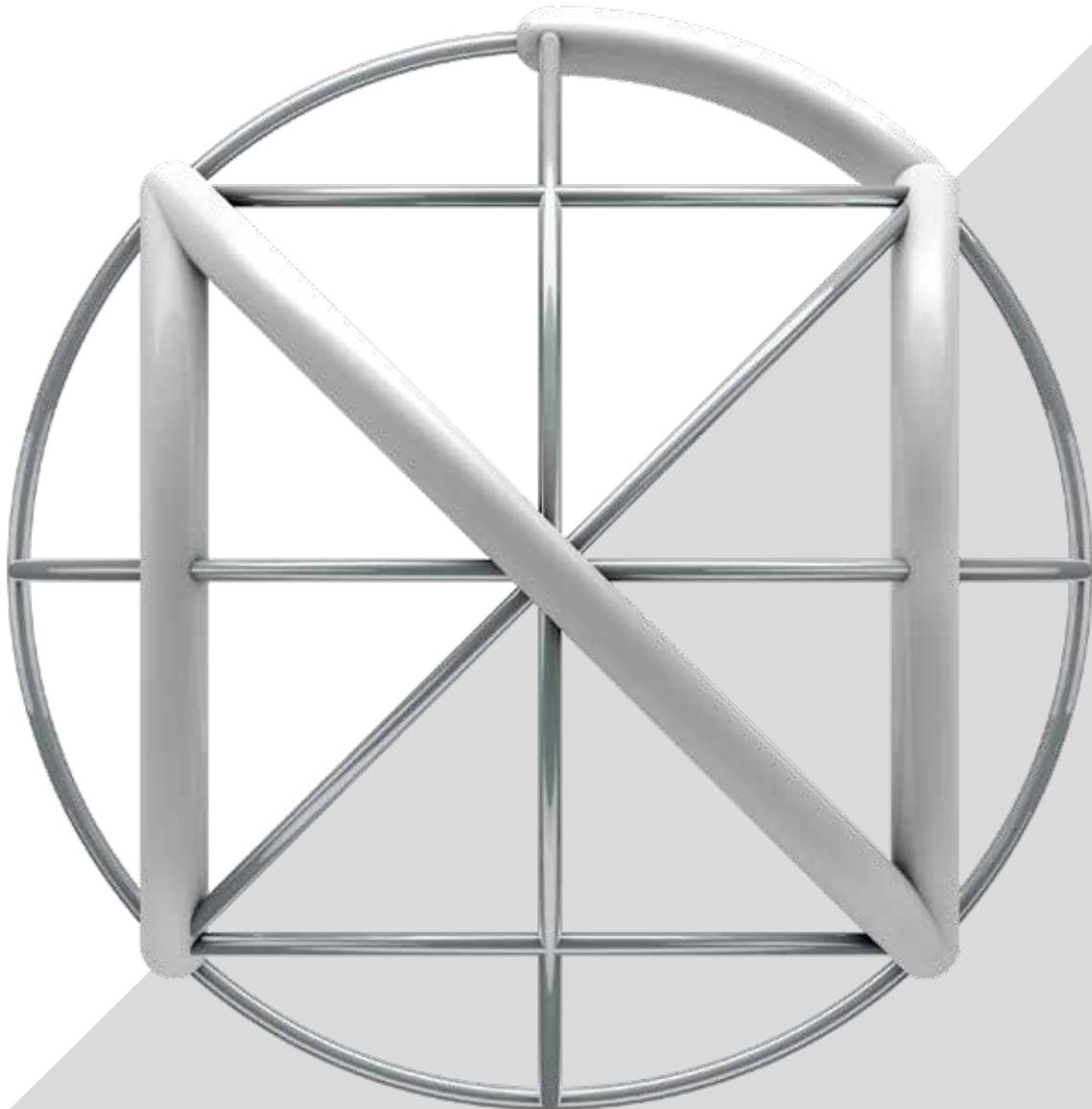


SUSTAINABILITY
**LINKED BONDS
FRAMEWORK**



THE
NAVIGATOR
COMPANY

SUSTAINABILITY LINKED BONDS FRAMEWORK

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1 ABOUT THE NAVIGATOR COMPANY

The Navigator Company is an integrated forestry, pulp, paper, tissue and bioenergy producer, with operations based at state-of-the-art plants using cutting edge technology, making them a global benchmark. It is recognised as setting world standards for quality in its sector.

