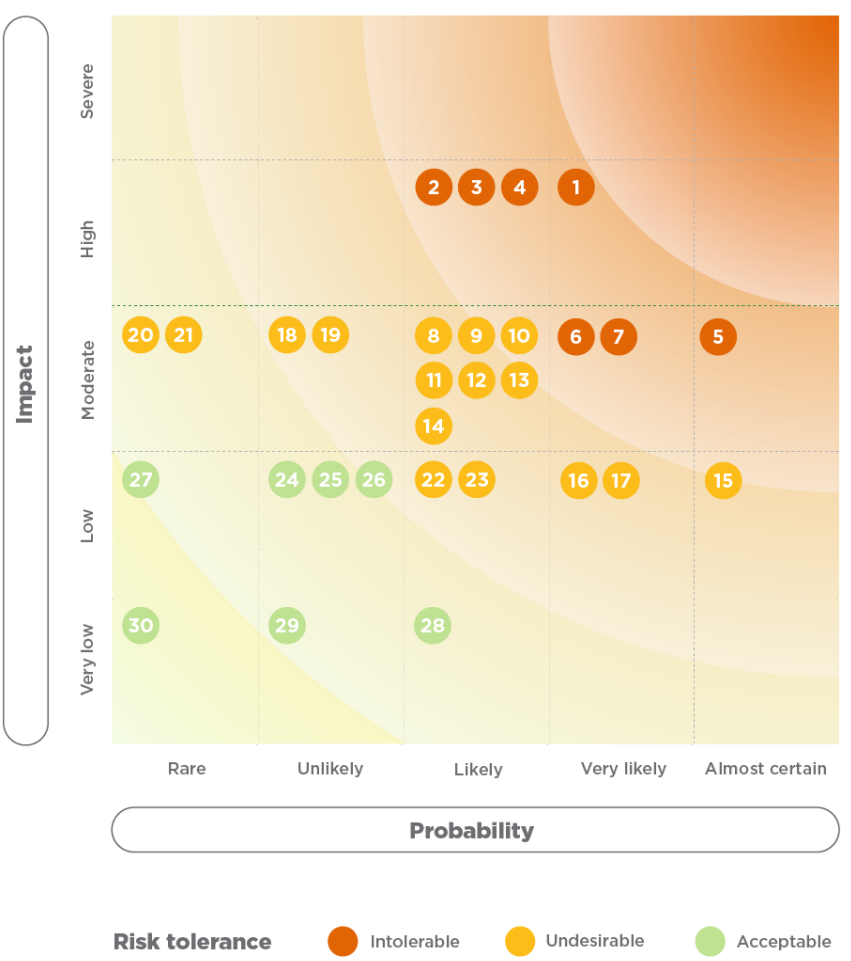
52. Existence of other divisions with responsibilities in the field of risk control

The Company has the following committees, which complement the work of the Supervisory Board and the Chief Executive Officer in terms of controlling and monitoring specific risks:

- Corporate Governance Committee - supervises the application of the Navigator Group's Corporate Governance rules and the Code of Ethics, as well as overseeing internal procedures relating to conflicts of interest, particularly with regard to relations between the Navigator Group and its Shareholders or other Stakeholders.
- Ethics and Integrity Committee - supervises compliance with the provisions of the Code of Ethics and identifies situations that condition compliance.
- Talent Committee - responsible for monitoring and supporting the appointment of senior managers in the Company and the Navigator Group, as well as assessing the performance of senior managers.
- Sustainability Forum - implements corporate and strategic policy in matters of social and environmental responsibility, and the prevention of potential risks affecting these matters.

53. Identification of the main risks (economic, financial and legal) to which the company is exposed in the course of its business.

The Navigator Group's matrix of main risks in terms of impact and probability of occurrence is as follows:



Main risks – summary description

1 Cybersecurity, information systems and artificial intelligence

Risk of loss of security, confidentiality, transparency, integrity and availability of data and systems due to exposure to improper access or new forms of cyber-attacks or information theft, which exploit vulnerabilities in information, corporate and industrial control technologies, or the improper use of artificial intelligence technologies.

2 Access to wood

Risk of actual unavailability of wood due to regulatory or legislative restrictions (e.g. restrictions on planting eucalyptus) and failures to promote the productivity, resilience and sustainability of national forests.

3 Talent management

Risk of inability to attract, retain and develop talent to cope with the departure of resources in critical or difficult-to-replace business areas or to respond to additional resource needs.

4 Evolution of the regulatory environment

The risk of regulatory changes arising from political choices, particularly at tax, environmental or economic level, significantly affecting, directly or indirectly, the Group's operations and/or results.

5 Adverse weather events

Risk associated with adverse climatic events, whether chronic (e.g. water stress) and/or acute (e.g. cyclones or floods).

6 Logistics chain

Risk of lack or unavailability of sufficient logistical resources to operate, as a result of natural constraints (e.g. bad weather) or market constraints (e.g. relocation of suppliers).

7 Access to utilities

Risk of effective unavailability of utilities (e.g. water and energy) in industrial activity.

8 Price volatility

Risk of price or margin fluctuations due to changes in market conditions.

9 Competitive environment

Risk of increased competitive pressures due essentially to the competitive positioning of producers with significantly lower production costs.

10 Fraud

Risk of fraudulent acts, corruption (e.g. conflicts of interest) and/or unethical behaviour on the part of the Group or third parties.

11 Access to finance

Risk of unavailability of internal or external financing due to endogenous causes (e.g. over-indebtedness) or exogenous causes (e.g. contraction and negative outlook for business development, decrease in market liquidity).

12 External context

Risk of significant or disruptive changes in the Group's external context caused, for example, by the occurrence of pandemics (e.g. Covid-19) and/or serious economic recession in the main markets or at European/global level.

13 Health and safety at work

Risk of accidents at work and/or failure to protect the health of employees as a result of non-compliance with safety procedures and rules or the occurrence of unexpected public health events (e.g. Covid-19).

14 Public perception

Risk of degradation, inability to monetise or increase the value of existing reputational capital in the medium to long term, due to reputationally damaging events or inaction in the management of existing reputational capital.

15 Financial markets

Risk of exposure to unfavourable variations in the exchange rate and/or interest rate and applicable ratings, which have a significant negative impact on the Group's financial results.

Main risks – summary description (cont.)

16 Changes in consumption

Risk of significant irreversible decline or discontinuity in the consumption of the Group's products or markets as a result of the emergence of alternative products and technologies.

17 Valuation of assets

Risk of loss in the valuation of assets that significantly impacts the value of the Group's balance sheet.

18 Knowledge management

Risk of loss of accumulated knowledge in the Group (intellectual capital) due to the departure of employees in key positions with specific knowledge and/or experience and the lack of effective policies for sharing and transmitting knowledge.

19 Business diversification

Risk of failure to identify opportunities for new businesses, products or processes.

20 Access to raw materials

Risk of unavailability of raw materials (e.g. chemicals) due to disruptions in supply chains.

21 Non-natural environmental disasters

Risk of occurrence of a serious environmental accident due to incidents of unnatural causes occurring in the assets under the Group's responsibility, of internal or external origin, corresponding, for example, to the explosion of industrial equipment or spillages of toxic liquids and environmental contaminants.

22 ESG performance

Risk of poor strategic orientation in the management of ESG components with a significant impact on the Group's reputation and financial performance.

23 Climate transition

Risk arising from the process of adapting to a low-carbon economy, namely the Group's inability to adapt to structural and long-term changes in technology, regulation and the market (e.g. changes in consumer preferences).

24 Productive efficiency

Risk of production inefficiency caused by errors and/or failures in the production process.

25 Governance

Risk of incapacity or existence of unintentional flaws in the Group's governance model.

26 Innovation management

Risk of reduced innovation activity with a transformative impact on the business, essentially due to the lack of focus on the effectiveness of R&D&I processes, from the perspective of orientation and impact on the business.

27 Adverse labour situations

Risk of adverse labour situations arising due to non-compliance with current labour legislation and/or inadequate management of labour relations with workers, workers' representative organisations and trade unions.

28 Customer satisfaction

Risk of reduced customer satisfaction as a result of product and/or service degradation.

29 Investment decision-making

Risk of difficulty in executing investments considered strategic and necessary for business development and operational efficiency.

30 Loans to customers

Risk of difficulty or inability to collect all the amounts granted as loans to customers within the agreed timings.

Many of the risk factors listed are not controllable by the Navigator Group, namely market factors that can fundamentally and unfavourably affect the market price of the Company's shares, regardless of the Group's operational and financial performance.

The risks brought about by climate change, along with the evolution of ESG issues, have taken on particular prominence in the Navigator Group's risk management. As well as being directly linked to Navigator's business processes, with mitigation controls described and subject to monitoring, climate change is reflected on multiple fronts in our risk management structure. For example, the risk of access to raw materials or CO licenses$_2$ can, to a large extent, derive from drought phenomena or the issues of the (de)carbonisation of economies, which Navigator aims to anticipate and which are dealt with at length in another section of this report.

54. Description of the process of identification, assessment, monitoring, control and management of risks

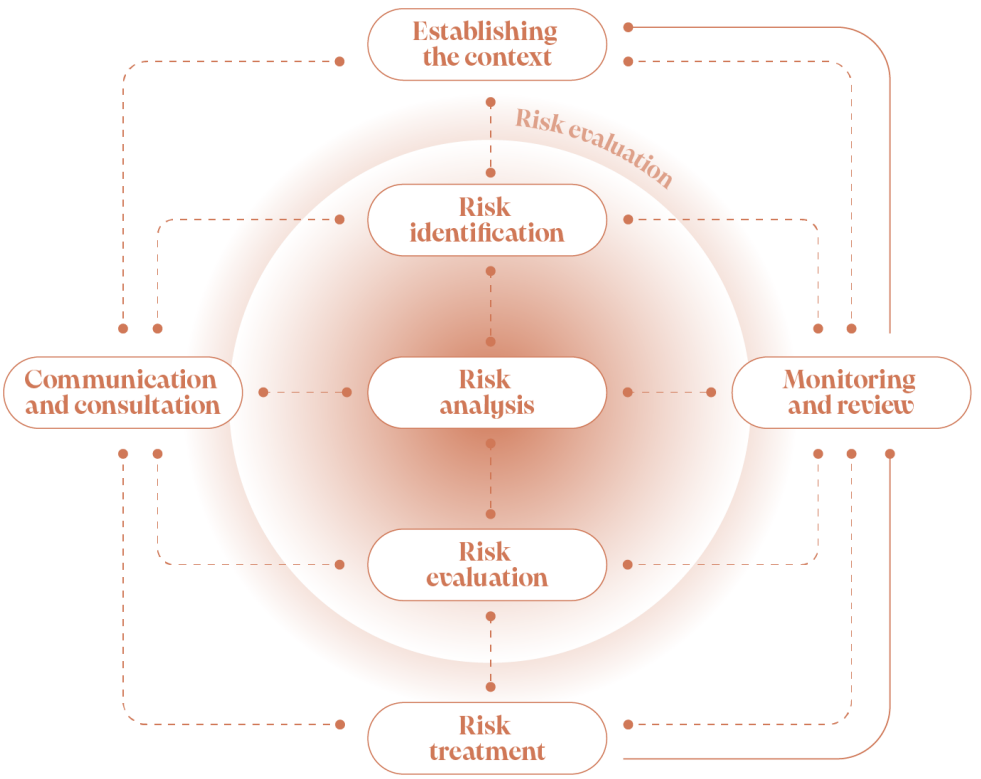
For the Navigator Group, risk management is an essential tool for decision-making by constantly monitoring the risks to which it is exposed, sensitising the Group across the board to a risk culture that includes the perspective of avoiding risks, but also the positive perspective of taking risks.

