THE NAVIGATOR COMPANY, S.A.
Public company
Capital - € 500,000,000.00
Corporate person no. 503025798
Registered at the Setubal Companies Registry
Registered Offices - Península da Mitrena, parish of Sado – Setúbal

ANNUAL GENERAL MEETING
9 APRIL 2019

PROPOSAL RELATING TO ITEM SEVEN
ON THE AGENDA

STATEMENT ON THE REMUNERATION POLICY FOR THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES OF THE NAVIGATOR COMPANY

I. Introduction

The Remuneration Committee of Navigator has been drawing up the remuneration policy statement since 2008, originally in the context of a recommendation from the Securities Market Commission (Comissão de Mercado de Valores Mobiliários – CMVM), from 2009 according to Law no. 28/2009 of 19 June, and more recently in line with the recommendations of the 2018 Corporate Governance Code of the Portuguese Corporate Governance Institute.

Although the Committee finds that the statement stability is a good policy, the changes to the legal recommendations followed by Navigator, in parallel with the election of corporate bodies for the 2019-2022 term in office, have dictated some changes to the Policy that has been adopted which, although relevant, do not change the essence of the options followed.

As it is made clear by the several options and explanations that stand out in the text, the final result sought was a compromise, on the one hand, between the new trends of management remuneration options and, on the other hand, the weight of history, previous options and the specific features of the Company.

II. Legal framework and recommendations

This statement is issued in the legal framework formed by Law 28/2009, of 19 June (as mentioned above), and the recommendations of the Portuguese Corporate Governance Institute.

In addition to rules on the frequency with which the statement must be issued and approved and on disclosure of its content, this law also stipulates that this content should include information on:

a) *Arrangements for aligning the interests of members of the management body with those of the company;*

b) *Criteria for setting the variable component of remuneration;*

c) *The existence of share or share option pay schemes for members of the management and supervisory bodies;*

d) *The possibility of the variable component of remuneration, if any, being paid, wholly or in part, after the accounts have been finalized for the entire term of office;*

e) *Rules limiting variable remuneration in the event of the company's results revealing significant deterioration in the company's performance in the last period for which accounts are closed or when such deterioration may be expected in the period underway.*

The current recommendations of the Portuguese Corporate Governance Institute make the following requirements:

V.2.2. *The remuneration committee should approve, at the start of each term of office, execute, and annually confirm the company's remuneration policy for the members of its boards and committees, including the respective fixed components. As to executive directors or directors periodically invested with executive duties, in the case of the existence of a variable component of remuneration, the committee should also approve, execute, and confirm the respective criteria of attribution and measurement, the limitation mechanisms, the mechanisms for deferral of payment, and the remuneration mechanisms based on the allocation of options and shares of the company.*

V.2.3. *The statement on the remuneration policy of the managing and supervisory bodies pursuant to Article 2 of Law no. 28/2009 of 19 June, should additionally contain the following:*

(i) *The total remuneration amount itemized by each of its components, the relative proportion of fixed and variable remuneration, an explanation of how the total remuneration complies with the company's remuneration policy, including how it contributes to the company's performance in the long run, and information about how the performance requirements were applied;*

(ii) Remunerations from companies that belong to the same group as the company;

(iii) The number of shares and options on shares granted or offered, and the main conditions for the exercise of those rights, including the price and the exercise date and any change to such conditions;

(iv) Information on the possibility to request the reimbursement of variable remuneration;

(v) Information on any deviation from the procedures for the application of the approved remuneration policies, including an explanation of the nature of the exceptional circumstances and the indication of the specific elements subject to derogation;

(vi) Information on the enforceability or non-enforceability of payments claimed in regard to the termination of office by directors.

III. Rules deriving from law and the Articles of Association

Any system for setting remuneration will inevitably have to consider the legal rules, as well as any private rules which may be established in the Articles of Association.

The legal rules for the directors are basically established in Article 399 of the Companies Code, from which it follows that:

- Powers to fix the remuneration lie with the General Meeting of Shareholders or a committee appointed by the same.
- The remuneration is to be fixed in accordance with the duties performed and the company's state of affairs.
- Remuneration may be fixed, or may consist in part of a percentage of the profits for the period, but the maximum percentage to be allocated to the directors must be authorized by a clause in the articles of association, and shall not apply to distribution of reserves or any part of the profits for the period which could not, under the law, be distributed to shareholders.

For the members of the Audit Board and the officers of the General Meeting, the law lays down that the remuneration shall consist of a fixed sum, which shall be determined in the same way by the General Meeting of Shareholders or by a committee appointed by the same, taking into account the duties performed and the state of the Company's affairs.