The Group operates vertically integrated forestry business, with its own Forest and Paper Research Institute, and is responsible for management of significant forest holdings in Portugal (1.2% of the country's area), 100% certified under the FSC® PEFC™ schemes¹.

The Company also boasts production capacity for 1.6 million tons of paper, 1.6 million tons of pulp, 130 thousand tons of tissue and 2.5 TWh of renewable energy per annum - corresponding approximately to 4% of all power generated in Portugal and 52% of the energy obtained from forestry biomass.

The Navigator Company is Portugal's third largest exporter, accounting for approximately 1% of GDP and 2.4% of all Portuguese exports of goods, generating a high level of national value added. In 2020, the Company recorded turnover of € 1 385 million, and 90% of the Group's products were sold outside Portugal, in approximately 130 countries.

¹ FSC - Forest Stewardship Council® (FSC License - C010852); PEFC - Programme for the Endorsement of Forest Certification schemes (PEFC License/13-23-001)



2 NAVIGATOR AND SUSTAINABILITY

“The first step to Sustainability starts precisely by taking steps that make the business model itself sustainable.

The priority of this management team has been, simultaneously: to build up existing business, focussing the organisation on careful management of our underlying fixed and variable costs, defining the value proposition and the resulting price strategy for those businesses, and promoting the development of our workforce and seeking out new avenues for innovation and growth.

Technological Innovation is a challenge for our business model.”

António Redondo, CEO

In 2020, conducted a strategy appraisal process that involved identifying global macro trends and challenges to the conduct of its business, and reviewed its Sustainability Agenda. In the course of the materiality assessment, Navigator also analysed its contribution to the United Nations Sustainable Development Goals, on the basis of the UN 2030 Agenda.

Designing the **2030 Responsible Management Agenda** involved several stages.



▼ MACROTRENDS AND CHALLENGES

Analysis of global macro trends and business challenges

Challenges for Navigator / Risks and Opportunities

Benchmarking to P&P (Pulp & Paper) sector and to leading international organisations in sustainability

▼ LISTENING TO STAKEHOLDERS

Consultation of different Stakeholder (STK) groups, inside and outside Navigator (NVG)

Interviews, focus groups, online questionnaires

540 persons

▼ MATERIALITY ANALYSIS

Identification of topics most relevant to Navigator and to STK (material topics)

Final list of 12 Material Topics (NVG senior management)

▼ DEFINITION OF STRATEGIC ACTION AREAS

Identification of Strategic Action Areas for Responsible Business Management, on basis of material topics

These action areas are the basis for Navigator's 2030 Agenda

▼ SUSTAINABILITY MANAGEMENT

Setting commitments and targets for 2030 in each Strategic Action Area

Navigator's Sustainability Roadmap 2030



3 GOVERNANCE AND SUSTAINABILITY AT NAVIGATOR

Strong governance is fundamental in building a resilient and successful organisation in which sustainability is incorporated at every level. We engage openly and transparently with stakeholders throughout our value chain in order to create a fair and inclusive business. Policies, management systems and codes of ethics guide the way we conduct our operations, underpin the way we approach risks and opportunities, and enable us to measure our performance in alignment with the commitments made.

At The Navigator Company, this well-established governance structure is supported by a number of different bodies, each with clearly defined functions with regard to sustainability management, with a view to ensuring business practices consistent with a Responsible Business.