On the other hand, the various areas/departments benefit from risk management by being able to anticipate situations of uncertainty, mitigating the risks of adverse consequences and maximising the risks that in themselves present opportunities. The Navigator Group also gains greater and more sustained decision-making capacity in the face of risk events, responding in a coordinated and integrated manner to risks with causes, impacts or vulnerabilities that cover more than one area.

Finally, from the point of view of Internal Audit and the control environment, risk management is particularly important, as it enables the Navigator Group's risk profile to be continually assessed and the level of internal control to be strengthened. Equally important is the contribution of risk management to Internal Audit, focussing its action on the areas/processes of greatest risk and concern to the business "Risk-based Internal Audit". As an immediate result of this approach, it will be possible to plan and carry out audits that take into account the most relevant risks for the Navigator Group, through an audit planning methodology.

The Navigator Group's risk management process follows internationally accepted risk management best practices, models and frameworks, including "COSO II - Integrated Framework for Enterprise Risk Management" and the ISO 31000 standard.

In order to draw up the risk management process, the ISO 31000 standard was taken into account with regard to its main phases, and COSO II for the systematisation and structuring of risks. This process is made up of a set of seven interrelated phases, encompassing in itself an iterative process of continuous improvement, embodied by a communication and consultation process and a monitoring and review process. The following figure schematically represents the flow of the risk management process.



The external audit is carried out by KPMG. The Company's External Auditor checks, in particular, the application of remuneration policies and systems, as well as the effectiveness and functioning of internal control mechanisms, using the information provided by the Company.

The conclusions of the checks carried out are reported by the External Auditor to the Supervisory Board, which, where appropriate, reports the deficiencies found.

In view of the main risks identified, the monitoring and control function carried out by the Risk Management Department through internal control audits was maintained. In this context, a series of internal control audits were carried out in 2023 and open issues from previous audits were followed up.

The main focus of this year's work was on internal control processes, namely strengthening the assessment of operational information systems in the Cybersecurity component, analysing customer credit processes and forest protection performance. In addition, the internal control issues identified by the External Auditor continued to be monitored.

55. Main components of internal control and risk management systems implemented at the company for the disclosure of financial information (art. 29-H, no. 1, para. l).

The Company has an internal control system for the preparation and disclosure of financial information, which is carried out by the Company's Departments/Business Areas, namely the Accounting Department, the Tax Department, the Management Control Department, the Risk Management Department and the Investor Relations Department, and is regularly monitored by the Supervisory Board. As part of this system, the Supervisory Board assesses the financial information each quarter on the basis of the reports prepared by the management and, on a half-yearly and annual basis, on the basis of the opinion issued by the Statutory Auditor and External Auditor. In this context, meetings are also held with the participation of the Risk Management Department, members of the Executive Committee, the Statutory Auditor and External Auditor, and those responsible for

accounting and management planning and control, with a view to monitoring the processes underway. The elements of the internal control and risk management system are described in point 54.

IV. Investor Suppport

56. Office responsible for investor support, composition, functions, information provided and contact details

The Company has had an Investor Relations Office since 1995, whose mission is to prepare, manage and coordinate all the necessary activities with the aim of ensuring permanent and appropriate contact with the financial community - Investors, Shareholders, Financial Analysts and regulatory bodies - and to promote the communication of the Company's financial information, or other information that is relevant to the evolution of the performance of Navigator's shares on the capital market.

In accordance with the principles of coherence, integrity, regularity, fairness, credibility and timeliness, it contributes to facilitating the investment decision-making process and the sustained creation of shareholder value.

The Investor Relations Office is responsible for complying with its legal obligations to inform the regulator and the market, namely to disclose the Group's results and activities, to respond to requests for information from investors, financial analysts and other agents, and to support the Executive Committee in publicising The Navigator Company's growth and development strategy.

This office thus ensures the production, processing and timely disclosure of information to the Board of Directors, shareholders, investors and other stakeholders, financial analysts and the market in general, in an appropriate and rigorous manner.

The Investor Relations Office has one person, who also acts as a representative for the capital markets, and whose contact details are detailed in the next point.

All mandatory information, such as information on the company name, public company status, registered office and other details mentioned in article 171 of the Companies Code, is available on the Navigator Group's website at www.thenavigatorcompany.com. Disclosures of quarterly results, half-yearly and annual reports and accounts, the respective announcements and *press releases*, a description of the governing bodies, the financial calendar, the Company's Articles of Association, notices convening General Meetings, proposals submitted for discussion and voting at General Meetings, resolutions passed and attendance statistics, as well as all relevant facts are also available on Navigator's website, in the Investors area, in Portuguese and English.

57. Investor Relations Officer

The Company's Market Relations representative is Ana Rosa Pinelo Esteves Canha and can be contacted via the Company's general telephone number (+351 21 901 7300) or the following email 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

Navigator is keen to ensure proximity to the capital market community, through transparent, objective and consistent communication of the Company's strategy. Accordingly, over the course of 2023, the Company took part in eight events bringing together investors, financial analysts and other organisations, one of which consisted of a visit to the Setúbal Industrial Complex, giving participants the opportunity to get to know the Company's business on the ground. These events resulted in a total of 90 meetings, of which 37 were face-to-face and 53 virtual. In addition, four conference calls were held to present the results, attended by analysts and institutional investors.

Alongside these events, several follow-up meetings were held throughout the year with the 8 analysts who cover Navigator, as well as contacts and meetings with private and institutional investors.

Investor support also received questions and requests by electronic means (email and telephone contact), with an average of 20 contacts/month. As a result, around 240 requests were received and answered throughout 2023, with an estimated average response time of less than 3 working days. There were no outstanding requests for information at the end of the year.

V. Website

59. Address(es).

Navigator's website address is: 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 on Navigator's website, in the Investors area, at https://www.thenavigatorcompany.com/Investidores/Accao-Navigator#modulo4303.

61. Location of the articles of association and operating regulations of boards and/or committees

The above information is available on Navigator's website, in the Investors area, in the Corporate Governance section, 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 aforementioned information is available on Navigator's website, in the Investors area, specifically in the section on Corporate Governance, as well as in the section entitled Profile, available at www.thenavigatorcompany.com/Investidores/Governo-da-Sociedade and www.thenavigatorcompany.com/Investidores/Contactos respectively.

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", available at www.thenavigatorcompany.com/Investidores/Informacao-Financeira. The calendar of Company events for the current year has its own tab in the Investors area entitled "Calendar", 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

The notice for the General Meeting, as well as all the preparatory and subsequent information related to it, is available in the Investors' area, in a separate tab entitled "General Meetings", available at www.thenavigatorcompany.com/Investidores/Assembleias-Gerais.

65. ocation 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 aforementioned information is available in the same place as the information on General Meetings, i.e. in the Investors' area, in a separate tab entitled "General Meetings", available at www.thenavigatorcompany.com/Investidores/Assembleias-Gerais.

D. REMUNERATION

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

The body responsible for determining the remuneration of the Board of Directors and the Supervisory Board is the Remuneration Committee.

With regard to the Company's directors, this competence belongs to 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 Committee is made up of Maria Eduarda Faria e Maia de Oliveira Luna Pais, João do Passo Vicente Ribeiro and Carlota Infante da Câmara Albergaria Caldeira.

The Company considers that all members of the Remuneration Committee are independent.

The Remuneration Committee does not have any people hired to assist it. The Company is free to appoint the services it deems necessary or convenient, within the Company's budgetary limits, a right it has exercised in the past, in which case it must ensure that the services are provided independently and that the respective providers are not contracted to provide other services to the Company itself or others in a controlling or group relationship without the express authorisation of the committee. The Company believes that the composition of the Remuneration Committee ensures its independence from management, as all its members are independent.

At the Company, the Remuneration Committee provides all information or clarification to the Shareholders at the respective Annual General Meetings or at any other General Meetings, if the respective agenda includes a matter related to the remuneration of the members of the Company's bodies and committees or if such attendance is requested by the Shareholders, doing so through the presence of at least one of its members. This was the case at the Annual General Meeting of 17 May 2023, which was attended by all its members.

68. Expertise and experience of the members of the Remuneration Committee in the field of remuneration policy

Two of the members of the Remuneration Committee, Eduarda Luna Pais and Carlota Albergaria Caldeira, have extensive knowledge and experience of remuneration policy.

Eduarda Luna Pais was a consultant at Egon Zehnder for several years and subsequently Office Leader and Partner at this Company, which has extensive experience and is a leader in executive recruitment, involving in-depth and constantly updated knowledge of assessment processes and criteria and the associated remuneration packages.

For her part, Carlota Albergaria Caldeira has solid experience in human resources consultancy with a focus on managing executive search projects (national and international markets) and assessments. For several years, she carried out various consultancy projects for companies providing services in the area of talent management and executive recruitment, such as Jason Associates, Argo Talents and Mercer. He was also a Senior Associate at Heidrick & Struggles, where he managed several Human Capital/Leadership Services consultancy projects.

III. Remuneration Structure

69. Description of the remuneration policy of the management and supervisory bodies referred to in article 2 of Law no. 28/2009, of June 19.

The remuneration policy for the management and supervisory bodies ("Remuneration Policy") for the 2023 financial year, drawn up by the Remuneration Committee, was approved at the Annual General Meeting of 17 May 2023, and corresponds to Annex 2 of this Report, and there is no departure from the procedure for applying the approved remuneration policy or derogations from 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 governing bodies was structured and how the assessment of the performance of the executive management in 2023 was based complied with the model and principles - duties performed, the Company's economic situation and market criteria - set out in the Remuneration Policy for members of Navigator's management and supervisory bodies in force, to which reference is made. Point 24 above describes the process and the bodies involved in assessing the performance of executive directors.

The remuneration system in force at 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 it is a remuneration that seeks to be fair and equitable, within the scope of the principles set out, and because it associates the members of the board of directors with results, through a variable component of remuneration that has results as the preponderant factor, 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.

Regarding the components of remuneration:

(i) Non-executive directors

The remuneration of the non-executive members of the Board of Directors consists only of a fixed component, corresponding to an annual amount, payable 12 times a year, which may be differentiated due to the accumulation of functions and increased responsibilities (for example, members of specialised commissions or committees, or a predetermined amount for each attendance at a Board meeting). The remuneration of the non-executive members of the Board of Directors does not include any component whose value depends on the Company's performance or its value.

(ii) Executive directors

The remuneration of the executive members of the Board of Directors consists of a fixed component, corresponding to an annual amount, payable 12 times a year.

The annual variable remuneration of executive directors is occasional and, overall, may correspond to a percentage not exceeding five per cent of the net profit for the previous financial year, in accordance with the Company's Articles of Association.