A specific clause in the Company's Articles of Association (article no. 21) provides that the remuneration of directors may be differentiated, and that they are fixed by a Remuneration Committee elected by the General Meeting for a four year term. The second paragraph of this clause lays down that the

General Meeting may issue rules on pension plans and complementary pension schemes for directors.

This is the formal framework to be observed in defining remuneration policy.

IV. Historical background

From the Company's transformation into a *sociedade anónima* in 1991 and through to 2004, the remuneration of all of the directors consisted of a fixed component, payable fourteen times a year, and set by a Remuneration Committee, and of a variable component, determined annually, depending on the specific circumstances, by decision of the State, as shareholder.

Since the second phase of privatization in 2004, the formal principle was first instituted of remuneration being divided into fixed and variable components, , albeit following different formalities. In some years the payment was made through the allocation of profits approved directly by the General Meeting and in other years the shareholders made no decisions concerning the payable amounts, which were set by the Remuneration Committee in line with the legal, regulatory framework and according to this statement. The most recent procedure, and one that has prevailed, entails having the respective amount, and the amounts of the variable remuneration of other staff, expressly included in the proposed allocation of profits to be voted by the shareholders.

It should be noted that the allocation of a percentage of the profits is not applied directly, but rather as an indicator, and as a statutory limit, of amounts which are determined in a more involving process, taking into account the factors set out in the remuneration policy statement in force and the KPIs mentioned below.

Since the incorporation of the Company, members of the Audit Board have received fixed monthly remuneration. In the case of the officers of the General Meeting, since for these officers was first instituted it has been set on the basis of the number of meetings actually held.

V. General principles

The general principles to be observed when setting the remuneration of the Company officers are essentially those which in very general terms derive from the law: on the one hand, the duties performed and on the other the state of the Company's affairs. If we add to these the general market terms for similar situations, we find that these appear to be the three main general principles:

a) Duties performed.

It is necessary to consider the duties performed by each Company officer not only in the formal sense, but also in the broader sense of the work carried out and the associated responsibilities. Not all the executive board members are in the same position, and the same is also true, for example, for the members of the audit board. Duties have to be assessed in the broadest sense, taking into account criteria as varied as, for example, responsibility, time dedicated, or the added value to the Company resulting from a given type of intervention or an institutional representation.

The fact that time is spent by the officer on duties in other controlled companies also cannot be taken out of the equation, due, on the one hand, to the added responsibility this represents, and, on the other hand, to the existence of another source of income.

It should be noted that Navigator's experience has shown that the directors of this Company, contrary to what is often observed in other companies of the same type, have not always been neatly split into executive and non-executive. There are a number of directors with delegated powers and who are generally referred to as executive directors, but some of the directors without delegated powers have been closely involved in the life of the Company in a variety of ways.

b) The state of the Company's affairs.

This criterion must also be understood and interpreted with caution. The size of the Company and the inevitable complexity of the associated management responsibilities, are clearly relevant aspects of the state of affairs, understood in the broadest sense. There are implications here for the need to remunerate a responsibility which is greater in larger companies with complex business models and for the capacity to remunerate management duties appropriately.

c) Market criteria.

It is unavoidably necessary to match supply to demand when setting any level of pay, and the officers of a corporation are no exception. Only respect for market practices makes it possible to retain professionals of a calibre required for the complexity of the duties performed and the responsibilities shouldered, thereby assuring not only their own interests but essentially those of the Company, and the generation of value of all its shareholders. In the case of this Company, in view of its characteristics and size, the market criteria to be considered are those prevailing internationally, as well as those to be observed in Portugal.

VI. Compliance with legal requirements and recommendations

Having described the historical background and the general principles adopted, we shall now consider the issue of compliance by these principles with the relevant legal requirements.

1. Article 2 a) of Law 28/2009. Alignment of interests

   The first requirement that Law 28/2009 regards as essential in terms of the information in this statement is for a description of the procedures which assure that the directors' interests are aligned with those of the Company.

   We believe that the remuneration system adopted in the Company is successful in assuring such alignment. Firstly, because the remuneration sets out to be fair and equitable in the light of the principles set out, and secondly because it links board members to results by means of a variable remuneration component which is set primarily in the light of these results.

2. Article 2 b) of Law 28/2009. Criteria for the variable component.

   The second requirement established by the law is for information on the criteria used to determine the variable component.

   The variable component of remuneration is based on a target amount applied to each board member and is paid according to the individual's performance and performance of the Company, that meet the expectations and the criteria defined previously. The target amount is weighed by the aforementioned principles - market, specific functions, state of the Company -, in particular comparable market circumstances in positions equivalent in function. Another important factor taken into account when setting the targets is Navigator's option not to provide any share or share acquisition option plans.