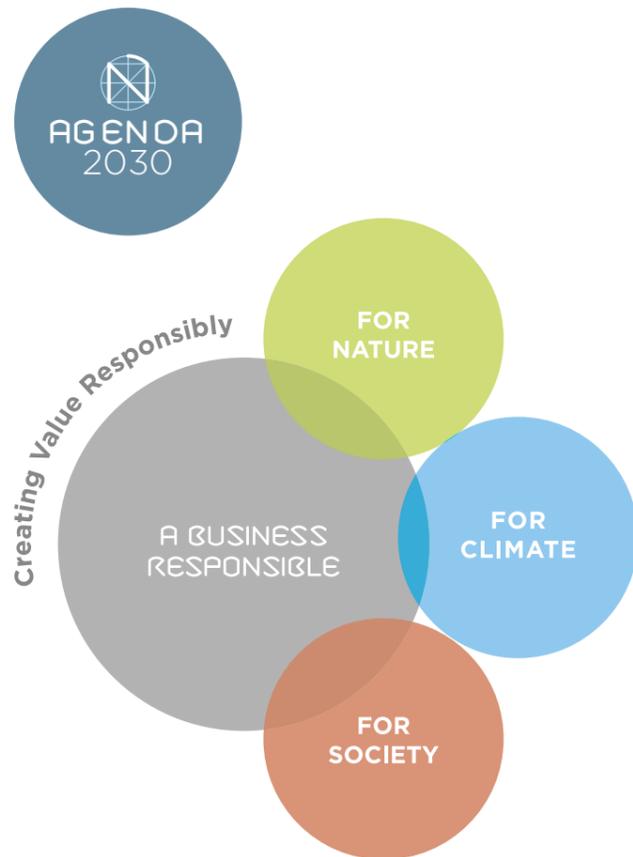


Navigator's 2030 Agenda addresses the issues most relevant to the Company and its Stakeholders (12 material topics), integrating them into its strategic action areas.

The central focus - **A Responsible Business** - is relevant to all Company sectors and informs all areas of strategy. This includes topics such as sustainable value creation, ethics, risk management and innovation.

The three strategic action areas - **For Nature, For the Climate and For Society** - group together the topics on which the company has focused and where it has stepped up its aspirations for the decade ahead.

Navigator's Agenda is given practical expression in **14 commitments** (and matching goals), spread across the strategic action areas and aligned with the **United Nations SDGs**. This is built into the **2030 Sustainability Roadmap**, Navigator's management blueprint for the "Decade of Action".



COMMUNITY MONITORING COMMITTEES (Aveiro, Figueira da Foz, Setúbal and Vila Velha de Ródão)

Given that Stakeholder engagement is a priority topic for the Company, we made changes in 2020 to the underlying design of our Sustainability Forum, the initiative that seeks to foster collaboration between Navigator and the different organisations and individuals in its sphere of operation, ranging from civil society organisations to universities, including associations of forestry producers, customers and suppliers.

The Forum has accordingly adopted a new regional format with the potential to bring the Company closer to local communities in the areas around Navigator's industrial sites and forestry holdings.



4 THE MATERIALITY ANALYSIS PROCESS

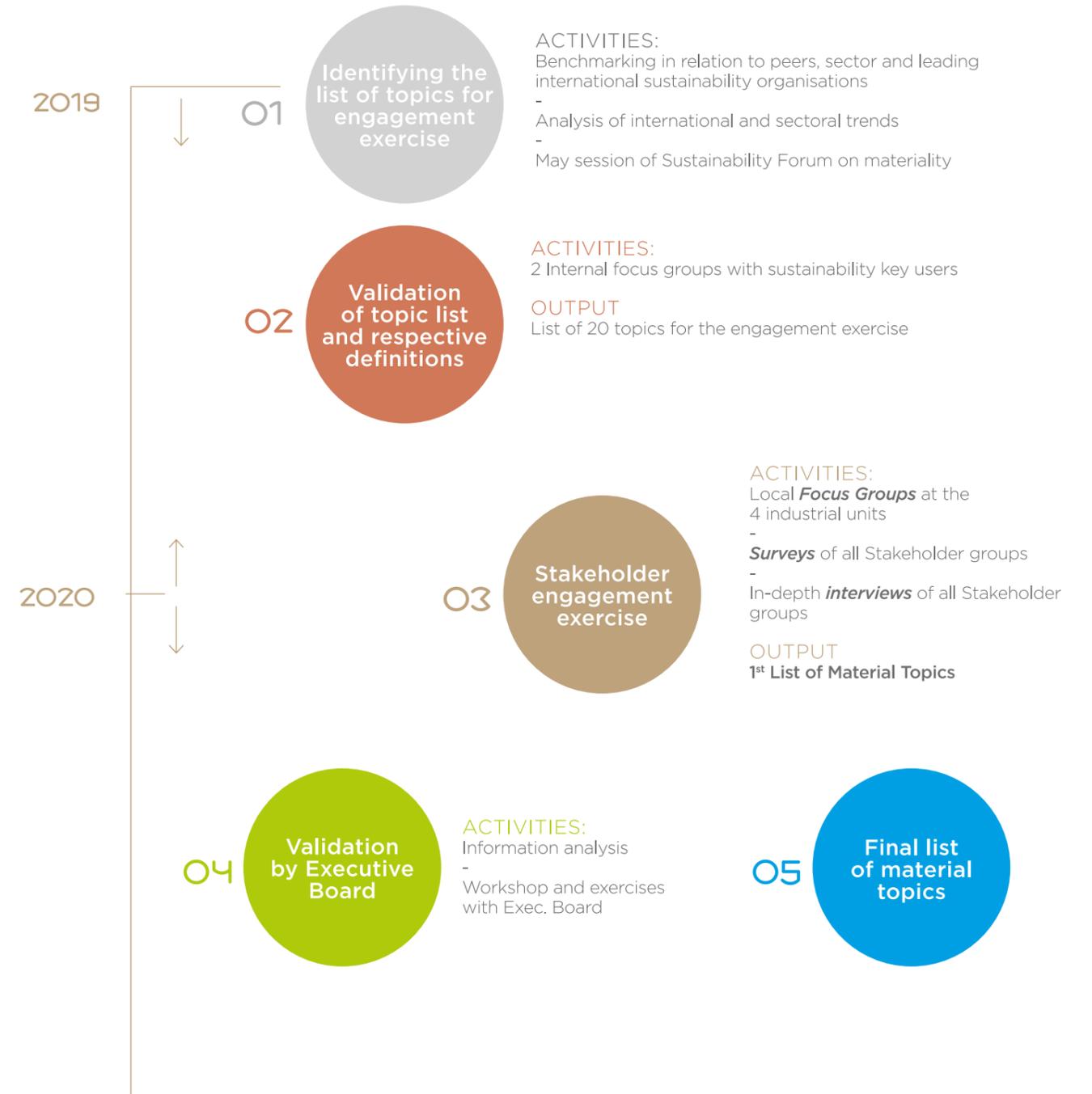
“The wide-ranging materiality analysis we conducted is the foundation of our Agenda 2030: Creating Value Responsibly. By identifying the expectations of our Stakeholders, as regards the sustainability topics most relevant to The Navigator Company, we are able to concentrate our efforts on the areas where we can create the most value.”