The Remuneration Committee is responsible for setting this component, and the performance assessment of each executive director follows an internal process structured under the responsibility/leadership of the 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 the non-executive directors who the person in charge deems relevant are also involved. Also involved in this process is the Talent Committee, which is responsible for monitoring the system for assessing management performance and awarding remuneration, and for giving its opinion on the proposals for individual performance assessments for executive management. Finally, the Remuneration Committee is responsible for confirming the respective achievement factors in the performance appraisal and ensuring the overall coherence of the process by setting the variable remuneration.

The annual variable remuneration is based on a target value applicable to each director, which is paid under conditions of performance by the director and the Company that correspond to the expectations and objectives previously set. This target value is defined by weighing up the general principles mentioned above - market, specific functions, the Company's situation - with emphasis on comparable market situations in functions of equivalent relevance.

The weightings of actual performance in relation to expectations and objectives, which determine the variation in relation to the target, are based on a set of quantitative and qualitative KPIs related to the Company's performance (corresponding to general business indicators, with a weight of 65%) and the performance of the Director in question (corresponding to specific objectives, with a weight of 20%, and behavioural indicators, with a weight of 15%).

The general business indicators and their relative weightings, which may be adjusted annually by a maximum of 5 per cent, are as follows:

a) EBITDA, with a weight of 35%

b) Net results, with a weight of 10%

c) Cash flow, with a weight of 10 per cent, and

d) Total Shareholder Return vs Peers, with a weight of 10%.

The specific objectives will always include ESG indicators, such as the result of the Company's annual climate survey, the reduction of CO_2 emissions , certified wood and the consumption of water, energy and wood.

On the other hand, and within the behavioural indicators, the alignment of each executive director with the existing leadership model and the Company's long-term interests stands out.

The performance criteria referred to above are applied mathematically in their quantitative part - using the values of the business plans approved by the Board of Directors as a reference, and at the end of each period these commitments are compared with the results actually obtained - and through evaluative assessments with regard to the qualitative part.

In addition to the statutory limit on management's share of profits for the year, the Company also has mechanisms in place to limit variable remuneration: (i) the variable component is eliminated if the results show a significant deterioration in the Company's performance in the last financial year or when this is expected in the current financial year and (ii) the amount of annual variable remuneration attributable has a defined cap, corresponding to 1.8 times the target, in order to prevent good performance at one time, with immediate remuneration advantages for management, from being made at the expense of good future performance.

The determination of the annual variable remuneration may take into account reasonable adjustments relating to exogenous factors and unforeseen economic decisions, as defined in advance by the Remuneration Committee.

The nature of the indicators, their respective weight in determining the effective variable remuneration and the limits on the application of variable remuneration create a remuneration model based on recognising merit by reference to the Company's actual performance and discouraging excessive risk-taking, while at the same time contributing to the realisation of the strategy defined by The Navigator Company and ensuring that the interests of the executive members of the board of directors are aligned with the company's long-term interests.

(ii) The remuneration of the members of the Supervisory Board consists only of a fixed component, which will consist of a fixed annual amount, payable 12 times a year, with the remuneration of the Chairman of the Supervisory Board being higher than that of the other members of the Supervisory Board, taking into account the special duties he performs. There are not and never have been any agreements set by this Committee regarding payments by The Navigator Company for the dismissal or termination of office of members of the Supervisory Board.

(iii) The remuneration of the members of the Board of the General Meeting consists only of a fixed component, consisting of a predetermined amount for each meeting that actually takes place, with a lower amount for the second and subsequent meetings that take place during the same year. The remuneration of those who chair the Board of the General Meeting shall be higher than that of those who act as secretaries, taking into account the greater responsibility of the duties performed.

Although there is no independent remuneration mechanism in the Company with the specific aim of discouraging excessive risk-taking, Navigator does not include any specific objectives in the directors' performance objectives that promote excessive risk-taking, nor has it instituted any mechanism that allows for advance payments of future remuneration. Risk is an inherent characteristic of any act of management and, as such, inevitably 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 on the Company's performance over time, thus blending in with long-term interests, and therefore benefiting from the incentives for general long-term alignment and sustainability mentioned above.

71. Reference, if applicable, to the existence of a variable remuneration component and information on any impact on this from performance assessments.

The existence of a variable component in the remuneration of executive directors and information on the possible impact of performance appraisals on this component are described above, in point 70, and in the Remuneration Policy in Annex 2, to which reference is made.

The remuneration of the members of the Supervisory Board does not include any variable component.

72. Deferred payment of the variable remuneration component, with reference to the deferral period

The Company does not defer 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

The Company's variable remuneration does not include any share component.

74. Criteria applied on the allocating of variable remuneration in options and an indication of the deferral period and value

The Company's variable remuneration does not include any options.

75. Main parameters and grounds for any annual bonus system and any other non-cash benefits

The criteria used to set annual bonuses are those relating to variable remuneration, as described in point 2.2.2 of chapter 2 of the Remuneration Policy, and in points 25 and 70 above.

In addition to the variable component that may be attributed to members of the executive management bodies, no other non-pecuniary benefits are attributed to members of the management and supervisory bodies, without prejudice to the means made available to them for the performance of their duties, life insurance, health insurance and personal accident insurance 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

The Company currently has no supplementary pension or early retirement schemes for directors.

In 2019, a proposal was submitted to the Insurance and Pension Funds Supervisory Authority (ASF) to amend the Pension Fund's Constitutive Contract, whereby The Navigator Company Pension Plan was altered and the Directors were no longer entitled to a retirement supplement under the Plan. This amendment was approved by the ASF for 2022 with retroactive effect from 2 December 2021.

However, under the terms of the Regulations of The Navigator Company Pension Plan (formerly Portucel S.A. Pension Plan) in force until the effective date of the amendment to the Articles of Association, the Company's Directors who were paid as such, and who had served at least one full term of office in accordance with the articles of association, were entitled, upon retirement or disability, if this occurred during their term of office, to a monthly supplement to their old-age or disability pension, respectively.

If the invalidity occurred after the end of their term of office, these members of the Board of Directors would only be entitled to the invalidity pension supplement if they were awarded the corresponding invalidity pension by the social security organisation with which they were registered and if they requested this from the Company.

This supplement was defined according to a formula that takes into account gross monthly pay and the number of years of service, with a minimum of 10 years and a maximum of 30 years.

The directors António José Pereira Redondo, João Paulo Cabete Gonçalves Lé and António Quirino Vaz Duarte Soares are members of the pension plans of Navigator Brands, S.A., a subsidiary of the Company, as employees of that company, before taking up management positions.

Due to the specific nature of the Navigator Group's pension plan, there has been no intervention by the General Meeting to date in approving the main features of the specific rules applicable to the retirement of Directors.

It should be noted in this regard that the Company was a state-owned company until 1991, with its activity and form of operation regulated by the special law applicable to this type of company, and during this period the specific rules applied to the retirement of the members of the Board of Directors were approved.

However, it should be noted that the supplementary pension plans in force at the Company are described in Note 7 of the notes to the consolidated accounts for the financial year , which form part of the Annual Report 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

The amount of remuneration earned in 2023 is shown below, where the variable remuneration was paid in 2023 but relates to 2022 performance, by the members of the Company's management body, from Navigator, with a distinction between fixed and variable remuneration, and relative percentages, 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 .

	Fixed Remuneration		Variable Remuneration	
	Amount (Euros)	Relative Percentage	Amount (Euros)	Relative Percentage
António José Pereira Redondo	707,196	41.85%	982,603	58.15%
Adriano Augusto da Silva Silveira	238,006	23.09%	792,842	76.91%
José Fernando Morais Carreira de Araújo	329,854	31.50%	717,151	68.50%
Nuno Miguel Moreira de Araújo Santos	329,850	30.83%	740,185	69.17%
João Paulo Araújo Oliveira	190,193	20.92%	718,958	79.08%
João Paulo Cabete Gonçalves Lé	329,855	30.95%	735,822	69.05%
Dorival Martins de Almeida	230,946	100%	-	0%
António Quirino Vaz Duarte Soares	139,656	100%	-	0%
Manuel Soares Ferreira Regalado	32,083	100%	-	0%
Maria Teresa Aliu Presas	77,000	100%	-	0%
Mariana Rita Antunes Marques dos Santos	105,000	100%	-	0%
Sandra Maria Soares Santos	77,000	100%	-	0%
Ana Teresa Cunha de Pinho Tavares Lehmann	47,707	100%	-	0%
Vítor Manuel Galvão Rocha Novais Gonçalves	40,833	100%	-	0%

The table above shows the annual amount corresponding to the period in which the members of the Board of Directors held office.

The tables below show, for the purposes of Article 26-G(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 Company's full-time equivalent Employees, and the Company's performance indicators:

Board of Directors		2019	2020	2021	2022	2023
António José Pereira Redondo	Fixed remuneration (€)	319,203	655,699	668,349	651,780	707,196
	Variable remuneration (€)	548,702	185,984	839,967	777,486	982,603
	Total remuneration (€)	867,905	841,683	1,508,316	1,429,266	1,689,799
	% variation	3.6%	-3.0%	79.2%	-5.2%	18.2%
Adriano Augusto da Silva Silveira	Fixed remuneration (€)	297,108	313,172	319,214	319,214	238,006
	Variable remuneration (€)	-	117,000	628,891	625,240	792,842
	Total remuneration (€)	297,108	430,172	948,105	944,454	1,030,848
	% variation	-25.2%	44.8%	120.4%	-0.4%	9.1%
José Fernando Morais Carreira de Araújo	Fixed remuneration (€)	319,213	313,171	319,213	319,213	329,854
	Variable remuneration (€)	554,110	175,663	599,173	623,780	717,151
	Total remuneration (€)	873,324	488,834	918,386	942,993	1,047,005
	% variation	8.6%	-44.0%	87.9%	2.7%	11.0%
Nuno Miguel Moreira de Araújo Santos	Fixed remuneration (€)	319,199	313,157	319,199	319,199	329,850
	Variable remuneration (€)	415,447	128,915	474,022	612,855	740,185
	Total remuneration (€)	734,646	442,073	793,221	932,054	1,070,035
	% variation	-16.2%	-39.8%	79.4%	17.5%	14.8%
João Paulo Araújo Oliveira	Fixed remuneration (€)	319,190	313,157	319,806	319,199	190,193
	Variable remuneration (€)	485,485	121,627	582,448	567,308	718,958
	Total remuneration (€)	804,675	434,784	902,254	886,507	909,151
	% variation	4.4%	-46.0%	107.5%	-1.7%	2.6%
João Paulo Cabete Gonçalves Lé	Fixed remuneration (€)	-	315,392	319,214	319,214	329,855
	Variable remuneration (€)	-	15,074	524,141	602,857	735,822
	Total remuneration (€)	-	330,466	843,355	922,071	1,065,677
	% variation	-	100.0%	155.2%	9.3%	15.6%
Dorival Martins de Almeida	Fixed remuneration (€)	-	-	-	-	230,946
	Variable remuneration (€)	-	-	-	-	-
	Total remuneration (€)	-	-	-	-	230,946
	% variation	-	-	-	-	100.0%
António Quirino Vaz Duarte Soares	Fixed remuneration (€)	-	-	-	-	139,656
	Variable remuneration (€)	-	-	-	-	-
	Total remuneration (€)	-	-	-	-	139,656
	% variation	-	-	-	-	100.0%
Manuel Soares Ferreira Regalado	Fixed remuneration (€)	77,000	75,543	77,000	77,000	32,083
	Variable remuneration (€)	-	-	-	-	-
	Total remuneration (€)	77,000	75,543	77,000	77,000	32,083
	% variation	0.0%	-1.9%	1.9%	0.0%	-58.3%
Maria Teresa Aliu Presas	Fixed remuneration (€)	56,023	75,522	77,000	77,000	77,000
	Variable remuneration (€)	-	-	-	-	-
	Total remuneration (€)	56,023	75,522	77,000	77,000	77,000
	% variation	100.0%	34.8%	2.0%	0.0%	0.0%
Mariana Rita Antunes Marques dos Santos	Fixed remuneration (€)	76,395	102,984	105,000	105,000	105,000
	Variable remuneration (€)	-	-	-	-	-
	Total remuneration (€)	76,395	102,984	105,000	105,000	105,000
	% variation	100.0%	34.8%	2,0%	0.0%	0.0%
Sandra Maria Soares Santos	Fixed remuneration (€)	56,023	75,522	77,000	77,000	77,000
	Variable remuneration (€)	-	-	-	-	-
	Total remuneration (€)	56,023	75,522	77,000	77,000	77,000
	% variation	100.0%	34.8%	2.0%	0.0%	0.0%
Ana Teresa Cunha de Pinho Tavares Lehmann	Fixed remuneration (€)	-	-	-	-	47,707
	Variable remuneration (€)	-	-	-	-	-
	Total remuneration (€)	-	-	-	-	47,707
	% variation	-	-	-	-	100.0%
Vítor Manuel Galvão Rocha Novais Gonçalves	Fixed remuneration (€)	98,000	96,145	77,000	98,000	40,833
	Variable remuneration (€)	-	-	-	-	-
	Total remuneration (€)	98,000	96,145	77,000	98,000	40,833
	% variation	0.0%	-1.9%	-19.9%	27.3%	-58.3%
Diogo António Rodrigues da Silveira	Fixed remuneration (€)	259,033	-	-	-	-
	Variable remuneration (€)	653,534	-	-	-	-
	Total remuneration (€)	912,566	-	-	-	-
	% variation	-19.8%	-	-	-	-
Luís Alberto Caldeira Deslandes	Fixed remuneration (€)	77,000	-	-	77,000	-
	Variable remuneration (€)	77,000	-	-	-	-
	Total remuneration (€)	154,000	-	-	77,000	-
	% variation	31.0%	-	-	100.0%	-100.0%