   Actual performance compared to the expectations and goals, which determine target variations, is weighed against a set of quantitative and qualitative KPIs of the Company's performance and of the relevant board member, which include in particular EBITDA, net income and cash flow. One of the EBITDA components is not measured against the financial year, but instead a theoretical EBITDA established by reference to the medium term plan. An approach was introduced through this specific indicator which already takes into account the company's medium term performance.

   In addition to those criteria, in accordance with commitments undertaken by the Company within its sustainability strategy and recognizing the importance of an efficient use of energy, and the need to reduce fossil CO_2 emissions from its economic activities, the implementation of a corporate program for energy efficiency, approved in 2016, is also included in the weighing.

3. Article 2 c) of Law 28/2009. Share or option plans.

The decision whether or not to provide share or option plans is structural in nature. The existence of such a plan is not a simple add-on to an existing remuneration system, but rather an underlying change to the existing system, at least in terms of the variable remuneration.

Although a remuneration system of this type is not incompatible with the Company's articles of association, we feel that the wording of the relevant provisions in the articles and the historical background to the existing system argue in favour of maintaining a remuneration system without any share or option component.

This is not to say that we see no merits in including a share or option component in directors' remuneration, nor that we would not be receptive to restructuring directors' remuneration to incorporate such a plan. However, such a component is not essential in order to promote the principles we defend and, as we have said, we do not believe that this was the fundamental intention of the Company's shareholders.

4. Article 2 d) of Law 28/2009. Date of payment of variable remuneration.

Several writings sustain profusely the deferral of the payment of the variable part of remuneration to a later time, which will enable the establishment of a direct relation between remuneration and the impact of management on the Company over a longer period.

We accept this principle as theoretically sound, but there are two facts that prevent us from adopting that option for the time being, notwithstanding a specific indicator assessing the medium term sustainable performance, as mentioned in paragraph 2 in this chapter. The first fact is historical, regarding the practice that has been followed successfully for years without the element of deferral, and the second are prior history of stability of staff in management positions of the Company that, inevitably, binds them to a medium and long term commitment that earnings will continue to condition their remuneration.

5. Article 2 e) of Law 28/2009. Procedure limiting variable remuneration.

Procedures of this kind are designed to limit variable remuneration 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.

This type of provision also reflects a concern that good performance in the short term, which may boost directors' remuneration, could be achieved at the cost of future performance.

For obvious reasons, the arguments presented above also apply here. It should also be noted that a system of this kind would have little practical effect if not combined with significant deferral of remuneration, which is not proposed for the Company.

6. Recommendations V.2.2. and V.2.3. Approval of the Remunerations Policy.

Recommendation V.2.2 provides for the approval of the remuneration policy of the members of the governing bodies at the beginning of their term, that it should be annually enforced and reviewed, a practice that is followed by Navigator. This recommendation and the following proceed to identify a set of topics to be included in the statement. Some matters mentioned therein have been included in other paragraphs of this statement, while others are included in the Corporate Governance Report that the Company publishes every year. For systematization and simplifying reading for stakeholders, reference will be made herein to all matters, referring to other paragraphs in this statement where necessary and repeating the information found in the corporate governance report, where duplication of information is deemed necessary.

The remunerations specified in this statement refer to the past and not the future ones.

Concerning fixed remunerations, this committee believes that it is responsible for setting the remunerations, without prejudice to the shareholder participation principle.

The variable component, which this committee is also responsible for setting, is awarded and calculated according to the criteria laid down in paragraph 2 of chapter VI of this statement. The only mechanisms that set a cap on remuneration are those which result from the fact that the quantitative part of the variable component depends on the KPIs being minimally met, and the above mentioned implementation of a corporate energy efficiency program, approved in 2016. As mentioned before, there is no deferral of payment of the variable remuneration in this Company, nor remuneration mechanisms based on stock or acquisition options of the Company's own shares.

(i) The following is the total remuneration of the governing bodies, itemised by different components and the fixed and variable part of remuneration, for 2018, the variable remuneration having been paid in 2018, concerning performance in 2017:

Amounts in euros

Board of Directors	Fixed Remuneration		Variable Remuneration	
	Value	Relative percentage	Value	Relative percentage
Pedro Mendonça de Queiroz Pereira	689,200.05	41.61%	967.061,00	58.39%
Navigator	0	0.00%	767.061,00	100.00%
Subsidiaries	689,200.05	77.51%	200.000,00	22.49%
Diogo António Rodrigues da Silveira	517,713.00	45.48%	620.627,00	54.52%
Navigator	517,713.00	80.55%	125.000,00	19.45%
Subsidiaries	0	0.00%	495.627,00	100.00%
Luís Alberto Caldeira Deslandes	117,579.00	100.00%	0	0.00%
Navigator	117,579.00	100.00%	0	0.00%
Subsidiaries	0	0.00%	0	0.00%
António José Pereira Redondo	314,485.78	37.53%	523.551,00	62.47%
Navigator	0	0.00%	25.000,00	100.00%
Subsidiaries	314,485.78	38.68%	498.551,00	61.32%
José Fernando Morais Carreira de Araújo	314,495.72	39.12%	489.410,00	60.88%
Navigator	0	0.00%	25.000,00	100.00%
Subsidiaries	314,495.72	40.38%	464.410,00	59.62%
Nuno Miguel Moreira de Araújo Santos	314,481.58	35.86%	562.493,00	64.14%
Navigator	314,481.58	67.71%	150.000,00	32.29%
Subsidiaries		0.00%	412,493.00	100.00%
João Paulo Araújo Oliveira	314,481.58	40.80%	456,349.00	59.20%
Navigator	314,481.58	80.74%	75,000.00	19.26%
Subsidiaries	0	0.00%	381,349.00	100.00%
Manuel Soares Ferreira Regalado	77,000.00	100.00%	0	0.00%
Navigator	77,000.00	100.00%	0	0.00%
Subsidiaries	0	0.00%	0	0.00%
Adriano Augusto da Silva Silveira	397,108.00	100,00%	0	0.00%
Navigator	0	0.00%	0	0.00%
Subsidiaries	397,108.00	100,00%	0	0.00%
Vítor Manuel Galvão Rocha Novais Gonçalves	98,000.00	100.00%	0	0.00%
Navigator	98,000.00	100.00%	0	0.00%
Subsidiaries	0	0.00%	0	0.00%

Audit Board	Fixed Remuneration		Variable Remuneration	
	Value	Relative percentage	Value	Relative percentage
Miguel Camargo de Sousa Eiró	31,956.78	100%	0	0%
José Manuel Vitorino	19,854.00	100%	0	0%
Gonçalo Picão Caldeira	16,002.00	100%	0	0%
Maria Graça Gonçalves	9,398.50	100%	0	0%

The Chairman of the General Meeting earned exclusively a fixed remuneration of 3,000 euros.

Total values were set according to the fulfilment of the principles mentioned before in Chapter V of this statement. On how the remuneration policy contributes to the long-term performance, reference is made to paragraphs 1, 2 and 4 of Chapter VI. Performance criteria mentioned in paragraph 2 of Chapter VI was applied mathematically for its quantitative part, and using value assessments conducted by hierarchical superiors and weighed by the Remuneration Committee.

(ii) Governing bodies are not remunerated in other companies belonging to the same group as Semapa. Note that the group relationship is used in its technical/legal sense, which explains why some events identified in the corporate governance report of Semapa for controlling companies or companies under common control have not been mentioned.

(iii) The Company has no stock or stock acquisition plans, as outlined in paragraph 3 of Chapter VI.

(iv) There is no mechanism allowing the Company to demand refund of the variable remuneration paid.

(v) There is no withdrawal of the approved remuneration policy implementation procedure.

(vi) Neither exist or have ever been fixed by this Committee any agreements on payments by Navigator 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. Therefore, the supplementary legal regime applies in this matter.

VII. Specific Options

The specific options for the remuneration policy we propose may therefore be summarized as follows:

1. The remuneration of the executive members of the Board of Directors, as mentioned in paragraph a) of Chapter V, shall comprise a fixed and variable component.
2. The remuneration of non-executive directors shall comprise only a fixed component that may be complemented according to the piling on of added responsibilities.
3. The fixed component of the remuneration of Directors shall consist of an annual amount payable throughout the year or of a predetermined amount for each meeting of the Board of Directors attended.
4. The procedure for assigning variable remunerations to the executive members of the Board of Directors shall comply with the criteria proposed by the Remuneration Committee, and such remuneration shall not exceed five per cent of the consolidated net profits (IFRS format) as provided by the Articles of Association.
5. In setting all remuneration, including in particular the distribution of the total amount allocated to the variable remuneration of the Board of Directors, the general principles established above shall be observed: the duties performed, the state of the company's affairs and market criteria.

6. The remuneration of the members of the Audit Board and the officers of the General Meeting shall comprise a fixed component only.
7. The fixed remunerations of the members of the Audit Board shall consist in all cases of a predetermined annual amount payable throughout the year.
8. The fixed remuneration of the officers of the General Meeting shall consist in all cases of a predetermined amount for each meeting, the remuneration for second and subsequent meetings being lower than that for the first general meeting of the year.

Lisbon, 12 March 2019

The Remuneration Committee

Chairman: José Gonçalo Ferreira Maury

Member: Frederico José da Cunha Mendonça e Meneses

Member: João Rodrigo Appleton Moreira Rato