In 2019, The Navigator Company embarked on a wider-ranging and deeper materiality analysis process than that previously conducted (in 2015). This was completed in 2020, with analysis of the data obtained in a listening exercise involving 540 internal and external Stakeholders and validation of the findings by the Executive Board. This was a thorough and comprehensive undertaking, that involved workshops, interviews and internal meetings to debate the issue, with a view to establishing a final list of material topics. Navigator’s materiality process is aligned with the GRI Sustainability Reporting Standards.

A benchmarking analysis was carried out as part of the process, looking at several leading organisations in the field of Sustainability, including entities in the Pulp & Paper sector. This was accompanied by reflection on international tendencies and use of the reference framework provided by the United Nations Sustainable Development Goals.

The Company’s material topics form the basis for our Responsible Business Agenda, embodied in the Navigator Roadmap 2030, that reflects our main commitments and goals for the next decade.



5 NAVIGATOR AND ITS COMMITMENT TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGS)

The Agenda 2030 for Sustainable Development is a call to action in response to the global challenges faced by mankind. At The Navigator Company we are committed to making the United Nations Sustainable Development Goals (SDGs) a reality.

On the basis of the recent materiality analysis and the Agenda 2030, we also conducted an analysis of the United Nations Sustainable Development Goals (SDGs), in particular on those we see as priorities, i.e. where we are able to make the most direct contribution.

The internal methodology adopted to assess this impact comprised the following stages:

1. Identification of the SDGs that Navigator has been reporting on
2. Consideration of the SDGs identified by the WBCSD Forest Solutions Group
3. Analysis of the 17 SDGs and the respective 160 targets
4. Cross-referencing the 12 new material topics with the 16 UN SDGs
5. Identification of the applicable targets
6. Alignment with the strategic focus areas
7. Classification of SDGs into three tiers



● Core ● Supportive ● Other ODS SDG 17 is transversal to all material topics

The findings from our analysis enabled us to classify the SDGs into three tiers: “core”, “supportive” and “others”.



Supportive SDGs

The road Navigator takes through to 2030 will have an impact on these SDGs, directly or indirectly. Responding to these SDGs is an opportunity for sustainable economic growth through more responsible management of resources, generating value in communities and establishing partnerships.



Other SDGs

Navigator’s 2030 Agenda will interact less directly with these SDGs, although there is a potential positive contribution through its commitments and business plans.