Supervisory Board		2019	2020	2021	2022	2023
José Manuel Vitorino	Fixed Remuneration (€)	21,994	21,994	21,994	21,994	35,147
	% variation	10.78%	0.00%	0.00%	0.00%	59.80%
Gonçalo Picão Caldeira	Fixed Remuneration (€)	16,002	16,002	16,002	16,002	25,593
	Variação em %	0.00%	0.00%	0.00%	0.00%	59.94%
Maria da Graça Gonçalves	Fixed Remuneration (€)	16,002	16,002	16,002	16,002	25,593
	% variation	70.26%	0.00%	0.00%	0.00%	59.94%

78. Amounts paid on any basis by other controlled, controlling or group companies or companies under common control

It should be made clear that the amounts referred to in this paragraph relate only to companies not controlled by Navigator. Also included are amounts to which Navigator and its governing bodies are not privy, as they relate to its shareholders, shareholders of shareholders and other companies controlled by shareholders, provided that there are control relationships.

In 2023, the directors Ricardo Miguel dos Santos Pacheco Pires (1,499,519.51 euros), Hugo Alexandre Lopes Pinto (451,720.80 euros), Maria Isabel da Silva Marques Abranches Viegas (276,558.39 euros) and Vítor Paulo Paranhos Pereira (1,085,092.53 euros) earned remuneration in other companies in a control relationship or subject to common control. It should be clarified that the other members of the Board of Directors did not receive remuneration from other companies in a group relationship with Navigator, based on the definition of group as defined in Article 2(1)(g) of Decree-Law 158/2009 of 13 July, in accordance with the provisions of Article 26g(2)(d) of the CVM.

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 remuneration paid by the Company in the form of profit-sharing and/or bonus payments corresponds to the variable remuneration set out in point 77 of this Report, and these amounts were set on the basis of the Remuneration Committee's actual application of the criteria described in chapter 2 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 due from the Company to former executive directors for leaving office.

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

	Fixed Remuneration		Variable Remuneration	
	Amount (Euros)	Relative Percentage	Amount (Euros)	Relative Percentage
José Manuel Vitorino	35,147	100%	0	0%
Gonçalo Picão Caldeira	25,593	100%	0	0%
Maria da Graça Gonçalves	25,593	100%	0	0%

82. Indication of remuneration earned in the reporting period by the Chairman of the General Meeting

The Chairman of the Board of the General Meeting only receives fixed remuneration, taking into account the number of meetings of the General Meeting each year.

During 2023, the Chairman of the General Meeting received a fixed remuneration of €7,000 (seven 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 that limits or otherwise alters the supplementary legal regime for cases of termination of office, with or without just cause. The Remuneration Policy approved by the Company's Remuneration Committee stipulates that, in the event of directors leaving office, the supplementary legal regime in this area will apply.

Therefore, considering the absence of individual contracts with Directors in this area and the provisions of the aforementioned Remuneration Policy, in the event of dismissal that is not due to a serious breach of duty by the Director or to the Director's inability to fulfil his duties normally, the Company will be obliged to pay compensation under the general terms of the law, without this compensation exceeding the amount of remuneration that he would presumably receive until the end of the period for which he was elected.

Leaving office before the end of the term of office does not therefore give rise, directly or indirectly, to the payment to the Director of any amounts other than those provided for by law.

84. Reference to the existence and description, with an indication of the amounts involved, of agreements between the company and members of the board of directors and senior managers, within the meaning of Article 29-R(3) of the Securities Code, which provide for compensation in the event of resignation, unfair dismissal or termination of the employment relationship following a change of control of the company (Article 29-H(1)(k)).

There are also no agreements between the Company and members of the board of directors and senior managers that provide for compensation in the event of resignation, unfair dismissal or termination of the employment relationship following a change of control of the Company.

VI. Stocks or stock option plans

85. Identification of plan and beneficiaries.

Not applicable, as there are no remuneration payments through share award plans 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 29-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 Parties Transactions, which defines the rules on conflicts of interest and related parties transactions to which the Company is a party, in addition to the internal mechanisms the Company has in place, for the purposes of complying with international accounting standard IAS 24 (Related Party Disclosures), and is applicable, without prejudice to the obligations of the Company and its directors in terms of Insider Information, the legal regime of the Company's business with directors, and the internal regulations on the Communication of Irregularities and other applicable legislation in this area.

This Regulation was approved with the favourable and binding opinion of the Audit Board, taking into account the applicable legal and regulatory framework in force on this matter, namely Law no. 50/2020, of 25 August, and Law no. 99-A/2021, of 31 December.

This Regulation is available for consultation on the Company's website (www.thenavigatorcompany.com/Investidores/Governo-da-Sociedade).

Under the terms of the Regulation on Conflicts of Interest and Related Party Transactions, transactions between the Company and related parties - qualified as such by the international accounting standards adopted under Regulation (EC) 1606/2002 of the European Parliament and of the Council of 19 July, namely by the international accounting standard IAS 24 (Related Party Disclosures) - are subject to the following approval procedures:

The following transactions are approved by the Executive Committee:

a) Loans made to the Company by its shareholder companies for an amount equal to or less than one hundred million euros;

b) Transactions within the scope of the group taxation regime, with a value equal to or less than one hundred million euros;

c) Transactions carried out with controlled companies that consolidate accounts with the Company, with an individual or cumulative annual value equal to or less than two per cent of the controlled company's turnover, calculated in accordance with the last approved annual accounts;

d) Loans to controlled companies that consolidate accounts with the Company, as well as underwriting their debt, (i) with a term of less than six months, (ii) with an individual or cumulative annual value of less than one fifth of the turnover of the respective controlled company, calculated in accordance with the last approved annual accounts, and which does not exceed one hundred million euros, and (iii) provided that the controlled company guarantees credit lines for the repayment of the operation; and

e) Any other transactions whose individual or cumulative annual value is equal to or less than one million euros.

Transactions that (i) do not fall within the scope of the preceding paragraphs, or (ii) fall within those paragraphs but are not carried out as part of the Company's day-to-day business, are approved by resolution of the Board of Directors, preceded by a favourable opinion from the Audit Board.

Under the terms of the aforementioned Regulation, transactions may only be carried out under market conditions and if there is a justified self-interest on the part of the Company.

With regard to the procedures for informing, verifying and formalising related parties transactions, the Regulation states that:

a) The Board of Directors is informed every six months of resolutions relating to transactions in which it has not participated;

b) The Audit Board is informed of transactions carried out by the Company for the purposes of verifying that the transactions comply with the regime described above and with the applicable legislation and regulations, and related parties may not take part in the verification in question;

c) It is also the responsibility of the Company's managers who intervene in the formalisation of transactions with related parties to ensure that the transactions are previously submitted to the resolutions required by the regulations and applicable laws and regulations; and

d) The formalisation and execution of resolutions on related parties transactions must be particularly monitored by the Executive Committee.

The Company will disclose transactions that must be disclosed under the terms of the applicable legislation and regulations, namely because they have not fulfilled any of the legal requirements, and according to the value in question, under the terms and within the timeframe laid down in the applicable legislation and regulations.

The Regulation shall not apply to transactions treated as exempt under applicable laws and regulations.

As part of its ongoing commitment to ethics and integrity, Navigator is responsible for adopting measures to ensure impartiality in decision-making processes, preventing cases of potential conflict of interest involving the Company or its employees.

This commitment is reflected in the way the Company manages conflicts of interest and is materialised through:

- Implementation of clear policies and procedures that define what constitutes a conflict of interest and establish guidelines for its identification, disclosure and resolution;
- Promoting an organisational culture that values transparency, honesty and integrity in all business interactions and decisions made;
- Regular training for all employees on how to recognise, report and resolve conflicts of interest appropriately;
- Maintaining communication channels where employees and interested parties can report concerns about possible conflicts of interest.

With regard to the procedures applicable to conflicts of interest, the Regulation on Conflicts of Interest and Related Parties Transactions stipulates that a situation of conflict exists whenever a manager is in a position which, viewed objectively, is likely to compromise their independence and cause their judgement to be influenced by interests other than the interests of the Company, whether or not these interests are in their own assets or those of third parties. For the purposes of their adequate prevention, identification and resolution, the manager must:

- Communicate the existence of a conflict of interest, even if potential, to their hierarchical superior or, in the case of a member of a collegiate body, to the body in question, under the terms of the respective operating regulations; and

- Refrain from interfering or participating in the event of a conflict of interest and, in the case of a decision-making process, record this impediment in the minutes or other written document documenting the decision, without prejudice to the duty to provide the information and clarifications requested by the body in question and its members.

- In addition, all the operating regulations of the governing bodies and internal committees contain provisions on conflicts of interest, in line with the rules described above.

In 2023, the Company strengthened its internal control mechanisms with regard to identifying situations of potential conflict of interest by implementing an additional procedure for reporting and verifying these situations. It has mapped out the employees who, by virtue of their duties, are in situations that may give rise to conflicts of interest, and then identified third parties who may constitute related parties in transactions with Navigator, periodically updating this analysis.