Core SDGs

Generating a positive impact on these SDGs is an opportunity to create long-term sustainable value and to promote transformation of Navigator, and the sector as a whole, in order to respond to future challenges.



6 THE NAVIGATOR 2030 ROADMAP: COMMITMENTS

In Navigator's 2030 Agenda, the commitments in the 2030 Roadmap have been established in collaboration with its various sectors and business areas. From 2021 onwards we will report our performance on each of the 14 Commitments, in accordance with the goals defined and with the key performance indicators (KPIs).

COMMITMENTS

Action Area: A Sustainable Business

Aspiration: Create Value Sustainably

1. Develop sustainable bioproducts, reducing dependence on fossil resources and promoting decarbonisation of the economy
2. Promote scientific and technological co-creation in the bioeconomy and bioproducts
3. Improve the yields, resilience and sustainability of Portugal's forests
4. Develop innovative, competitive and sustainable products

Action Area: For Nature

Aspiration: Preserve and add value to Natural Capital

5. Promote efficient use of resources, minimising our carbon footprint
6. **Ensure that the soil and forest resources, including biodiversity, are used sustainably**
7. Promote the circular economy, giving priority to R&D solutions

Action Area: For the Climate

Aspiration: Contribute to a low-carbon and circular economy

8. **Invest in low-carbon solutions on the road to carbon neutrality**

Action Area: For Society

Aspiration: Develop our people, engage with communities and share value with society on a fair and inclusive basis

9. Develop and empower human capital in line with the Company's current and future needs
10. Contribute to the qualifications and employability of young people in the regions where we operate
11. Promote an inclusive organisational culture, able to address internal and external challenges
12. Provide a safe and healthy workplace for Employees, ensuring their well-being
13. Develop community relations
14. Work to transfer know-how and raise public awareness of the economic, social and environmental importance of forests

7 NAVIGATOR AND THE SUSTAINABILITY-LINKED BONDS

The Navigator Company decided to issue the Sustainability-Linked Bonds in order to demonstrate its commitment to Sustainability, and to environmental issues in particular. In issuing these bonds, the company commits itself to specific goals. By making this issue, and indexing it to CO₂ emissions and to purchases of certified wood, Navigator plans to leave its stakeholders in no doubt about its commitment to fighting climate change and ensuring sustainable use of soil and forestry resources, including biodiversity, through the purchase of certified wood.

Rationale for the use of indicators and consistency with Navigator's Responsible Management strategy

The indicators chosen by Navigator - CO₂ emissions and Certified Portuguese Wood - point to key issues for the company, and for the industry to which it belongs. These two indicators are especially relevant in the light of Navigator's business and operations: wood is the company's main raw material and energy efficiency has been a focus for its investment.

In addition, both these indicators - tied to lower emissions and increased procurement of certified wood - are closely related to two of Navigator's strategic actions areas, helping to fight climate change. This means they make a direct and significant contribution to the core SDGs: Climate Action (SDG 13) and Protecting Life on Land (SDG 15).



These are two key indicators for Navigator and address the main ESG issues in the Pulp, Paper and Forestry sector.

The following sections of this Framework will deal with the core components of the Sustainability-Linked Bonds Principles, published by the International Capital Market Association (ICMA):

- | | |
|---|---------------------------|
| I. SELECTION OF KPIS | III. BOND CHARACTERISTICS |
| II. CALIBRATION OF SUSTAINABILITY PERFORMANCE TARGETS | IV. REPORTING |
| | V. VERIFICATION |

I. SELECTION OF KPIS

CO ₂ EMISSIONS	
Inclusion in Navigator's 2030 Sustainability Agenda	<ul style="list-style-type: none"> Strategic Focus Area: "For the Climate" Commitment 8: Invest in low carbon solutions leading to carbon neutrality Core SDGs to which it relates: SDG 13 - Climate Action and SDG 9 - Industry, Innovation and Infrastructure Aim: Cut direct CO₂ emissions from industrial complexes by 86% by 2035 (baseline: 2018)