In addition, all the operating regulations of the governing bodies and internal committees contain provisions on conflicts of interest, in line with the rules described above.

90. Indication of transactions subject to control in the reporting period.

In 2023, 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 Audit 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 Note 11.3 of the Notes to the Consolidated Financial Statements.

Part II
Corporate Government Assessment

1. IDENTIFICATION OF THE CORPORATE GOVERNANCE CODE ADOPTED

In 2023, Navigator adopted the Corporate Governance Code of the Portuguese Institute of Corporate Governance ("IPCG") of 2018, as it has done since 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 and 2023. It is released by the IPCG and can be accessed on the respective website, at https://cgov.pt/images/ficheiros/2023/en_cgs_revisao-de-2023_ebook.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
General Principles A. Corporate governance promotes and fosters the pursuit of the respective long-term interests, performance and sustained development, and is structured in order to allow the interests of shareholders and other investors, staff, clients, creditors, suppliers and other stakeholders to be weighed, contributing to the strengthening of confidence in the quality, transparency and ethical standards of administration and supervision, as well as to the sustainable development of the community the companies form part of and to the development of the capital market. B. The Code is voluntary and compliance is based on the comply or explain principle, applicable to all Recommendations.		
CHAPTER I – Company's relationship with Shareholders, Interested Parties and the Community at Large		
Principles I.A. In their organisation, operation and in the definition of their strategy, companies shall contribute to the pursuit of the Sustainable Development Goals defined within the framework of the United Nations Organisation, in terms that are appropriate to the nature of their activity and their size. In their organisation, operation and in the definition of their strategy, companies shall contribute to the pursuit of the Sustainable Development Goals defined within the framework of the United Nations Organisation, in terms that are appropriate to the nature of their activity and their size. I.B. The company periodically identifies, measures and seeks to prevent negative effects related to the environmental and social impact of the operation of its activity, in terms that are appropriate to the nature and size of the company. I.C. In its decision-making processes, the management body considers the interests of shareholders and other investors, employees, suppliers and other stakeholders in the activity of the company.		
Recommendations		
I.1. The company specifies in what terms its strategy seeks to ensure the fulfilment of its long-term objectives and what are the main contributions resulting herefrom for the community at large.	Adopted	Part I, no. 21 Annnual Report, Ch. 6.2.4 – Our Agenda and Route 2030 and Ch. 10.1 Route 2030

	Compliance	Comments
I.2. The company identifies the main policies and measures adopted with regard to the fulfilment of its environmental and social objectives.	Adopted	Part I, no. 21, 29, 49 and 53 Annual Report Section 6. Sustainability Statement, esp. policies mentioned in Ch. 6.2.1 – Sustainability Governance
CHAPTER II – Composition and Functioning of the Corporate Bodies		
II.1 – Information		
Principle *II.1.A. Companies and, in particular, their Directors treat shareholders and other investors in an equitable manner, namely by ensuring mechanisms and procedures for the adequate treatment and disclosure of information.*		
Recommendation		
I.1.1. The company establishes mechanisms to adequately and rigorously ensure the timely circulation or disclosure of the information required to its bodies, the company secretary, shareholders, investors, financial analysts, other stakeholders and the market at large.	Adopted	Part I, no. 21, 22, 38 and 56 to 65 Annual Report, 3.1, 4.5, 5 and 6.2.3
II.2 – Diversity in the Composition and Functioning of the Corporate Bodies		
Principles *II.2.A. Companies have adequate and transparent decision-making structures, ensuring maximum efficiency in the functioning of their bodies and committees[89].* *II.2.B. Companies ensure diversity in the composition of their management and supervisory bodies and the adoption of individual merit criteria in the respective appointment processes, which shall be the exclusive responsibility of shareholders.* *II.2.C. Companies ensure that the performance of their bodies and committees is duly recorded, namely in minutes of meetings, that allow for knowing not only the sense of the decisions taken but also their grounds and the opinions expressed by their members.*		
Recommendations		
II.2.1. Companies establish, previously and abstractly, criteria and requirements regarding the profile of the members of the corporate bodies that are adequate to the function to be performed, considering, notably, individual attributes (such as competence, independence, integrity, availability and experience), and diversity requirements (with particular attention to equality between men and women), that may contribute to the improvement of the performance of the body and of the balance in its composition.	Adopted	Part I no. 16
II.2.2. The management and supervisory bodies and their internal committees are governed by regulations – notably regarding the exercise of their powers, chairmanship, the frequency of meetings, operation and the duties framework of their members – fully disclosed on the website of the company, whereby minutes of the respective meetings shall be drawn up.	Adopted	Part I no. 22, 27, 29, 34 and 38
II.2.3. The composition and number of meetings for each year of the management and supervisory bodies and of their internal committees are disclosed on the website of the company.	Adopted	Part I no. 22, 27, 34 and 61
II.2.4. The companies adopt a whistle-blowing policy that specifies the main rules and procedures to be followed for each communication and an internal reporting channel that also includes access for non- employees, as set forth in the applicable law.	Adopted	Part I no. 49, 50, 54 and 89

[89] *Committees*, *company committees*, *specialised committees* or *internal committees* are understood to mean committees made up for the most part of members of the corpo- rate bodies, to whom the company attributes company functions within the company ambit, excluding the Remuneration Committee appointed by the General Meeting, pursuant to Article 399 of the Portuguese Commercial Companies Code, unless the Code expressly states otherwise.

	Compliance	Comments
II.2.5. The companies have specialised committees for matters of corporate governance, remuneration, appointments of members of the corporate bodies and performance assessment, separately or cumulatively. If the Remuneration Committee provided for in Article 399 of the Portuguese Commercial Companies Code has been set up, the present Recommendation can be complied with by assigning to said committee, if not prohibited by law, powers in the above matters.	Adopted	Part I no. 21, 27 and 29
II.3 – Relations between Corporate Bodies		
Principle *II.3.A. The corporate bodies create the conditions for them to act in a harmonious and articulated manner, within the scope of their responsibilities, and with information that is adequate for carrying out their functions.*		
Recommendations		
II.3.1. The Articles of Association or equivalent means adopted by the company set out the mechanisms to ensure that, within the limits of the applicable laws, the members of the management and supervisory bodies have permanent access to all necessary information to assesss the performance, situation and development prospects of the company, including, specifically, the minutes of the meetings, the documentation supporting the decisions taken, the convening notices and the archive of the meetings of the executive management body, without prejudice to access to any other documents or persons who may be requested to provide clarification.	Adopted	Part I no. 21, 22 and 38
II.3.2. Each body and committee of the company ensures, in a timely and adequate manner, the interorganic flow of information required for the exercise of the legal and statutory powers of each of the other bodies and committees.	Adopted	Part I no. 21, 22, 27 and 38
II.4 – Conflicts of Interests		
Principle *II.4.A. The existence of current or potential conflicts of interest between the members of bodies or committees and the company shall be prevented, ensuring that the conflicted member does not interfere in the decision-making process.*		
Recommendations		
II.4.1. By internal regulation or an equivalent hereof, the members of the management and supervisory bodies and of the internal committees shall be obliged to inform the respective body or committee whenever there are any facts that may constitute or give rise to a conflict between their interests and the interest of the company.	Adopted	Part I no. 89
II.4.2. The company adopts procedures to ensure that the conflicted member does not interfere in the decision-making process, without prejudice to the duty to provide information and clarification requested by the body, committee or respective members.	Adopted	Part I no. 89
II.5 – Related Party Transactions		
Principle *II.5.A. Transactions with related parties shall be justified by the interest of the company and shall be carried out under market conditions, being subject to principles of transparency and adequate supervision.*		
Recommendation		
II.5.1. The management body discloses, in the corporate governance report or by other publicly available means, the internal procedure for verification of transactions with related parties.	Adopted	Part I no. 38 and 89 to 81
Chapter III – SHAREHOLDERS AND GENERAL MEETING		

	Compliance	Comments
Principles *III.A. The adequate involvement of shareholders in corporate governance constitutes a positive factor for the efficient functioning of the company and the achievement of its corporate objective.* *III.B. The company promotes the personal participation of shareholders at general meetings as a space for reflection on the company and for shareholders to communicate with the bodies and committees of the company.* *III.C. The company implements adequate means for shareholders to attend and vote at the general meeting without being present in person, including the possibility of sending in advance questions, requests for clarification or information on the matters to be decided on and the respective proposals.*		
Recommendations		
III.1. The company does not set an excessively large number of shares to be entitled to one vote and informs in the corporate governance report of its choice whenever each share does not carry one vote.	Adopted	Part I no. 12 and 13
III.2. The company that has issued special plural voting rights shares identifies, in its corporate governance report, the matters that, pursuant to the company's Articles of Association, are excluded from the scope of plural voting.	Not applicable	Not applicable
III.3. The company does not adopt mechanisms that hinder the passing of resolutions by its shareholders, specifically fixing a quorum for resolutions greater than that foreseen by law.	Adopted	Part I, no. 14
III.4. The company implements adequate means for shareholders to participate in the general meeting without being present in person, in proportion to its size.	Adopted	Part I, no. 12
III.5. The company also implements adequate means for the exercise of voting rights without being present in person, including by correspondence and electronically.	Adopted	Part I, no. 12
III.6. The Articles of Association of the company that provide for the restriction of the number of votes that may be held or exercised by one single shareholder, either individually or jointly with other shareholders, shall also foresee that, at least every five years, the general meeting shall resolve on the amendment or maintenance of such statutory provision – without quorum requirements greater than that provided for by law – and that in said resolution, all votes issued are to be counted, without applying said restriction.	Not applicable	Not applicable
III.7. The company does not adopt any measures that require payments or the assumption of costs by the company in the event of change of control or change in the composition of the management body and which are likely to damage the economic interest in the transfer of shares and the free assessment by shareholders of the performance of the Directors.	Adopted	Parte I, no. 4, 83 and 84
Chapter IV – MANAGEMENT		
IV.1 – Management Bodies and Executive Directors		
Principles *IV.1.A. The day-to-day management of the company shall be the responsibility of executive directors with the qualifications, skills, and experience appropriate for the position, pursuing the corporate goals and aiming to contribute to its sustainable development.* *IV.1.B. The determination of the number of executive directors shall take into account the size of the company, the complexity and geographical dispersion of its activity and the costs, bearing in mind the desirable flexibility in the running of the executive management.*		
Recommendations		
IV.1.1. The management body ensures that the company acts in accordance with its object and does not delegate powers, notably with regard to: i) definition of the corporate strategy and main policies of the company; ii) organisation and coordination of the corporate structure; iii) matters that shall be considered strategic due to the amounts, risk and particular characteristics involved.	Adopted	Part I, no. 21 and 22
IV.1.2. The management body approves, by means of regulations or through an equivalent mechanism, the performance regime for executive directors applicable to the exercise of executive functions by them in entities outside the group.	Adopted	Part I, no. 22
IV.2 – Management Body and Non-Executive Directors		