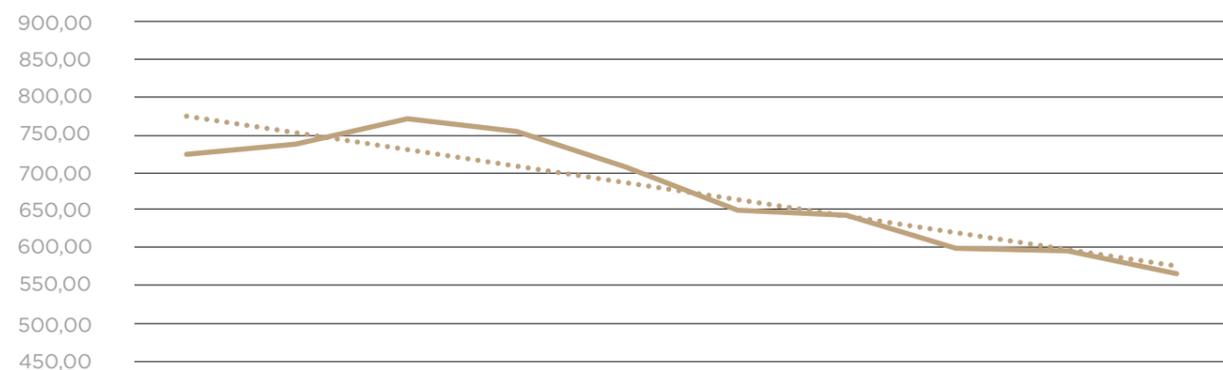
As a forest-based industrial company and the leading Portuguese producer of renewable power from biomass, The Navigator Company is fully aligned with the importance of the climate change issue and has conducted a range of projects and initiatives to minimise CO₂ emissions from its operations and to improve its energy performance.

The most significant of these is the Company's Roadmap for Carbon Neutrality in which Navigator makes a commitment to achieving carbon

neutrality at its industrial complexes by 2035, which involves cutting direct emissions of CO₂ by 86%.

A raft of measures has been planned for implementation across the different industrial complexes, in line with the needs identified. This action plan features a new biomass boiler, a new cogeneration plant, conversion of lime kilns to using biomass and substitution of fuel oil by natural gas or pellets.

CO₂ EMISSIONS - SCOPE 1 (CELE BASE)



Indicator	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
CO ₂ Emissions / tons Scope 1 (CELE BASE)	724,425	736,565	769,615	752,023	706,845	649,318	644,318	600,318	595,818	565,476

CO₂ Emissions

As stated above, this indicator is relevant insofar as it covers the group's core operations and activities, namely the CO₂ emissions by its industrial complexes in 2035 (baseline: 2018). This is a quantifiable and measurable indicator, duly reported in the sector, and guidance is available on how to quantify and measure it. In 2020, Navigator adopted the GHG Protocol, in the context of its collaboration with the Science and Technology Faculty of Universidade Nova de Lisboa, with a view to more comprehensive calculations in its inventory of Greenhouse Gas (GHG) emissions.

Figures for CO₂ emissions will be externally verified by an independent third party, on an annual basis. This is a widely used indicator, and the methodology for calculating it is well-established. Navigator's approach will accordingly track its progress in relation to the goals it has set for the indicator, and also permit comparison with the group's peers in the Pulp, Paper and Forestry sector. Navigator will publicly disclose the annual assurance reports on this issue.

CERTIFIED PORTUGUESE WOOD	
Inclusion in Navigator's 2030 Sustainability Agenda	<ul style="list-style-type: none"> Strategic Focus Area: "For Nature" Commitment 6: Ensure sustainable use of soil and forestry resources, including biodiversity Core SDGs to which it relates: SDG 12 - Responsible Production and Consumption, SDG 13 - Climate Action and SDG 15 - Protecting Life on Land Aim: Achieve 80% use of certified origin wood by 2030

In 2020, 61% of Portuguese wood supplied to the Company was certified, and the wood from its own forests was 100% certified. The Company aims to increase further the proportion of certified wood purchased.

To this end, it has invested in a series of programmes, working individually and in tandem with other organisations to break down the barriers to certification encountered by the Portuguese forestry sector, to promote improved management of third party woodlands and, concomitantly, to contribute to certification of these forests and the market availability of wood with this guarantee of origin. These programmes include forestry extension services, technology and know-how transfer and other components, as summarised here:

a) Payment of a price premium for supplies of certified wood (€4/m³).

b) Initiatives to develop and transfer expertise in sustainable forestry management and certification to other forestry landowners and producers:

- i. Tech4Forest (training in good practices and H&S, etc., and distribution of training materials, guidelines, brochures, etc.).
- ii. Programme to boost yields and certification in the Portuguese market, aimed at certification groups.

iii. "Better Eucalyptus" project, in collaboration with Celpa (Portuguese Pulp and Paper Association), which includes raising awareness of good practices and the "Clear and Fertilise" and "Re-plant" projects.

iv. "Premium" Programme, providing technical support for forestry producers (focussing on strategic agents) and sharing the benefits generated by certification.

In addition to the direct impact on land management, which therefore contributes to SDG 15, these efforts also make a clear contribution to Sustainable Consumption and Production (SDG 12), as regards processes and products.

This engagement with sustainable forestry management contributes to CO₂ Sequestration, ensures the co-existence of different types of woodlands (production and conservation), reduces emissions (through sound soil and biodiversity management), creates landscape resilient to environmental risks and provides raw materials for bioproducts that substitute fossil-based products and can be recycled and reclaimed (contributing to a circular bioeconomy).



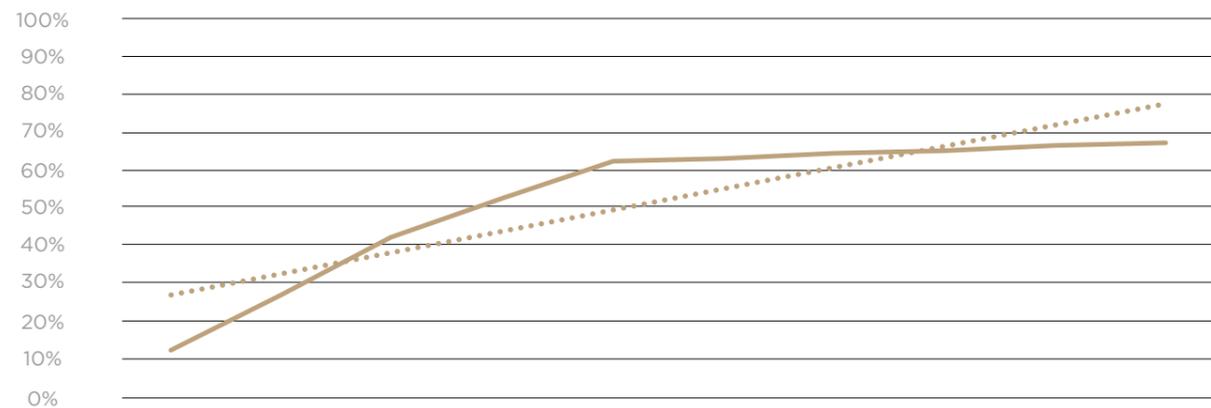


II. CALIBRATION OF SUSTAINABILITY PERFORMANCE TARGETS (SPTS)

Navigator believes that the first step to Sustainability starts precisely by taking steps that make the business model itself sustainable. The targets and indicators embedded in this SLB are aligned with Navigator’s wider sustainability strategy. These indicators are consistent with the Sustainability Performance Targets, and timelines for target achievement are included in pre-issuance documents.

Navigator is presenting historical data on its performance in each indicator over 3 years prior to the SLB issuance date, and the future targets are aligned with:

CERTIFIED WOOD UTILIZATION



Indicator	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Certified Wood	13%	27%	42%	52%	61%	62%	63%	64%	65%	66%

(*) % of certified wood acquired vs total acquisitions in the domestic market

Certified Wood

As already stated, this indicator is relevant because it concerns the main raw material used in the group’s production process. This is a quantifiable and measurable indicator, and the formula used to quantify and measure it is disclosed.

Figures for Certified Portuguese Wood will be externally verified by an independent third party, on an annual basis. This is a widely used indicator,

and the methodology for calculating it is aligned with the Global Reporting Initiative (GRI) guidelines. Navigator’s approach will accordingly track its progress in relation to the goals it has set for the indicator, and also permit comparison with the group’s peers in the Pulp, Paper and Forestry sector. Navigator will publicly disclose the annual assurance reports on this issue.

CO₂ Emissions:

- Strategic Focus Area: “For the Climate”
- Commitment 8: Invest in low carbon solutions leading to carbon neutrality
- Core SDGs to which it relates: SDG 13 – Climate Action and SDG 9 – Industry, Innovation and Infrastructure

Certified Portuguese Wood:

- Strategic Focus Area: “For Nature”
- Commitment 6: Ensure sustainable use of soil and forestry resources, including biodiversity
- Core SDGs to which it relates: SDG 12 – Responsible Production and Consumption, SDG 13 – Climate Action and SDG 15 – Protecting Life on Land

In terms of planned resources and investment, Navigator believes that the capex projects in its medium-term plan will enable it to attain its Sustainability Performance Targets.