	Compliance	Comments
Principles *IV.2.A. For the full achievement of the corporate objective, the non-executive directors shall exercise, in an effective and judicious manner, a function of general supervision and of challenging the executive management, whereby such performance shall be complemented by commissions in areas that are central to the governance of the company.* *IV.2.B. The number and qualifications of the non-executive directors shall be adequate to provide the company with a balanced and appropriate diversity of professional skills, knowledge and experience.*		
Recommendations		
IV.2.1. Notwithstanding the legal duties of the chairman of the board of directors, if the latter is not independent, the independent directors – or, if there are not enough independent directors, the non- executive directors – shall appoint a coordinator among themselves to, in particular (i) act, whenever necessary, as interlocutor with the chairman of the board of directors and with the other directors, (ii) ensure that they have all the conditions and means required to carry out their duties, and (iii) coordinate their performance assessment by the administration body as provided for in Recommendation VI.1.1.; alternatively, the company may establish another equivalent mechanism to ensure such coordination.	Adopted	Part I no. 18
IV.2.2. The number of non-executive members of the management body shall be adequate to the size of the company and the complexity of the risks inherent to its activity, but sufficient to ensure the efficient performance of the tasks entrusted to them, whereby the formulation of this adequacy judgement shall be included in the corporate governance report.	Adopted	Part I, no. 18, 31, 50, 51 and 54
IV.2.3. The number of non-executive directors is greater than the number of executive directors.	Adopted	Part I, no. 18
IV.2.4. The number of non-executive directors that meet the independence requirements is plural and is not less than one third of the total number of non-executive directors. For the purposes of the present Recommendation, a person is deemed independent when not associated to any specific interest group in the company, nor in any circumstances liable to affect his/her impartiality of analysis or decision, in particular in virtue of: i. Having carried out, continuously or intermittently, functions in any corporate body of the company for more than twelve years, with this period being counted regardless of whether or not it coincides with the end of the mandate; ii. Having been an employee of the company or of a company that is controlled by or in a 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 with a company that is controlled by or in a group relationship with the company, either directly or as a partner, director, manager or officer of a legal person; iv. Being the beneficiary of remuneration paid by the company or by a company that is controlled by or in a group relationship with the company, in addition to remuneration stemming from the performance of the functions of director; v. Living in a non-marital partnership or being a spouse, relative or kin in a direct line and up to and including the 3rd degree, in a collateral line, of directors of the company, of directors of a legal person owning a qualifying stake in the company or of natural persons owning, directly or indirectly, a qualifying stake; vi. Being a holder of a qualifying stake or representative of a shareholder that is holder of a qualifying stake.	Adopted	Part I, no. 18
IV.2.5. The provisions of paragraph (i) of the previous Recommendation do not prevent the qualification of a new Director as independent if, between the end of his/her functions in any corporate body and his/her new appointment, at least three years have elapsed (cooling-off period).	Adopted	Part I, no. 18
Chapter V – SUPERVISION		
Principles *V.A. The supervisory body carries out permanent supervision activities of the administration of the company, including, also from a preventive perspective, the monitoring of the activity of the company and, in particular, the decisions of fundamental importance for the company and for the full achievement of its corporate object.* *V.B. The composition of the supervisory body provides the company with a balanced and adequate diversity of professional skills, knowledge and experience.*		

	Compliance	Comments
Recommendations		
V.1. With due regard for the competences conferred to it by law, the supervisory body takes cognisance of the strategic guidelines and evaluates and renders an opinion on the risk policy, prior to its final approval by the administration body.	Adopted	Part I, no. 38 and 50
V.2. The number of members of the supervisory body and of the financial matters committee should be adequate in relation to the size of the company and the complexity of the risks inherent to its activity, but sufficient to ensure the efficiency of the tasks entrusted to them, and this adequacy judgement should be included in the corporate governance report.	Adopted	Part I, no. 18, 31, 50, 51 and 54
Chapter VI – PERFORMANCE ASSESSMENT, REMUNERATION AND APPOINTMENTS		
VI.1. Annual Performance Assessment		
Principle *VI.1.A. The company promotes the assessment of performance of the executive body and its individual members as well as the overall performance of the management body and its specialised committees.*		
Recommendation		
VI.1.1. The management body – or committee with relevant powers, composed of a majority of non-executive members – evaluates its performance on an annual basis, as well as the performance of the executive committee, of the executive directors and of the company committees, taking into account the compliance with the strategic plan of the company and of the budget, the risk management, its internal functioning and the contribution of each member to that end, and the relationship between the bodies and committees of the company.	Adopted	Part I, no. 22, 24 and 25
VI.2. Remunerações		
Principles *VI.2.A. The remuneration policy for members of the management and supervisory bodies shall allow the company to attract qualified professionals at a cost that is economically justified by their situation, provide for the alignment with the interests of the shareholders – taking into consideration the wealth effectively created by the company, the economic situation and the market situation – and shall constitute a factor for developing a culture of professionalism, sustainability, merit promotion and transparency in the company.* *V.2.B. Taking into consideration that the position of directors is, by nature, a remunerated position, directors shall receive a remuneration:* *i) that adequately rewards the responsibility undertaken, the availability and competence placed at the service of the company;* *ii) that ensures a performance aligned with the long-term interests of shareholders and promotes the sustainable performance of the company; and* *iii) that rewards performance.*		
Recommendations		
VI.2.1. The company constitutes a remuneration committee, whose composition shall ensure its independence from the board of directors, whereby it may be the remuneration committee appointed pursuant to Article 399 of the Portuguese Commercial Companies Code.	Adopted	Part I no. 24, 27, 66 and 67
VI.2.2. The remuneration of the members of the management and supervisory bodies and of the company committees is established by the remuneration committee or by the general meeting, upon proposal of such committee.	Adopted	Part I no. 24, 27, 66 and 67
VI.2.3. The company discloses in the corporate governance report, or in the remuneration report, the termination of office of any member of a body or committee of the company, indicating the amounts of all costs related to the termination of office borne by the company, for any reason, during the financial year in question.	Adopted	VI.2.3.(I) Part I no. 17, 18 and 21 VI.2.3.(II) Not applicable
VI.2.4. In order to provide information or clarification to shareholders, the president or another member of the remuneration committee shall be present at the annual general meeting and at any other general meeting at which the agenda includes a matter related to the remuneration of the members of bodies and committees of the company, or if such presence has been requested by shareholders.	Adopted	Part I no. 76

	Compliance	Comments
VI.2.5. Within the budget constraints of the company, the remuneration committee may freely decide to hire, on behalf of the company, consultancy services that are necessary or convenient for the performance of its duties.	Adopted	Part I no. 67
VI.2.6. The remuneration committee ensures that such services are provided independently.	Adopted	Part I no. 67
VI.2.7. The providers of said services are not hired by the company itself or by any company controlled by or in group relationship with the company, for the provision of any other services related to the competencies of the remuneration committee, without the express authorisation of the committee.	Adopted	Part I no. 67
VI.2.8. In view of the alignment of interests between the company and the executive directors, a part of their remuneration has a variable nature that reflects the sustained performance of the company and does not encourage excessive risk-taking.	Adopted	Part I no. 70 and 71 Part III Annex II
VI.2.9. A significant part of the variable component is partially deferred over time, for a period of no less than three years, and is linked to the confirmation of the sustainability of performance, in terms defined in the remuneration policy of the company.	Not adopted	Explanation of not adopted Recommendation below
VI.2.10. When the variable remuneration includes options or other instruments directly or indirectly subject to share value, the start of the exercise period is deferred for a period of no less than three years.	Not applicable	Not applicable
VI.2.11. The remuneration of non-executive directors does not include any component whose value depends on the performance of the company or of its value.	Adopted	Part I no. 71
VI.3. Appointments		
Principle *VI.3.A. Regardless of the method of appointment, the knowledge, experience, professional background, and availability of the members of the corporate bodies and of the senior management[90] shall be adequate for the job to be performed.*		
Recommendations		
VI.3.1. The company promotes, in the terms it deems adequate, but in a manner susceptible of demonstration, that the proposals for the appointment of members of the corporate bodies are accompanied by grounds regarding the suitability of each of the candidates for the function to be performed.	Adopted	Part I no. 16
VI.3.2. The committee for the appointment of members of corporate bodies includes a majority of independent directors.	Not adopted	Explanation of not adopted Recommendation below
VI.3.3. Unless it is not justified by the size of the company, the task of monitoring and supporting the appointments of senior managers shall be assigned to an appointment committee.	Adopted	Part I no. 29
VI.3.4. The committee for the appointment of senior management provides its terms of reference and promotes, to the extent of its powers, the adoption of transparent selection processes that include effective mechanisms for identifying potential candidates, and that for selection those are proposed who present the greatest merit, are best suited for the requirements of the position and promote, within the organisation, an adequate diversity including regarding gender equality.	Adopted	Part I no. 16 and 29
Chapter VII – INTERNAL CONTROL		

[90] In this Code, senior management is understood as persons who are part of the senior management as defined (under the name "management") by European and national legislation regarding listed companies, excluding members of the corporate bodies.

	Compliance	Comments
Principle *VII.A. Based on the medium and long-term strategy, the company shall establish a system of internal control, comprising the functions of risk management and control, compliance and internal audit, which allows for the anticipation and minimisation of the risks inherent to the activity developed.*		
Recommendations		
VII.1. The management body discusses and approves the strategic plan and risk policy of the company, which includes setting limits in matters of risk-taking.	Adopted	Part I no. 22, 24 and 50, 54,
VII.2. The company has a specialised committee or a committee composed of specialists in risk matters, which reports regularly to the management body.	Adopted	Part I no. 27, 29 and 50
VII.3. The supervisory body is organised internally, implementing periodic control mechanisms and procedures, in order to ensure that the risks efectively incurred by the company are consistent with the objectives set by the administration body.	Adopted	Part I no. 38, 50 and 54
VII.4. The internal control system, comprising the risk management, compliance, and internal audit functions, is structured in terms that are adequate to the size of the company and the complexity of the risks inherent to its activity, whereby the supervisory body shall assess it and, within the ambit of its duty to monitor the effectiveness of this system, propose any adjustments that may be deemed necessary.	Adopted	Part I no. 50 to 52, 54 and 55
VII.5. The company establishes procedures of supervision, periodic assessment and adjustment of the internal control system, including an annual assessment of the degree of internal compliance and performance of such system, as well as the prospects for changing the previously defined risk framework.	Adopted	Part I no. 38 and 49 to 55
VII.6. Based on its risk policy, the company sets up a risk management function, identifying (i) the main risks to which it is subject in the operation of its business, (ii) the probability of their occurrence and respective impact, (iii) the instruments and measures to be adopted in order to mitigate such risks, and (iv) the monitoring procedures, aimed at following them up.	Adopted	Part I no. 38 and 49 to 55
VII.7. The company establishes processes to collect and process data related to the environmental and social sustainability in order to alert the management body to risks that the company may be incurring and propose strategies for their mitigation.	Adopted	Part I no. 21, 25, 29, 30 and 50 to 54
VII.8. The company reports on how climate change is considered within the organisation and how it takes into account the analysis of climate risk in the decision-making processes.	Adopted	Part I no. 21, 29, 30 and 50 to 54 Annual Report Ch. 6.3.1. EU Taxonomy,6.3.2. Climate change, and 10.6. Alignment with TCFD (Task Force on Climate-related Financial Disclosures) recommendations
VII.9. The company informs in the corporate governance report on the manner in which artificial intelligence mechanisms have been used as a decision-making tool by the corporate bodies.	Adopted	Part I no. 29, 50 and 53
VII.10. The supervisory body pronounces 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 adjustments as deemed necessary.	Adopted	Part I no. 38 and 50
VII.11. The supervisory body is the addressee of reports made by the internal control services, including the risk management, compliance, and internal audit functions, at least when matters related to accountability, identification or resolution of conflicts of interest and detection of potential irregularities are concerned.	Adopted	Part I no. 45 and 50
Chapter VIII – INFORMATION AND STATUTORY AUDIT OF THE ACCOUNTS		
VIII.1. Information		