As regards CO₂ emissions, The Navigator Company will take concrete steps to improve energy performance. This will involve investment in switching to renewable power from biomass, together with a wide array of other projects and initiatives.

In terms of Certified Portuguese Wood, the group plans to invest in a series of programmes to help break down the barriers to certification encountered by the Portuguese forestry sector, to promote improved management of third party woodlands and, concomitantly, to contribute to certification of these forests and the market availability of wood with this guarantee of origin.



III. BOND CHARACTERISTICS

The Sustainability-Linked Bonds envisage assessment of the performance of sustainability indicators over the target observation periods, in relation to the sustainability goals set.

The margin will be adjusted as described below, in line with the attainment or non-attainment of the performance target, as disclosed in the Management / Sustainability Report.

- If the KPIs simultaneously attain the respective sustainability goal for the relevant target observation period (attainment of annual targets), the margin will be reduced;
- If the KPIs do not simultaneously attain the respective sustainability goal for the relevant target observation period (non-attainment of annual targets), the margin will be increased;
- If only one KPI attains the respective sustainability goal for the relevant target observation period, the margin will remain unchanged.



IV. REPORTING

Navigator will report the following SLB information to investors at least once a year:

- Independent reliability assurance reports; and
- Any relevant information that enables investors to monitor and follow the degree of attainment of each of the SPTs;

This Framework and the independent reliability assurance reports may be consulted (in the Portuguese and English versions) on our corporate website at www.thenavigatorcompany.com.

V. VERIFICATION

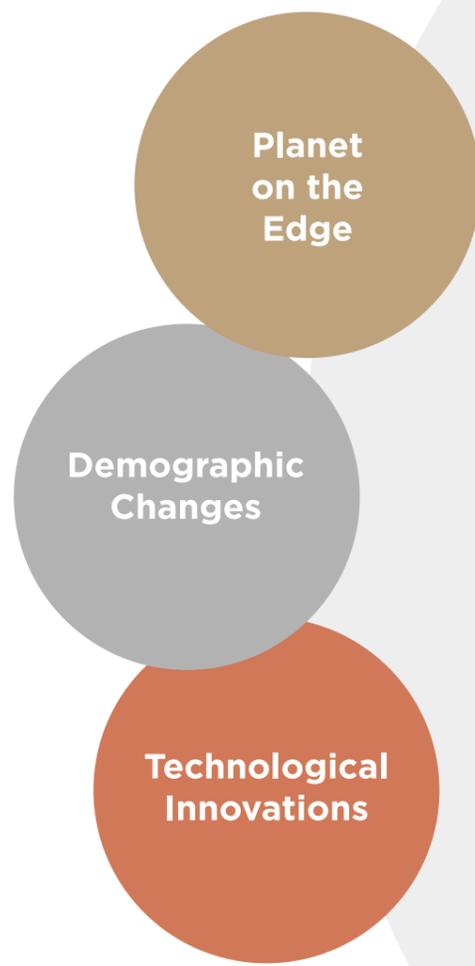
Historically, both indicators have been subject to a number of external verification processes. The last assessment was conducted in 2021, concerning non-financial information for 2020.

The Navigator Company is committed to ensuring that the performance of each KPI is externally verified at least once a year, up to the last performance assessment of the sustainability goals defined in the SPT.

The limited reliability assurance reports will be available for public consultation on the Navigator website, along with the Sustainability Reports.

MACROTRENOS
NAVIGATOR CHALLENGES
MATERIAL TOPICS

GLOBAL TRENDS



MATERIAL TOPICS

- Creating Sustainable Value
- Ethics, Transparency and Inclusion
- Risk Management and Business Continuity
- Bioproducts
- Innovation, Technology and R&D
- Responsible Use of Resources
- Sustainable Forestry Management and Conserving Biodiversity
- Circular Economy
- Climate Change and CO₂ Sequestration
- Talent Management and Developing Human Capital
- Health, Safety and Well-being
- Stakeholder Engagement and Community Relations

Creating Value Responsibly