	Compliance	Comments
Principles *VIII.1.A. The supervisory body, diligently and with independence, ensures that the management body observes its responsibilities in choosing policies and adopting appropriate accounting criteria and establishing adequate systems for financial and sustainability reporting, and for internal control, including risk management, compliance and internal audit.* *VIII.1.B. The supervisory body promotes a proper articulation between the work of the internal audit and that of the statutory audit of accounts.*		
Recommendation		
VIII.1.1. The regulations of the supervisory body requires that the supervisory body monitors the suitability of the process of preparation and disclosure of information by the management body, including the appropriateness of accounting policies, estimates, judgements, relevant disclosures and their consistent application from financial year to financial year, in a duly documented and reported manner.	Adopted	Part I no. 38
VIII.2. Statutory Audit and Supervision		
Principle *VIII.2.A. It is the responsibility of the supervisory body to establish and monitor formal, clear, and transparent procedures as to the relationship between the company and the statutory auditor and the supervision of compliance, by the statutory auditor, with the rules of independence imposed by law and by professional standards.*		
Recommendations		
VIII.2.1. By means of regulation, the supervisory body defines, in accordance with the applicable legal regime, the supervisory procedures to ensure the independence of the statutory auditor.	Adopted	Part I no. 37, 38 and 46
VIII.2.2. The supervisory body is the main interlocutor of the statutory auditor within the company and the first addressee of the respective reports, and is competent, namely, for proposing the respective remuneration and ensuring that adequate conditions for the provision of the services are in place within the company.	Adopted	Part I no. 38 and 45
VIII.2.3. The supervisory body annually evaluates the work carried out by the statutory auditor, its independence and suitability for the exercise of its functions and shall propose to the competent body its dismissal or termination of the contract for the provision of its services whenever there is just cause to do so.	Adopted	Part I no. 38 and 45

COMPLY OR EXPLAIN

Explanation of non adoption of recommendations

VI.2.9. A significant part of the variable component is partially deferred over time, for a period of no less than three years, and is linked to the confirmation of the sustainability of performance, in terms defined in the remuneration policy of the company.

The explanation for the non-adoption of this recommendation is set out in the statement on the remuneration policy in force, which corresponds to Annex 2 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."

The Company has not therefore accepted this recommendation, without prejudice to ensuring the substance which justifies it to an even greater extent than would result from compliance with it.

It should also be noted that Navigator's consolidated results for the financial year have repeatedly and consistently been very positive, demonstrating the sustainability of performance which the Recommendation seeks to safeguard. It follows from this background that the possible partial deferral for a period of no less than three years of the variable component of remuneration would have no impact on the right to the variable component for Navigator's directors.

However, it should be clarified that Navigator is currently analyzing the model for deferring payment of part of the variable remuneration with a view to its possible implementation.

VI.3.2. The committee for the appointment of members of corporate bodies includes a majority of independent directors.

The Company's Nominations and Evaluation Committee includes four non-executive directors, but only one is independent - Mariana Rita Antunes Marques dos Santos. In choosing the members of this Committee, preference was given to a diversity of profiles (age, gender, qualifications, experience and professional career), ensuring that all of them have full impartiality of analysis and decision, and demonstrated integrity of character.

The Company believes that this diversity of profiles, together with the fact that the Nominations and Evaluation Committee uses, whenever necessary, market studies and the analysis of comparable situations within the Group, is sufficient to guarantee that its analyses are in line with the 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

1) DISCLOSURES REFERRED TO IN ARTICLES 447 OF THE COMPANIES' CODE (WITH REFERENCE TO 2023)

Securities issued by Company and held by company officers:

António José Pereira Redondo: 6000 shares

Adriano Augusto da Silva Silveira: 2000 shares

2) INFORMATION ON OWN SHARES (required by Articles 66 and 324 no. 2 of the Companies Code)

On 31 December 2023, Navigator did not hold any own shares.

ANNEX 2

REMUNERATION POLICY OF THE DIRECTORS AND THE AUDITORS OF THE NAVIGATOR COMPANY (2023 TO 2025)

The Remuneration Committee of The Navigator Company, S.A. (The Navigator Company) has analysed and reviewed the Remuneration Policy for its directors and auditors adopted at The Navigator Company's Annual General Meeting of 2021 to be in force from 2021 to 2024, in view of strengthening its alignment with sustainability and preserving Company's long-term interests in line with good market practices, having decided to replace the current Policy with a new Remuneration Policy to be in force from 2023 to 2025, in order to make its period of application coincide with the mandate of the governing bodies.

The remuneration policy is the exclusive responsibility of the Remuneration Committee, which has three members, all independent from the Board. According to the law, it must be approved by the General Meeting at least every four years and whenever a relevant change occurs.

In its work, namely in determining, reviewing and applying the Policy, the Remuneration Committee complies with applicable legislation and The Navigator Company's current policies and regulations, namely the regulation on Conflicts of Interest and Related Party Transactions, which sets out rules for preventing, identifying and resolving conflicts of interest between the Company and its managers.

1. General Principles

This Remuneration Policy is founded on the following general principles that guide the setting of the remuneration of the governing bodies:

(a) Duties performed.

The duties performed by each member of the governing bodies cover both the functions in a formal sense and the duties in the broader sense of the concrete level of responsibility of the position held, considering different criteria, such as the commitment and time dedicated, the nature, size, complexity, and skills required for the function, or the added value to the company that results from a specific intervention or institutional representation.

The fact that time is spent by the officer on duties performed in other controlled companies also cannot be taken out of the equation, due to the added responsibility this represents and to 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 related management responsibilities are clearly relevant aspects of the economic situation, understood in the broadest sense. These aspects have implications for the need to suitably remunerate directors holding high managerial duties, considering the size and complexity of the business models.

(c) Market criteria.

It is essential to be able to attract, develop and retain the best professionals. Consequently, the Remuneration Policy must competitive and appealing in order to ensure the legitimate interests of individuals are aligned with The Navigator Company’s interests and the creation of sustainable value for shareholders.

Given its characteristics and size, the market criteria and practices to be taken into account are, in The Navigator Company 's case, both national and international. In order to keep up to date with these practices, The Navigator Company regularly uses market research and benchmarking.

In this context, the different components of the directors’ remunerations are calculated at least based on the remuneration of the directors of the Portuguese companies listed on the PSI Index, while also taking into account, at each moment, the remuneration conditions applied in other companies with characteristics similar to those of The Navigator Company.

The remuneration system in place at The Navigator Company, in particular this Policy, contributes to the implementation of the business strategy of The Navigator Company and, in the long term, to the alignment of the interests of members of the management body with those of the Company and its sustainability, in particular for the reasons set out below.

Firstly, because the remuneration is intended to be fair and equitable in the light of the principles set out, and secondly, because it lays down the evaluation criteria (indicators defined by the Remuneration Committee), which are aligned with the Company's own strategic objectives. Such indicators help to align the performance of the members of its corporate bodies with the long-term interests and sustainability of the Company.

The alignment between this Policy and the remuneration scheme and employment conditions of The Navigator Company employees is assured, given that both remuneration systems are based on the same General Principles set out in this Remuneration Policy, in particular the market conditions in the reference markets for the duties performed. Furthermore, the annual variation of the compensation paid individually by the Company to the members of the Board of Directors, as well as the average compensation of the company's full-time equivalent Employees is analysed.

Accordingly, this Policy aligns The Navigator Company with market best practices on remuneration, and with the recommendations of the IPCG Governance Code.

2. Board

2.1. Non-Executive Directors

The remuneration of non-executive directors shall comprise only a fixed component of an annual amount, paid 12 times per year, which may vary according to the piling on of added responsibilities, e.g. committee and specialised committee members, or a fixed amount per Board meeting attended.

The remuneration of non-executive members of the Board of Directors does not include components dependent on the performance of the Company or on its value.

2.2. Executive Directors

The remuneration of the Executive Directors consists of two components: fixed and variable.

2.2.1. Fixed Remuneration

The remuneration of the executive Directors consists of a fixed component, corresponding to an annual amount payable 12 times per year.

2.2.2. Annual Variable Remuneration

The annual variable remuneration of the executive directors is contingent, and may amount, globally, to a percentage that does not exceed five per cent of the previous year's net profit, in accordance with the Company's articles of association.

The Remuneration Committee decides on this component, and the performance of each executive director is assessed following an internal process lead by the respective person in charge (i.e. the responsibility of the person who manages the team in the case of the members of the Executive Board, and the responsibility of the Chairman of the Board of Directors in the case of the CEO) and with the participation of the non-executive directors that the person in charge deems pertinent to involve.

The Nomination and Assessment Committee is also involved in this process. It is responsible for monitoring the system for assessing management performance and distributing the remuneration, and delivering its opinion on the proposals for individual performance assessment of the executive board.

Finally, the Remuneration Committee must confirm that the factors have been met for the performance evaluation, and ensure the overall consistency of the process by setting the variable remuneration.

The annual variable remuneration is based on the target amount applied to each director and is paid according to the individual's performance and performance of the Company that meet the expectations and the criteria set previously. The target amount is weighted by the aforementioned general principles - market, specific functions, state of the Company -, in particular comparable market circumstances in equivalent functions. Another important factor taken into account when setting the targets is The Navigator Company's option not to provide any stock or stock option plans.

Actual performance compared to the expectations and goals, which determine target variations is weighed against a set of quantitative and qualitative KPIs of the company's performance (which consist of general business indicators

weighing 65%) and of the relevant director performance (which consists of specific objectives weighing 20% and behavioural indicators that account for 15%).

Overall business indicators and their relative weights, which may be adjusted annually up to 5% in relative terms, are as follows:

- EBITDA, accounting for 35%
- Net results, accounting for 10%
- Cash flow, accounting for 10%, and
- Total Shareholder Return vs Peers, accounting for 10%.

The specific objectives always include ESG indicators, such as the findings of the annual Corporate environment survey, the reduction of CO2 emissions, the certified wood and the consumption of water, energy and wood.

On the other hand, within the behavioural indicator, the alignment of each executive director with the existing leadership model and the long-term interests of the Company is relevant.

The performance criteria mentioned in the previous paragraph are applied mathematically for their quantitative part - based on the values of the business plans approved by the Board of Directors, and at the end of each period these commitments are compared with the actual income - and using value assessments for the qualitative part.

In addition to the statutory limit on management's share of profits for the year, the Company also has mechanisms in place to limit variable compensation: (i) the variable remuneration is eliminated in the event of the results showing a significant deterioration in the company's performance in the last reporting period or when such deterioration may be expected in the period underway, and (ii) the amount of the annual variable remuneration attributable has a cap corresponding to 1.8 times the target, to prevent good performance at one moment, with immediate remuneration benefits for the Board, from being achieved to the detriment of good performance in the future.

The annual variable remuneration is subject to reasonable adjustments related to exogenous factors and unforeseen economic decisions, as decided in advance by the Remuneration Committee.

The nature of the indicators, their weight in determining actual variable remuneration and the limits on the application of variable remuneration create a remuneration model based on recognising merit against the actual performance of the Company and discouraging excessive risk-taking, whilst helping to implement the strategy defined by The Navigator Company and ensuring that the interests of the executive directors are aligned with the Company's long-term interests.

3. Other benefits

In addition to the variable component that may be paid to the members of the management bodies, no other non-cash benefits are paid to directors and auditors, without prejudice to the means made available to them for the performance of their duties, a life insurance, a personal health insurance, and an accident insurance policy in line with market practices.

4. Other Considerations

There are no agreements, and no such provisions have been defined by this Committee, on payments by The Navigator Company relating to dismissal or termination of Directors' duties. 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. Only the supplementary legal rule in this matter applies here, as established in the Companies Code, which governs the payment to the Directors of any amounts before the end of the mandate.

Similarly, there are no complementary or early retirement arrangements for directors currently in place in the company.

With regard to the obligation to return variable remuneration that has been paid, and without prejudice to the applicable legal provisions, if, by final court decision, The Navigator Company or the members of the Executive Board of The Navigator Company are found liable for unlawful and wilful acts of misconduct resulting in the need to restate its financial statements or to record reductions in the value of assets unfavourable to The Navigator Company, the Remuneration Committee may, at its discretion and by means of a resolution, demand from the executive directors the refund of the variable remuneration in respect of the period when such depreciation of the assets occurred or another period deemed relevant, in order to compensate The Navigator Company for the damage caused.

5. Audit Board

The remuneration of the members of the Audit Board shall consist only of a fixed component, i.e. a fixed annual amount, payable 12 times a year; the remuneration of the Chairman of the Audit Board is higher than that of the other board members, taking into account the special functions performed by him/her.

There are no agreements, and no such provisions have been defined by this Committee, on payments by The Navigator Company relating to dismissal or termination of duties by the Members of the Audit Board.

6. General Meeting

The remuneration of the officers of the General Meeting shall consist of a fixed amount only (as decided) for each meeting held, whereas the remuneration of the second and subsequent meetings held in the same year shall be lower than that of the first general meeting. The remuneration of the Chairman of the General Meeting shall be higher than that of the Secretary, taking into account the greater responsibility of the duties performed.

Lisbon, 24 April 2023

The Remuneration Committee

ANNEX 3

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 objectives, respect for the values and compliance with the rules of conduct set out in this Code of Ethics and Conduct constitute the ethical culture of The Navigator Company, S.A. (hereinafter "Navigator").

The Code of Ethics and Conduct is to be viewed as setting standards of conduct interpreted as a benchmark for behaviour, which Navigator and all those who work for it 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 Navigator 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. Navigator will always promote a meritocratic culture which allows the personal and professional development of its Collaborators and, through their commitment, position Navigator's business 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 Navigator, 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 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 Navigator.

5. Interpretation

For the purposes of this Code of Ethics and Conduct, the following defined terms shall have the following meanings:

(a) Collaborators – Any person who, irrespective of their position at Navigator, has a permanent or temporary employment relationship with Navigator, as well as any person with employment and/or regular employment relationship with companies subcontracted by Navigator who, directly or indirectly, perform duties for Navigator (members of corporate bodies, employees, service providers, agents, auditors and consultants);

(b) Clients – natural or legal persons to whom Navigator Group companies supply their products or provide their services;

(c) Suppliers – natural or legal persons who supply products or provide services to any Navigator Group entity;

(d) Group – the Navigator Group comprises all legal persons over which The Navigator Company exercises, directly or indirectly, a dominant influence, including, but not limited to, all companies in a control or group relationship with The Navigator Company;

(e) Stakeholders – natural or legal persons with whom the Navigator Group companies relate in their business, institutional or social activities, including shareholders, members of governing bodies, Employees, Customers, Suppliers, business partners or members of the community with which the Navigator Group interacts.

III. Rules of Conduct

6. Compliance with Legislation and Regulation

The activities of Navigator and its employees shall be guided by strict compliance with the legal, statutory and regulatory rules applicable to the Navigator Group's business and companies in the jurisdictions in which they operate, as well as strict compliance with the internal instruments it has implemented.

7. Public Authorities

Navigator's conduct and that of its Employees shall be guided by ongoing cooperation with the public authorities, in particular the regulatory authorities, complying with requests legitimately addressed to them and within their reach, and adopting behaviour that enables them to exercise the powers entrusted to those authorities.

8. Integrity

Any practice of corruption and bribery, in all its active and passive forms, whether through acts and omissions or through the creation and maintenance of favourable or irregular situations, as well as the adoption of behaviour that may create expectations of favouritism in interlocutors in their relations with Navigator, as set out in the Policy for the Prevention of Corruption and Related Offences.

9. Transparency

Navigator is committed to report its performance in a transparent way, taking into consideration applicable legal duties and good practices of the capital and financial markets.

10. Confidentiality

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 duties and which is not publicly known or notorious. Such information is restricted and only for internal use in The Navigator Group.

Collaborators must maintain confidential the information mentioned in the previous paragraph, even after termination of their functions in Navigator and regardless of the cause of such termination.

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. Business information, insider information and Securities Transactions

11.1 Employees must not use business information obtained in the course of their duties at Navigator to take advantage of illicit business opportunities.

11.2 Employees in possession of specific and concrete information concerning The Navigator Company that has not been made public, but which, if made public, would be likely to have a significant influence on The Navigator Company's

share price, may not, during the period prior to its disclosure, trade in securities of Navigator, strategic partners or companies involved in transactions or relations with Navigator, nor disclose such information to third parties.

11.3 Types of inside information include estimates of results, decisions regarding acquisitions, sales or significant partnerships and the acquisition or loss of relevant contracts.

12. Conflicts of Interest

12.1 Navigator undertakes to adopt measures to ensure that it is exempt from acting in decision-making processes in cases of potential conflict of interest involving Navigator or its Employees. For the purposes of this Code, an Employee shall be in conflict whenever he/she has a personal or private interest in a particular business relationship or activity carried out, which may constitute an advantage for him/herself or for a third party related to him/her, in particular to whom he/she is linked by kinship, proximity or influence.

12.2 Employees may not pursue private objectives in competition with Navigator, and are also prevented from obtaining personal benefits, advantages or favours by virtue of the position held or duties performed.

12.3 Employees must immediately report to their superior any situation that may constitute a conflict of interest as soon as they become aware of it, particularly if, in the course of their duties, they are called upon to intervene in proceedings or decisions involving, directly or indirectly, organisations, entities or persons with whom they collaborate or have collaborated, or to whom they are linked by ties of kinship, proximity or influence. In addition to these, in any other cases where their impartiality may be questioned, they must make that communication, as detailed in the Policy for the Prevention of Corruption and Related Offences and in the Regulation on Conflicts of Interest and Related Party Transactions.

13. Shareholder relations and governance

13.1 Navigator's primary objective is to protect the interests of shareholders and investors, and to seek to create value for shareholders.

13.2 Navigator undertakes to respect the principle of equal treatment of shareholders, taking into account their proportions in the share capital of The Navigator Company, namely by ensuring that information is made available in a timely manner, in compliance with applicable legal duties.

13.3 Navigator discloses annually in its corporate governance report the governance practices applied and incorporates national and international best practices in this area.

14. Competition

The competition practices of Navigator 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

Navigator 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 Navigator shall ensure that the terms and conditions for the sale of products to its Customers are clearly defined, and Group companies and their Employees shall ensure that they are complied with.

16.2. Navigator's Suppliers and service providers shall be selected on the basis of objective criteria, taking into account the conditions proposed, the guarantees actually given and the overall optimisation of benefits for Navigator.

16.3 Navigator's Suppliers and service providers shall comply with the provisions of The Navigator Company's Code of Conduct for Suppliers.

16.4 Navigator and its Employees shall at all times negotiate in compliance with the principles of good faith and the applicable legal obligations and best practices.

16.5 In order to ensure that Customers, Suppliers, Service Providers and other third parties pursue legitimate activities, whose sources of income are lawful and which do not represent a direct or indirect risk of criminal practices, the relations established with them must comply with the provisions of the applicable internal policies and procedures.

17. Relations with Political Parties and Movements

17.1. Navigator's and its Employees' relations with political movements or parties, where they exist, shall be conducted in compliance with the legal provisions and internal instruments in force.

17.2. If Navigator's Employees make contributions of the nature described in their personal capacity, they must take into account any conflict of interest with their professional responsibility and refrain from invoking their relationship with Navigator.

18. Social Responsibility and Sustainable Development

18.1. Navigator 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. Navigator undertakes to adopt, comply with and promote a Policy on sustainability and environment protection.

19. Safety and Working Conditions

19.1. Navigator will never employ child or forced labor, 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 Navigator, 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. Employees must immediately report any accident or situation that may compromise hygiene, safety and health in the workplace, in accordance with the applicable rules, and the preventive measures that prove necessary or recommendable must be adopted.

20. Professional development and progression

20.1. Navigator 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. Navigator 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 selection, hiring, remuneration and professional development policies adopted are guided by merit criteria and market reference practices.

20.4 Navigator 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 based on, 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 Navigator.

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, under the terms of the Whistleblowing Regulation and the Code of Good Conduct on Preventing and Combating Harassment at Work.

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 Navigator, and not behave wilfully or negligently in any manner which might undermine its state of repair.

24. Personal Data Protection

24.1. Navigator 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, Navigator 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 area which is responsible for data protection.

25. External Communication – Media and Advertising

Information provided by Navigator 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 Navigator;

(b) 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 Navigator;

(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 Navigator, 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 Navigator 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 Navigator;

(d) Shall not communicate, identifying themselves as Collaborators of Navigator, 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 the Whistleblowing Regulation and the Code of Good Conduct for Preventing and Combating Harassment at Work.

28.2. Navigator guarantees the confidentiality of information conveyed in reports, in accordance with the internal rules of the Whistleblowing Regulation.

28.3. Navigator 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. Criteria for action, doubts and questions

29.1 Employees must act in accordance with this Code of Ethics and Conduct and with good judgment, assessing the alignment of their conduct with the company's risk culture and policy, including from the point of view of reputational risk, and its appropriateness in the event of public disclosure.

29.2 Employees may submit doubts and questions regarding the interpretation or application of the Code of Ethics and Conduct to the Compliance Area, through the following email address: compliance@thenavigatorcompany.com.

30. Reporting of Irregularities

Any non-compliance with the provisions of this Code must be reported in accordance with The Navigator Company's Whistleblowing Regulations.

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 Compliance Area 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 Navigator Company's Code of Ethics and Conduct shall be disclosed on Navigator's digital internet platform and together with the annual financial statements, so that it may be known to Shareholders, Customers, Suppliers, Stakeholders, Investors and other entities with whom the Navigator relates.

32.2. Navigator shall make the Code of Ethics and Conduct available to all Collaborators and will promote its dissemination, widespread awareness and mandatory practice.

[Lisbon, 21 July 2023]

The Board of Directors,

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Corporate Communications and Brand

Technical support for sustainability reporting

Stravillia Sustainability Hub

Translation from the original in Portuguese

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Creative Strategy

White Way®

Opinions and contact details

We value your opinion. If you have any questions, please contact:

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